



C. J. SCHLOSSER  
& COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF COLLINSVILLE, ILLINOIS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**

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**CITY OF COLLINSVILLE, ILLINOIS**

**CITY OFFICIALS**

**December 31, 2006**

**MAYOR**

Stan Schaeffer

**CITY MANAGER**

Robert Knabel

**CITY TREASURER**

Tamara Ammann

**CITY ATTORNEY**

Paul Welch

**CORPORATE COUNSEL**

Steven Giacoletto

**CITY COUNCIL**

Nancy Moss

Joy Springer

John Miller

James Pulley

**CITY OF COLLINSVILLE, ILLINOIS**

TABLE OF CONTENTS  
DECEMBER 31, 2006

	<u>Page</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 11
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Assets – Proprietary Fund	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Statement of Fiduciary Net Assets – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	22
<b>Notes to Financial Statements</b>	23 - 48
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule (Cash Basis):	
General Fund	49
Liability Insurance Fund	50
Tax Increment Financing Fund	51
Schedule of Police and Firefighters' Pension Funding Progress and Employer Contributions	52
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	53

**CITY OF COLLINSVILLE, ILLINOIS**

**TABLE OF CONTENTS (CONTINUED)  
DECEMBER 31, 2006**

	<u>Page</u>
<b>Other Supplementary Information:</b>	
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	55
Combining Statement of Fiduciary Net Assets	56
Combining Statement of Changes in Fiduciary Net Assets	57
Assessed Valuations, Tax Rates, Extensions and Collections	58 – 59
Independent Auditor's Report on Compliance with Tax Increment Financing Act	60
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61 - 62
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	63 - 64
Schedule of Expenditures of Federal Awards	65
Notes to Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67



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CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling  
David L. Kamler  
David M. Bartosiak  
Cindy A. Tefteller  
Kevin J. Tepen

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
Collinsville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Collinsville, Illinois as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Collinsville, Illinois as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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As described in Note 4, the City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended and interpreted, as of December 31, 2006.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 6, 2007 on our consideration of the City of Collinsville, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 3 to 11), budgetary comparison information (pages 49 to 51) and schedules of funding progress and employer contributions (pages 52 to 53) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collinsville, Illinois' basic financial statements. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements of the City of Collinsville, Illinois. The combining nonmajor fund financial statements, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

C. J. Schlessen & Company, L.L.C.

Certified Public Accountants

July 6, 2007

Management's Discussion and Analysis

For the year ended December 31, 2006

As management of the City of Collinsville, Illinois (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended, December 31, 2006.

**FINANCIAL HIGHLIGHTS**

On a government-wide basis, the assets of the City of Collinsville exceeded its liabilities for the most recent fiscal year by \$57,232,810. Of this amount, \$8,319,759 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets increased by \$3,982,841.
- At the end of 2006, unreserved fund balance for the General Fund was \$3,641,307 or 27.4% of total General Fund expenditures for the year.
- At the end of 2006, unreserved fund balance for all governmental funds combined was \$6,074,578 or 30.8% of total expenditures for the year.
- Net assets of the City's business-type activities increased by \$1,406,058.
- The City's total bonded debt increased by \$19,320,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.



Management's Discussion and Analysis

For the year ended December 31, 2006

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods (e.g. uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and sanitation, community and economic development and community services. The business-type activities include water and sewer.

The government-wide financial statements can be found on pages 12 and 13 of this report.

### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

**Governmental Funds.** Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City of Collinsville maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for three major funds: General Fund, Liability Insurance Fund and Tax Increment Financing Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds."

## Management's Discussion and Analysis

For the year ended December 31, 2006

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. Budgetary comparison schedules for the General Fund and the two major special revenue funds have been provided to demonstrate legal compliance with the adopted budget.

The governmental fund financial statements can be found on pages 14 and 16 of this report.

**Proprietary funds.** Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City of Collinsville uses an enterprise fund to account for its water and sewer operations.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 21 and 22 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 23 of this report.

**Other supplementary information.** The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54 through 57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the fourth year that the City has presented its financial statements under the new reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$57,232,810 at the close of the most recent fiscal year (December 31, 2006).

## Management's Discussion and Analysis

For the year ended December 31, 2006

By far the largest portion of the City's net assets (79.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
General Obligation Debt:						
Tax Increment Bonds, Series 1997	\$ 900,000	\$ 1,170,000	\$ -	\$ -	\$ 900,000	\$ 1,170,000
Refunding Bonds (Tax Increment Alternate Revenue) Series 2003E	530,000	595,000	-	-	530,000	595,000
Refunding Bonds Series 2003A	-	-	350,000	695,000	350,000	695,000
Alternative Revenue Series 2006	-	-	20,000,000	-	20,000,000	-
Total Debt	<u>\$ 1,430,000</u>	<u>\$ 1,765,000</u>	<u>\$ 20,350,000</u>	<u>\$ 695,000</u>	<u>\$ 21,780,000</u>	<u>\$ 2,460,000</u>

A portion of the City's net assets (5.7%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8,319,759) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City of Collinsville's net assets increased, or improved, by \$3,982,841 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses.

## Management's Discussion and Analysis

For the year ended December 31, 2006

**Governmental activities.** Governmental activities increased the City's net assets by \$2,576,783, thereby accounting for 64.7% of the total growth in the net assets of the City of Collinsville.

**Business-type activities.** Business-type activities increased the City's net assets by \$1,406,058, thereby accounting for 35.3% of the total growth in the net assets of the City of Collinsville. For the most part, increases in expenses closely paralleled inflation and growth in the demand for water and sewer services. Water and sewer fees are adjusted each year to insure that revenues also keep up with inflation. In 2006, water and sewer fees were also adjusted to provide for debt service payments on the new bond issue. The condensed statement of activities is as follows:

	Governmental Activities		Business-type Activities		Total	
	For The Year Ended December 31, 2006	For The Year Ended December 31, 2005	For The Year Ended December 31, 2006	For The Year Ended December 31, 2005	For The Year Ended December 31, 2006	For The Year Ended December 31, 2005
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,380,096	\$ 3,471,702	\$ 6,660,602	\$ 5,546,280	\$ 11,040,698	\$ 9,017,982
Federal, state and county grants	1,380,851	1,151,242	-	-	1,380,851	1,151,242
General revenues:						
Property taxes	3,537,858	3,258,191	-	-	3,537,858	3,258,191
Sales taxes	5,291,641	5,212,653	-	-	5,291,641	5,212,653
State income taxes	2,068,898	1,865,028	-	-	2,068,898	1,865,028
Motor fuel taxes	741,750	735,202	-	-	741,750	735,202
Telecommunications taxes	1,046,316	1,101,544	-	-	1,046,316	1,101,544
Utility taxes	733,088	822,865	-	-	733,088	822,865
Franchise fees	280,356	269,377	-	-	280,356	269,377
Investment earnings	362,415	250,159	913,973	80,004	1,276,388	330,163
Miscellaneous	299,078	341,599	-	-	299,078	341,599
Transfers	300,000	300,000	(300,000)	(300,000)	-	-
Total revenues	<u>20,422,347</u>	<u>18,779,562</u>	<u>7,274,575</u>	<u>5,326,284</u>	<u>27,696,922</u>	<u>24,105,846</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	1,753,162	1,721,188	-	-	1,753,162	1,721,188
Public safety	7,964,007	7,945,928	-	-	7,964,007	7,945,928
Public works	3,213,157	2,393,157	-	-	3,213,157	2,393,157
Health and sanitation	1,333,310	1,252,739	-	-	1,333,310	1,252,739
Community development	1,974,609	2,175,968	-	-	1,974,609	2,175,968
Community services	1,527,626	1,511,882	-	-	1,527,626	1,511,882
Interest on long-term debt	79,693	93,172	-	-	79,693	93,172
Business-type activities:						
Water and sewer	-	-	5,868,517	5,076,258	5,868,517	5,076,258
Total expenses	<u>17,845,564</u>	<u>17,094,034</u>	<u>5,868,517</u>	<u>5,076,258</u>	<u>23,714,081</u>	<u>22,170,292</u>
Change in net assets	2,576,783	1,685,528	1,406,058	250,026	3,982,841	1,935,554
Net assets - beginning	<u>30,233,831</u>	<u>16,643,267</u>	<u>23,016,138</u>	<u>22,766,112</u>	<u>53,249,969</u>	<u>39,409,379</u>
Net assets - ending	<u>\$ 32,810,614</u>	<u>\$ 18,328,795</u>	<u>\$ 24,422,196</u>	<u>\$ 23,016,138</u>	<u>\$ 57,232,810</u>	<u>\$ 41,344,933</u>

## Management's Discussion and Analysis

For the year ended December 31, 2006

**FUNDS FINANCIAL ANALYSIS**

As noted earlier, the City of Collinsville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2006, the City's governmental funds reported combined ending fund balances of \$9,254,800, an increase of \$1,322,655 in comparison with the prior year. Approximately 91% of this total amount (\$8,438,915) constitutes unreserved, undesignated fund balance, which is available for spending at the City's discretion. However, \$4,797,608 (56.9% of the total unreserved governmental funds fund balance) has been designated for specific purposes. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed or is subject to external restrictions:

1. For employees' retirement benefit (\$22,091)
2. For inventory (\$96,010)
3. For police forfeitures (\$173,669)
4. For fire equipment (\$51,682)
5. For animal shelter project (\$472,433)

The general fund is the chief operating fund of the City of Collinsville. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$3,641,307, while total fund balance reached \$3,962,668. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.4% of total general fund expenditures, while total fund balance represents 29.8% of that same amount.

The fund balance of the City's general fund increased by \$393,831 during the current fiscal year. Key factors for this increase are as follows:

- Grant revenues increased by \$157,105 or 86.9% due mostly to a Homeland Security Grant that was awarded to the Fire Department for purchase of ambulance equipment.
- Licenses, Fees and Permits increased by \$289,437 or 52.3% due to an increase in the number and amount of building permits issued (mostly within the Collinsville Crossings development.)
- Operating transfers out decreased by \$400,000 due to the general fund assisting the capital projects fund with reconstruction of St. Clair Avenue from Arrowhead to South Morrison in the prior year.

CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2006

The tax increment financing (TIF) fund is a major special revenue fund of the City. Its resources are to be used entirely for leveraging development within the boundaries of the City's three tax increment financing districts. At the end of the current fiscal year, the unreserved fund balance of the TIF fund was \$2,433,271, which is an increase of \$934,306 over 2005. Key factors in this increase are the completion of the new fire station (construction was primarily during the prior year) and the transfer of the fund balance from the TIF Debt Service Fund.

**Proprietary fund.** The City of Collinsville's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$2,931,277 a decrease of \$12,159 or 0.4%. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The 2006 expenditure budget for the City's General Fund represents an original budget of \$13,592,770 increased by \$594,305 to \$14,187,075, an adjustment of 4.3%. Actual expenditures in the general fund were \$537,313 less than the final, amended budgeted. The changes during the year were as follows:

- Increase of \$95,200 in the Public Works Department to provide funds for final landfill closure as recommended by the Illinois Environmental Protection Agency.
- Increase of \$18,785 in the Police Department for the community service officers.
- Increase of \$48,250 in the Police Department to provide funds for a Live Scan Fingerprinting System, which was funded by a federal grant.
- Increase of \$165,850 in the Police Department due to settlement of the FOP contract.
- Increase of \$12,500 in the Fire Department for equipment related to a restricted donation.
- Increase of \$6,500 in the Community Development Department for printing economic development brochures.
- Increase of \$62,900 in the Police Department for the addition of three new police officers, which was offset by an increase in the hotel/motel tax revenue.
- Increase of \$14,020 in the Finance Department for the conversion of a part-time position to full-time in settlement of a union grievance.
- Increase of \$16,000 in the Police Department and an increase of \$6,500 in the Public Works Department for fuel costs.
- Increase of \$6,000 in the Fire Department for emergency repairs to a warning siren.
- Increase of \$15,000 in the Public Works Department to provide funds for payment of accrued leave to a retiring employee that was unanticipated.
- Increase of \$54,000 in the Fire Department for equipment related to a restricted donation.
- Increase of \$11,800 in the Administration Department for employee compensation related to the Interim City Manager agreement.
- Increase of \$2,000 in the Fire Department for smoke detectors from a restricted donation.

Management's Discussion and Analysis

For the year ended December 31, 2006

- Increase of \$3,000 in the Community Services Department for shuttle bus repairs.
- Increase of \$56,000 in the Fire Department for overtime incurred by employees.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City of Collinsville's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$50,324,558, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total increase in capital assets for the current year was \$4,373,347 or 9.5% (a \$908,767 or 3.7% increase for governmental activities and a \$3,464,580 or 16.3% increase for business-type activities.)

The major portion of the increase for business-type activities was due to construction in progress for the sewer plant expansion, which is being funded by the 2006 bond issue. It is important to note that the City has retroactively reported infrastructure in accordance with GASB 34. This reporting change resulted in an increase in capital assets and accumulated depreciation at December 31, 2005.

The City's capital assets, net of depreciation, are as follows:

	Governmental Activities		Business-type Activities		Total	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Land	\$ 396,109	\$ 315,797	\$ 377,205	\$ 377,205	\$ 773,314	\$ 693,002
Construction in progress	-	-	4,311,708	455,178	4,311,708	455,178
Buildings and improvements	5,245,906	5,281,811	5,597,551	5,866,443	10,843,457	11,148,254
Equipment	1,045,392	1,093,777	929,089	917,817	1,974,481	2,011,594
Vehicles	894,903	924,811	98,541	57,921	993,444	982,732
Infrastructure	18,020,666	17,078,013	13,407,488	13,582,439	31,428,154	30,660,452
<b>Total net assets</b>	<b>\$ 25,602,976</b>	<b>\$24,694,209</b>	<b>\$ 24,721,582</b>	<b>\$ 21,257,003</b>	<b>\$ 50,324,558</b>	<b>\$ 45,951,212</b>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of 2006. Fund financial statements record capital asset purchases as expenditures.

Additional information on the City's capital assets can be found in Note 4 on pages 35 and 36 of this report.

## Management's Discussion and Analysis

For the year ended December 31, 2006

**Long-term Debt**

At the end of 2006, the City of Collinsville had total long-term debt obligations for governmental and business-type activities in the amount of \$21,780,000 compared to \$2,460,000 at the end of 2005. On February 1, 2006, the City issued \$20,000,000 of General Obligation Bonds to finance capital improvements to the City's sewer system. All of the bonds are backed by the full faith and credit of the City.

The following bonds are covered by insurance policies insuring the payment of principal and interest when due. Consequently, the bonds have been assigned a rating of "Aaa" by Moody's Investor Services, Inc.

	Governmental Activities		Business-type Activities		Total	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
General Obligation Debt:						
Tax Increment Bonds, Series 1997	\$ 900,000	\$ 1,170,000	\$ -	\$ -	\$ 900,000	\$ 1,170,000
Refunding Bonds (Tax Increment Alternate Revenue) Series 2003B	530,000	595,000	-	-	530,000	595,000
Refunding Bonds Series 2003A	-	-	350,000	695,000	350,000	695,000
Alternative Revenue Series 2006	-	-	20,000,000	-	20,000,000	-
Total Debt	<u>\$ 1,430,000</u>	<u>\$ 1,765,000</u>	<u>\$ 20,350,000</u>	<u>\$ 695,000</u>	<u>\$ 21,780,000</u>	<u>\$ 2,460,000</u>

As of December 31, 2006, the outstanding balance on a loan from the Illinois Environmental Protection Agency amounted to \$407,349. The original loan of \$946,000 was used for filter system improvements at the City's wastewater plant. Repayment is being funded with user fees.

Additional information regarding the City's long-term debt can be found in Note 6 on pages 37 through 39 of this report.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Collinsville, Director of Finance, 125 South Center Street, Collinsville, IL 62234.



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**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 7,819,456	\$ 2,840,625	\$ 10,660,081
Investments	-	17,175,571	17,175,571
Receivables (Net of allowance for uncollectibles):	2,271,494	1,313,027	3,584,521
Inventory	96,010	174,658	270,668
Prepaid Expenses	-	179,821	179,821
Restricted Assets:			
Cash and Cash Equivalents	-	387,779	387,779
Capital Assets:			
Land	396,109	377,205	773,314
Buildings and Improvements	6,816,627	11,853,189	18,669,816
Equipment	4,026,280	2,404,553	6,430,833
Vehicles	2,824,864	968,062	3,792,926
Infrastructure	29,851,944	34,149,681	64,001,625
Less: Accumulated Depreciation	<u>(18,312,848)</u>	<u>(25,031,108)</u>	<u>(43,343,956)</u>
Net Capital Assets	25,602,976	24,721,582	50,324,558
Other Assets	5,016	348,870	353,886
Total Assets	<u>35,794,952</u>	<u>47,141,933</u>	<u>82,936,885</u>
<b><u>Liabilities</u></b>			
Accounts Payable	527,080	1,136,123	1,663,203
Accrued Wages	286,043	70,912	356,955
Accrued Interest Payable	1,485	35,394	36,879
Liabilities Payable from Restricted Assets	119,037	387,779	506,816
Noncurrent Liabilities:			
Due Within One Year	753,436	557,431	1,310,867
Due in More Than One Year	<u>1,297,257</u>	<u>20,532,098</u>	<u>21,829,355</u>
Total Liabilities	<u>2,984,338</u>	<u>22,719,737</u>	<u>25,704,075</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	24,172,976	21,490,919	45,663,895
Restricted for:			
Economic Development	2,433,271	-	2,433,271
Other Purposes	815,885	-	815,885
Unrestricted	<u>5,388,482</u>	<u>2,931,277</u>	<u>8,319,759</u>
Total Net Assets	<u>\$ 32,810,614</u>	<u>\$ 24,422,196</u>	<u>\$ 57,232,810</u>

The notes to the financial statements are an integral part of this statement

**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
<b>Functions/Programs</b>						
Primary Government:						
Governmental Activities:						
General Government	\$ 1,753,162	\$ 706,549	\$ 14,523	\$ -	\$ (1,032,090)	\$ (1,032,090)
Public Safety	7,964,007	1,003,935	168,393	239,140	(6,552,539)	(6,552,539)
Public Works	3,213,157	644,145	-	710,564	(1,858,448)	(1,858,448)
Health and Sanitation	1,333,310	1,080,129	-	-	(253,181)	(253,181)
Community and Economic Development	1,974,609	945,338	219,206	-	(810,065)	(810,065)
Community Services	1,527,626	-	29,025	-	(1,498,601)	(1,498,601)
Interest on Long-term Debt	79,693	-	-	-	(79,693)	(79,693)
Total Governmental Activities (see Note 1)	<u>17,845,564</u>	<u>4,380,096</u>	<u>431,147</u>	<u>949,704</u>	<u>(12,084,617)</u>	<u>(12,084,617)</u>
Business-type Activities:						
Water and Sewer	<u>5,868,517</u>	<u>6,660,602</u>	<u>-</u>	<u>-</u>	<u>\$ 792,085</u>	<u>792,085</u>
Total Business-type Activities	<u>5,868,517</u>	<u>6,660,602</u>	<u>-</u>	<u>-</u>	<u>792,085</u>	<u>792,085</u>
Total Primary Government	<u>\$ 23,714,081</u>	<u>\$ 11,040,698</u>	<u>\$ 431,147</u>	<u>\$ 949,704</u>	<u>(12,084,617)</u>	<u>792,085</u> <u>(11,292,532)</u>
General Revenues:						
Property Tax, Levied for General Purposes					3,537,858	- 3,537,858
Sales and Use Tax					5,291,641	- 5,291,641
Replacement Tax					98,288	- 98,288
State Income Tax					2,068,898	- 2,068,898
Motor Fuel Tax					741,750	- 741,750
Telecommunications Tax					1,046,316	- 1,046,316
Utility Tax					733,088	- 733,088
Franchise Fees					280,356	- 280,356
Other					160,782	- 160,782
Unrestricted Investment Earnings					362,415	913,973 1,276,388
Miscellaneous					40,008	- 40,008
Transfers					300,000	(300,000) -
Total General Revenues and Transfers					<u>14,661,400</u>	<u>613,973</u> <u>15,275,373</u>
Change in Net Assets					<u>2,576,783</u>	<u>1,406,058</u> <u>3,982,841</u>
Net Assets - Beginning					<u>30,233,831</u>	<u>23,016,138</u> <u>53,249,969</u>
Net Assets - Ending					<u>\$ 32,810,614</u>	<u>\$ 24,422,196</u> <u>\$ 57,232,810</u>

The notes to the financial statements are an integral part of this statement

**CITY OF COLLINSVILLE, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006

	<u>General Fund</u>	<u>Liability Insurance Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents:					
Cash	\$ 1,279,285	\$ -	\$ 871,057	\$ 759,319	\$ 2,909,661
Seized Funds Escrow	120,720	-	-	-	120,720
Investments	<u>1,377,440</u>	-	<u>1,392,901</u>	<u>2,018,734</u>	<u>4,789,075</u>
Total Cash and Cash Equivalents	<u>2,777,445</u>	-	<u>2,263,958</u>	<u>2,778,053</u>	<u>7,819,456</u>
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	848,500	473,900	-	349,300	1,671,700
Services	361,776	-	-	167,248	529,024
Intergovernmental	1,382,006	-	181,192	83,504	1,646,702
Other	95,768	-	-	-	95,768
Inventory	96,010	-	-	-	96,010
Total Assets	<u>\$ 5,561,505</u>	<u>\$ 473,900</u>	<u>\$ 2,445,150</u>	<u>\$ 3,378,105</u>	<u>\$ 11,858,660</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts Payable	\$ 346,998	\$ -	\$ 10,138	\$ 169,944	\$ 527,080
Accrued Wages and Compensated Absences	284,302	-	1,741	-	286,043
Liabilities Payable from Restricted Assets:					
Seized Fund Escrow Liability	119,037	-	-	-	119,037
Deferred Revenue	848,500	473,900	-	349,300	1,671,700
Total Liabilities	<u>1,598,837</u>	<u>473,900</u>	<u>11,879</u>	<u>519,244</u>	<u>2,603,860</u>
Fund Equity:					
Fund Balance:					
Reserved For:					
Employees' Retirement Benefit	-	-	-	22,091	22,091
Inventory	96,010	-	-	-	96,010
Forfeited Funds	173,669	-	-	-	173,669
Fire Equipment	51,682	-	-	-	51,682
Other	-	-	-	472,433	472,433
Unreserved	3,641,307	-	2,433,271	-	6,074,578
Unreserved, Reported In:					
Special Revenue Funds	-	-	-	2,078,722	2,078,722
Capital Projects Fund	-	-	-	285,615	285,615
Total Fund Equity	<u>3,962,668</u>	-	<u>2,433,271</u>	<u>2,858,861</u>	<u>9,254,800</u>
Total Liabilities and Fund Equity	<u>\$ 5,561,505</u>	<u>\$ 473,900</u>	<u>\$ 2,445,150</u>	<u>\$ 3,378,105</u>	<u>\$ 11,858,660</u>

The notes to the financial statements are an integral part of this statement

CITY OF COLLINSVILLE, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 9,254,800
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	25,602,976
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(620,693)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,430,000)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(1,485)
Debt issuance costs are not reported as an asset to be amortized on the balance sheet of the governmental funds.	5,016
Net assets of governmental activities	<u>\$ 32,810,614</u>

The notes to the financial statements are an integral part of this statement

**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>General</u> <u>Fund</u>	<u>Liability</u> <u>Insurance</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:					
Property Tax	\$ 969,384	\$ 438,810	\$ 1,783,560	\$ 346,104	\$ 3,537,858
Intergovernmental:					
Sales and Use Tax	4,543,146	-	1,328,481	3,428	5,875,055
Replacement Tax	76,139	-	-	22,149	98,288
State Income Tax	2,068,898	-	-	-	2,068,898
Motor Fuel Tax	-	-	-	741,750	741,750
Telecommunications Tax	1,046,316	-	-	-	1,046,316
Grants	337,937	-	35,000	710,564	1,083,501
Other	160,782	-	-	-	160,782
Other Local Taxes	70,569	-	-	1,678,426	1,748,995
Drug Forfeiture Revenue	171,719	-	-	-	171,719
Licenses, Fees and Permits	843,304	-	-	-	843,304
Charges for Services	1,732,496	-	-	-	1,732,496
Fines	179,613	-	-	-	179,613
Investment Earnings	109,305	10,332	92,229	150,549	362,415
Gifts and Donations	11,242	-	-	104,303	115,545
Miscellaneous Revenues and Reimbursements	137,644	-	181,806	619,776	939,226
Total Revenues	<u>12,458,494</u>	<u>449,142</u>	<u>3,421,076</u>	<u>4,377,049</u>	<u>20,705,761</u>
Expenditures:					
Current:					
General Government	2,288,861	-	-	1,142	2,290,003
Public Safety	7,426,915	-	-	13,286	7,440,201
Public Works	1,620,353	-	-	252,693	1,873,046
Health and Sanitation	1,333,310	-	-	-	1,333,310
Community and Economic Development	236,361	-	786,559	945,483	1,968,403
Community Services	109,262	-	1,417,482	-	1,526,744
Debt Service:					
Principal	-	-	270,000	65,000	335,000
Interest	-	-	60,042	19,759	79,801
Capital Outlay	268,010	-	274,797	2,302,417	2,845,224
Total Expenditures	<u>13,283,072</u>	<u>-</u>	<u>2,808,880</u>	<u>3,599,780</u>	<u>19,691,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(824,578)</u>	<u>449,142</u>	<u>612,196</u>	<u>777,269</u>	<u>1,014,029</u>
Other Financing Sources (Uses):					
Operating Transfers In	1,209,783	-	406,418	-	1,616,201
Operating Transfers Out	-	(449,142)	(84,308)	(782,751)	(1,316,201)
Total Other Financing Sources	<u>1,209,783</u>	<u>(449,142)</u>	<u>322,110</u>	<u>(782,751)</u>	<u>300,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	385,205	-	934,306	(5,482)	1,314,029
Fund Balance, Beginning of Year	3,568,837	-	1,498,965	2,864,343	7,932,145
Increase in Reserve for Inventory	8,626	-	-	-	8,626
Fund Balance, End of Year	<u>\$ 3,962,668</u>	<u>\$ -</u>	<u>\$ 2,433,271</u>	<u>\$ 2,858,861</u>	<u>\$ 9,254,800</u>

The notes to the financial statements are an integral part of this statement

**CITY OF COLLINSVILLE, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds \$ 1,314,029

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year. 908,767

The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities. 12,853

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items. 332,508

The governmental funds report the changes in inventory as a direct change to fund balances. The statement of activities reports the change in inventory as a change to the supplies expense account where the purchases were recorded. This amount is the change in inventory balances between the beginning and end of the year. 8,626

Change in net assets of governmental activities \$ 2,576,783

The notes to the financial statements are an integral part of this statement

**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUND - WATER AND SEWER FUND  
 DECEMBER 31, 2006

**Assets:**

Current Assets:

Cash and Cash Equivalents:

Cash	\$ 205,262
Investments	2,635,363
Total Cash and Cash Equivalents	<u>2,840,625</u>

Investments	17,175,571
-------------	------------

Receivables (Net, where applicable, of allowances for uncollectible):

Services	1,165,375
Accrued Interest	147,652

Inventory	174,658
-----------	---------

Prepaid Expenses	179,821
------------------	---------

Total Current Assets	<u>21,683,702</u>
----------------------	-------------------

Noncurrent Assets:

Restricted Assets:

Cash and Cash Equivalents - Customer Deposits	<u>387,779</u>
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Capital Assets:

Land	377,205
------	---------

Buildings and Improvements	11,853,189
----------------------------	------------

Equipment	2,404,553
-----------	-----------

Vehicles	968,062
----------	---------

Water and Sewer Lines	29,837,973
-----------------------	------------

Construction in Progress	4,311,708
--------------------------	-----------

Total	<u>49,752,690</u>
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Less - Accumulated Depreciation	<u>(25,031,108)</u>
---------------------------------	---------------------

Net Capital Assets	<u>24,721,582</u>
--------------------	-------------------

Other Assets - Bond Issuance Costs	<u>348,870</u>
------------------------------------	----------------

Total Noncurrent Assets	<u>25,458,231</u>
-------------------------	-------------------

Total Assets	<u>\$ 47,141,933</u>
--------------	----------------------

**Liabilities:**

Current Liabilities:

Accounts Payable	\$ 1,136,123
------------------	--------------

Accrued Wages	70,912
---------------	--------

Current Portion - Loan Payable	98,022
--------------------------------	--------

Current Portion - Bonds Payable	350,000
---------------------------------	---------

Accrued Interest Payable	35,394
--------------------------	--------

Total Current Liabilities	<u>1,690,451</u>
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Noncurrent Liabilities:

Accrued Compensated Absences	334,425
------------------------------	---------

Loan Payable	407,349
--------------	---------

General Obligation Bonds	20,350,000
--------------------------	------------

Current Portion Of Debt	(448,022)
-------------------------	-----------

Deferred Refunding Expense	(2,245)
----------------------------	---------

Customer Deposits	387,779
-------------------	---------

Total Noncurrent Liabilities	<u>21,029,286</u>
------------------------------	-------------------

Total Liabilities	<u>22,719,737</u>
-------------------	-------------------

**Net Assets:**

Invested in Capital Assets, Net of Related Debt	21,490,919
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Unrestricted	2,931,277
--------------	-----------

Total Net Assets	<u>\$ 24,422,196</u>
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**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND - WATER AND SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

Operating Revenues:	
Charges for Services	\$ 5,864,262
Fees	696,539
Miscellaneous Revenue	99,801
Total Operating Revenues	<u>6,660,602</u>
Operating Expenses:	
Salaries	1,620,505
Employee Benefits	567,647
Maintenance	207,519
Contractual Services	1,146,940
Commodities	498,611
Miscellaneous	15,068
Depreciation	1,088,117
Total Operating Expenses	<u>5,144,407</u>
Operating Income	<u>1,516,195</u>
Nonoperating Revenues (Expenses):	
Amortization of Deferred Refunding and Bond Issuance Costs	(23,501)
Investment Earnings	913,973
Interest and Fiscal Charges	(700,609)
Total Nonoperating Revenues (Expenses)	<u>189,863</u>
Income Before Transfers	1,706,058
Transfers Out	<u>(300,000)</u>
Change in Net Assets	1,406,058
Net Assets - Beginning of Year	<u>23,016,138</u>
Net Assets - End of Year	<u><u>\$ 24,422,196</u></u>

The notes to the financial statements are an integral part of this statement

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**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - WATER AND SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,496,318
Payments to Suppliers	(2,339,587)
Payments to Employees	(1,593,033)
Net Cash Provided by Operating Activities	<u>2,563,698</u>
Cash Flows from Noncapital Financing Activities:	
Payments to Other Funds	(300,000)
Net Cash (Used) by Noncapital Financing Activities	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(3,639,893)
Proceeds from Bond Issue	19,927,927
Payment of Bond Issuance Costs	(200,984)
Principal Payments on Bonds	(345,000)
Interest Payments and Fiscal Charges	(666,476)
Principal Payments on Lease/Loan	(95,584)
Net Cash Provided by Capital and Related Financing Activities	<u>14,979,990</u>
Cash Flows from Investing Activities:	
Interest Received	682,117
Net Purchase of Long-Term Investments	(16,610,055)
Net Cash Provided (Used) by Investing Activities	<u>(15,927,938)</u>
Net Increase in Cash and Cash Equivalents	1,315,750
Cash and Cash Equivalents, Beginning of Year	<u>1,912,654</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,228,404</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,516,195
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,088,117
(Increase) Decrease in Assets:	
Services Receivables	(226,618)
Inventory	(8,425)
Prepaid Expenses	(15,770)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	27,472
Accounts Payable	120,393
Restricted Customer Deposits	62,334
Net Cash Provided by Operating Activities	<u>\$ 2,563,698</u>

The notes to the financial statements are an integral part of this statement

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
DECEMBER 31, 2006

Assets:

Cash and Cash Equivalents:

Cash	\$ 166,122
Investments	226,055
Investments	30,255,540
Receivables:	
Property Tax	675,800
Replacement Tax	14,030
Accrued Interest	165,126
Total Assets	<u>31,502,673</u>

Liabilities:

Accounts Payable	15,000
Total Liabilities	<u>15,000</u>

Net Assets:

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 31,487,673</u>
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The notes to the financial statements are an integral part of this statement

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Additions:	
Taxes	\$ 861,550
Employee Contributions	402,755
Investment Earnings:	
Investment Earnings	2,619,568
Less: Investment Expense	(121,156)
Net Investment Earnings	<u>2,498,412</u>
Total Additions	<u>3,762,717</u>
Deductions:	
Benefit Payments	1,507,096
Refund of Contributions	30,093
Contractual Services	20,673
Total Deductions	<u>1,557,862</u>
Change in Net Assets	2,204,855
Net Assets - Beginning of Year	<u>29,282,818</u>
Net Assets - End of Year	<u>\$ 31,487,673</u>

The notes to the financial statements are an integral part of this statement

# CITY OF COLLINSVILLE, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Collinsville, Illinois was incorporated November 30, 1872. The City operates under a City Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and sanitation, community and economic development, community services, water and sewerage and general administrative services. The City Manager and council members exercise oversight responsibility for all of these governmental services.

The financial statements of the City of Collinsville (government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. An elected board of four council members and a mayor governs the City. The council members are elected at large. These financial statements present all the fund types and account groups of the City. Component units are legally separate entities for which the City is financially accountable. The City did not report any component units in the City's financial statements.

Related organization

The City's Mayor and Council are responsible for appointing and approving the members of the Collinsville Metropolitan Exposition Auditorium and Office Building Authority. However, the City's accountability for the Authority does not extend beyond making the appointments. The Authority's operations, capital and debt service expenditures are financed entirely from the Authority's operations. The City has no involvement in the determination of the Authority's budget and rental rates and no obligations for the Authority's outstanding debts.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The liability insurance fund accounts for the collection of property taxes to be transferred to other funds to pay insurance expenses of the City.

The tax increment financing fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs connected to the tax increment financing areas.

The government reports the following major proprietary fund:

The water and sewer fund accounts for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The City operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The pension trust fund accounts for the activities of the police and fire pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.



CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All short-term cash surpluses are maintained in a cash and investment pool and interest allocated to each fund based on month-end balances and investment policies.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds, the Illinois Metropolitan Investment Fund and repurchase agreements of government securities. The pension trust funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The allowance for uncollectibles, which has been deducted from the related receivable on the statement of net assets, consists of the following amounts.

General Fund	Garbage Receivables	\$ 36,474
General Fund	Ambulance Receivables	296,389
Proprietary Fund	Water and Sewer Receivables	<u>293,564</u>
Total		<u>\$ 626,427</u>

Unbilled water and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to December 31 and prorating the applicable number of days to the current fiscal year.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unbilled garbage receivables related to the governmental activities are recorded and reported in the same manner as the water and sewer billings.

The City levied its 2005 property taxes on December 12, 2005 based upon the assessed valuation as of the previous January 1. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2006 become an enforceable lien in January 2007. Because this tax levy will be used to pay expenses budgeted in 2007, no part of this tax levy is shown as a receivable as of December 31, 2006 in the statement of activities.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory in the governmental fund consists of expendable street department supplies held for consumption. Inventory in the business-type fund consists of waterworks and sewerage supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

City ordinances require that all revenues derived from the operation of the Waterworks and Sewerage System be deposited into the Waterworks and Sewerage Fund.

At December 31, 2006, the following amounts are reported as restricted accounts by the City:

Waterworks and Sewerage Customer Deposits	\$ 387,779
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Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City did not record any capitalized interest in the current year, due to any amounts being immaterial.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7 - 40
Public domain infrastructure	20 - 40
System infrastructure	20 - 50
Vehicles	5 - 10
Office and other equipment	5 - 15

Compensated absences

Accumulated unpaid vacation and sick pay amounts are accrued when incurred. The City's policy permits employees to earn one to four weeks of vacation per year, based on length of service. In addition, employees earn sick leave at the rate of eighteen days per year. The maximum accumulation for any employee is one year vacation earned and ninety days of sick leave. Accumulated unused sick leave is paid to an employee upon retirement.

At December 31, 2006, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$398,436 and \$222,257, respectively. Amounts reflected in the financial statements at December 31, 2006 for Enterprise Fund employees related to unused vacation and sick leave benefits totaled \$109,409 and \$225,016, respectively

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any related deferred refunding costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following details the description and amount of all reserves recorded by the City in the fund financial statements:

Governmental Funds

Reserved for Inventory	\$	96,010
Reserved for Future Projects		472,433
Reserved for Forfeited Funds		173,669
Reserved for Fire Equipment		51,682
Reserved for Employees' Retirement Benefits		<u>22,091</u>
	\$	<u>815,885</u>

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$	<u>31,487,673</u>
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Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

**NOTE 2: BUDGETARY AND LEGAL COMPLIANCE**

City ordinance requires that a legally adopted annual budget be prepared for all funds. The City Manager compiles a budget of estimated revenues and expenditures for the City and submits the budget to the City Council prior to January 1 each year. Copies of the proposed budget are made available for public inspection for at least 10 days prior to passage of the budget. A public hearing is held on the budget by the City Council. Notice of the hearing is given by publication in a newspaper with general circulation in the City.

The legal level of budgetary control is defined as the budgeted appropriation amount at the program level of expenditures within a department. Subsequent transfers within a fund may be made as follows:

- With the approval of the City Manager and the Finance Director, department heads may transfer amounts up to \$10,000 between programs within a department.
- City Council approval is required for all other transfers.

Unexpended appropriations lapse at year-end. Supplemental appropriations can be made with the majority vote of the City Council.

The City prepares its annual budget on the cash basis of accounting, which differs from accounting principles generally accepted in the United States of America (GAAP.) The budget and all transactions are presented in accordance with the City's method (budget basis) in the required supplementary information for the major governmental funds to provide a meaningful comparison of actual results with the budget.

The City has no funds with actual expenditures in excess of the budgeted amounts.

**NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

General Government & Business-Like Activities

At December 31, 2006, the carrying amount of the City's deposits was \$6,371,865 and the bank balance was \$7,441,821. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name.

As of December 31, 2006, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Metropolitan Investment Fund	Daily	\$ 1,170,986
The Illinois Funds (external investment pool)	Daily	3,504,529
Federal Farm Credit Bank	1.81	1,586,618
Federal Home Loan Bank	1.38	2,352,329
Federal Home Loan Mortgage Corporation	0.50	8,802,491
Federal National Mortgage Association	0.36	<u>4,434,133</u>
		21,851,086
Cash on Hand		480
Deposits as reported above		<u>6,371,865</u>
Total deposits and investments		<u>\$ 28,223,431</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 10,660,081
Cash and Cash Equivalents - Restricted		387,779
Investments		<u>17,175,571</u>
		<u>\$ 28,223,431</u>

Interest Rate Risk. The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of December 31, 2006, the credit rating of the City's investments was as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Illinois Metropolitan Investment Fund	--	Aaa
The Illinois Funds	AAAm	--
Federal Farm Credit Bank	AAA	Aaa
Federal Home Loan Bank	AAA	Aaa
Federal Home Loan Mortgage Corporation	AAA	Aaa
Federal National Mortgage Association	AAA	Aaa

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Concentration of Credit Risk. As of December 31, 2006, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Illinois Metropolitan Investment Fund	5.34%
The Illinois Funds	16.04%
Federal Farm Credit Bank	7.26%
Federal Home Loan Bank	10.77%
Federal Home Loan Mortgage Corporation	40.28%
Federal National Mortgage Association	20.29%

Foreign Currency Risk. As of December 31, 2006, the City has no foreign currency risk.

Firefighter's Pension Fund

At December 31, 2006, the carrying amount of the Firefighter's Pension Fund deposits was \$6,064,717 and the bank balance was \$6,072,682. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Firefighter's Pension Fund's deposits may not be returned to it. The Firefighter's Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension's name.

As of December 31, 2006, the Firefighter's Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 226,055
U.S. Treasury Notes	4.69	941,138
Federal National Mortgage Association	5.14	319,195
Federal Home Loan Bank	0.57	158,569
Federal Home Loan Mortgage	3.40	313,816
Mutual Funds	--	<u>7,949,502</u>
		9,908,275
Deposits as reported above		<u>6,064,717</u>
Total deposits and investments		<u>\$ 15,972,992</u>

Interest Rate Risk. The Firefighter's Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.



CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of December 31, 2006, the Firefighter's Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds	AAAm	--
Federal National Mortgage Association	AAA	Aaa
Federal Home Loan Bank	AAA	Aaa
Federal Home Loan Mortgage	AAA	Aaa

Concentration of Credit Risk. As of December 31, 2006, the Firefighter's Pension Fund has no concentration of credit risk.

Foreign Currency Risk. As of December 31, 2006, the Firefighter's Pension Fund has no foreign currency risk.

Police Pension Fund

At December 31, 2006, the carrying amount of the Police Pension Fund's deposits was \$778,850 and the bank balance was \$778,850. The deposits were comprised of checking and interest checking.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Police Pension's deposits may not be returned to it. The Police Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension's name.

As of December 31, 2006, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	5.39	\$ 4,425,355
Federal National Mortgage Association	11.68	2,650,693
Federal Home Loan Mortgage	4.24	948,064
Federal Farm Credit Bank	3.55	389,754
Government National Mortgage Association	22.58	206,879
Domestic Equities	--	<u>5,275,130</u>
		13,895,875
Deposits as reported above		<u>778,850</u>
Total deposits and investments		<u>\$ 14,674,725</u>

Interest Rate Risk. The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of December 31, 2006, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal National Mortgage Association	AAA	Aaa
Federal Home Loan Mortgage	AAA	Aaa
Federal Farm Credit Bank	AAA	Aaa

Concentration of Credit Risk. As of December 31, 2006, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Federal National Mortgage Association	18.06%
Federal Home Loan Mortgage	6.46%

Foreign Currency Risk. As of December 31, 2006, the Police Pension Fund has no foreign currency risk.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 315,797	\$ 80,312	\$ -	\$ 396,109
Capital assets, being depreciated:				
Buildings and improvements	6,645,014	173,396	1,783	6,816,627
Equipment	3,888,384	323,525	185,629	4,026,280
Vehicles	2,755,095	193,840	124,071	2,824,864
Infrastructure	<u>27,777,793</u>	<u>2,074,151</u>	<u>-</u>	<u>29,851,944</u>
Total capital assets being depreciated	<u>41,066,286</u>	<u>2,764,912</u>	<u>311,483</u>	<u>43,519,715</u>
Less accumulated depreciation for:				
Buildings and improvements	1,363,203	209,301	1,783	1,570,721
Equipment	2,794,607	371,910	185,629	2,980,888
Vehicles	1,830,284	223,748	124,071	1,929,961
Infrastructure	<u>10,699,780</u>	<u>1,131,498</u>	<u>-</u>	<u>11,831,278</u>
Total accumulated depreciation	<u>16,687,874</u>	<u>1,936,457</u>	<u>311,483</u>	<u>18,312,848</u>
Total capital assets, being depreciated, net	<u>24,378,412</u>	<u>828,455</u>	<u>-</u>	<u>25,206,867</u>
Governmental activities capital assets, net	<u>\$ 24,694,209</u>	<u>\$ 908,767</u>	<u>\$ -</u>	<u>\$ 25,602,976</u>

**CITY OF COLLINSVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

<u>Business-type activities:</u>	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 377,205	\$ -	\$ -	\$ 377,205
Construction in progress	455,178	4,154,169	297,639	4,311,708
Total capital assets, not being depreciated	<u>832,383</u>	<u>4,154,169</u>	<u>297,639</u>	<u>4,688,913</u>
Capital assets, being depreciated:				
Buildings and improvements	11,853,189	-	-	11,853,189
Infrastructure	29,374,766	463,207	-	29,837,973
Equipment	2,256,431	148,122	-	2,404,553
Vehicles	883,224	84,838	-	968,062
Total capital assets, being depreciated	<u>44,367,610</u>	<u>696,167</u>	<u>-</u>	<u>45,063,777</u>
Less accumulated depreciation for:				
Buildings and improvements	5,986,746	268,892	-	6,255,638
Infrastructure	15,792,327	638,158	-	16,430,485
Equipment	1,338,614	136,850	-	1,475,464
Vehicles	825,304	44,217	-	869,521
Total accumulated depreciation	<u>23,942,991</u>	<u>1,088,117</u>	<u>-</u>	<u>25,031,108</u>
Total capital assets, being depreciated, net	<u>20,424,619</u>	<u>(391,950)</u>	<u>-</u>	<u>20,032,669</u>
Business-type activities capital assets, net	<u>\$ 21,257,002</u>	<u>\$ 3,762,219</u>	<u>\$ 297,639</u>	<u>\$ 24,721,582</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental activities:</b>	
General government	\$ 38,911
Public safety	523,622
Highways and streets, including depreciation of general infrastructure assets	1,369,744
Community and economic development	3,298
Community services	<u>882</u>
Total depreciation expense - governmental activities	<u>\$ 1,936,457</u>
<b>Business-type activities:</b>	
Water and sewer	<u>\$ 1,088,117</u>

In accordance with GASB #34, the City retroactively reported the costs and related accumulated depreciation related to governmental activity infrastructure as of December 31, 2005. This retroactive reporting change resulted in an increase in capital assets and accumulated depreciation of \$22,369,539 and \$10,464,503, respectively. The net increase of \$11,905,036 was reported as a change in beginning net assets as of December 31, 2005.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 5: RECEIVABLES**

The City reports the following receivables in the statement of net assets as of December 31, 2006. These amounts are reported net of the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Other Major Funds</u>	<u>Water and Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ -	\$ -	\$ 147,652	\$ -	\$ 147,652
Fines/Franchise Fees	95,768	-	-	-	95,768
Accounts	694,639	-	1,458,939	167,248	2,320,826
Intergovernmental	<u>1,382,006</u>	<u>181,192</u>	<u>-</u>	<u>83,504</u>	<u>1,646,702</u>
Gross Receivables	2,172,413	181,192	1,606,591	250,752	4,210,948
Less: Allowance for uncollectible	<u>332,863</u>	<u>-</u>	<u>293,564</u>	<u>-</u>	<u>626,427</u>
Net Total Receivables	<u>\$ 1,839,550</u>	<u>\$ 181,192</u>	<u>\$ 1,313,027</u>	<u>\$ 250,752</u>	<u>\$ 3,584,521</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 1,671,700	\$ --

**NOTE 6: LONG-TERM DEBT**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City has the following outstanding bond issues:

\$715,000 General Obligation Refunding Bonds (Tax Increment Alternate Revenue Source), Series 2003B dated September 3, 2003, due in annual installments of \$65,000 to \$85,000 through December 1, 2013; interest at 2.35% to 4.00%. The amount of bonds outstanding as of December 31, 2006 is \$530,000.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$2,900,000 General Obligation Tax Increment Bonds, Series 1997 dated May 15, 1997, due in annual installments of \$285,000 to \$315,000 through December 30, 2009; interest at 5.05% to 5.15%. The amount of bonds outstanding as of December 31, 2006 is \$900,000.

\$1,345,000 General Obligation Refunding Bonds (Current Refunding Water and Sewer Portion), Series 2003A, dated September 3, 2003, due in one final installment of \$350,000 on December 1, 2007; interest at 2.35%.

\$20,000,000 General Obligation Bonds, Series 2006 dated February 1, 2006, due in annual installments of \$705,000 to \$1,490,000 through December 15, 2026; interest at 4.00% to 4.45%. The amount of bonds outstanding as of December 31, 2006 is \$20,000,000.

The annual requirements to retire general obligation debt as of December 31, 2006 are as follows:

Fiscal Year Ended December 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 355,000	\$ 63,733	\$ 350,000	\$ 841,219
2008	365,000	47,695	705,000	832,994
2009	385,000	30,575	735,000	804,794
2010	75,000	12,183	765,000	775,394
2011	80,000	9,633	800,000	744,794
2012 - 2016	170,000	10,072	4,540,000	3,215,770
2017 - 2021	-	-	5,580,000	2,222,282
2022 - 2026	-	-	6,875,000	932,499
	<u>\$ 1,430,000</u>	<u>\$ 173,891</u>	<u>\$20,350,000</u>	<u>\$ 10,369,746</u>

The City has entered into a loan agreement with the Illinois Environmental Protection Agency for filter system improvements. The loan consists of drawdowns of \$927,678 and accrued interest of \$18,668 for a total loan of \$946,346. The loan is to be repaid in 20 semi-annual installments of \$53,866 including interest at 2.535 percent. The accrued interest on the loan has been capitalized and included in the cost of the project for construction purposes.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to retire the loan are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 98,022	\$ 9,710	\$ 107,732
2008	100,524	7,208	107,732
2009	103,087	4,645	107,732
2010	<u>105,716</u>	<u>2,016</u>	<u>107,732</u>
	<u>\$ 407,349</u>	<u>\$ 23,579</u>	<u>\$ 430,928</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2006:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 1,765,000	\$ -	\$ 335,000	\$ 1,430,000	\$ 355,000
Other liabilities:					
Compensated absences	<u>633,546</u>	<u>-</u>	<u>12,853</u>	<u>620,693</u>	<u>398,436</u>
Governmental activities long-term liabilities	<u>\$ 2,398,546</u>	<u>\$ -</u>	<u>\$ 347,853</u>	<u>\$ 2,050,693</u>	<u>\$ 753,436</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 695,000	\$ 20,000,000	\$ 345,000	\$ 20,350,000	\$ 350,000
IEPA Loan	<u>502,933</u>	<u>-</u>	<u>95,584</u>	<u>407,349</u>	<u>98,022</u>
	1,197,933	20,000,000	440,584	20,757,349	448,022
Less: deferred amount on refunding	<u>6,696</u>	<u>-</u>	<u>4,451</u>	<u>2,245</u>	<u>-</u>
Total bonds and notes payable	1,191,237	20,000,000	436,133	20,755,104	448,022
Other liabilities:					
Compensated absences	<u>312,040</u>	<u>22,385</u>	<u>-</u>	<u>334,425</u>	<u>109,409</u>
Business-type activities long-term liabilities	<u>\$ 1,503,277</u>	<u>\$ 20,022,385</u>	<u>\$ 436,133</u>	<u>\$ 21,089,529</u>	<u>\$ 557,431</u>

**NOTE 7: LEGAL DEBT MARGIN**

The City was certified as a home rule unit by the State of Illinois as of August 24, 2005. Under Section 6 of Article VII of the 1970 Illinois Constitution, home rule units have no debt limitation

**NOTE 8: INTERGOVERNMENTAL AGREEMENT**

The City entered into an intergovernmental agreement with the Collinsville Metropolitan Exposition, Auditorium and Office Building Authority (the "Authority"). This agreement, as amended on April 7, 1988, requires the City to collect Hotel-Motel Tax and Food and Beverages Tax. All proceeds from the taxes shall be used for the support, construction, maintenance or financing of a facility of the "Authority".

The City has agreed to allow these funds to be used to:

1. Pay the principal and interest on the revenue bonds of the Authority, and
2. Establish and maintain a reserve fund at \$300,000 for the payment of deficits as they become due.

The City's Hotel-Motel Tax Ordinance provides for the payment of an administration fee to the City in the amount of \$12,500 per annum after the payments noted above have been provided for.

The Authority has allowed the City to withhold the administrative fee of \$12,500 for the year regardless of the balance in the reserve fund.

**NOTE 9: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

**NOTE 10: TAX INCREMENT FINANCING DISTRICT**

In 1986, the City established a Tax Increment Financing (TIF) District. Provisions for the establishment and operation of a TIF District are in the Illinois Compiled Statutes, Chapter 65, Act 5, Article 11, Division 74.4. The goals of the District are defined in a redevelopment plan adopted by the City and dated December 26, 1986.

The objectives of the Collinsville, Illinois, Tax Increment Redevelopment Plan No. 1 are:

1. To reduce or eliminate those conditions which qualify the areas as a "conservation area".
2. To prevent the recurrence of those conditions.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. To enhance the tax base of the City of Collinsville and the other taxing districts which extend into the project area.
4. To preserve and enhance the value of properties adjacent to the project area.
5. To encourage private investment, rehabilitation and redevelopment in the project area.
6. To provide necessary incentives to attract quality new commercial activities in the project area that are compatible with the land use plan of the City.
7. To participate in planning, studies, professional services, site assembly, demolition, relocation, construction of public works, job training and retraining, financing costs, payment in lieu of taxes, developers' interest costs and other qualified project costs to attract the private investment, rehabilitation and redevelopment in an orderly plan in accordance with the City's land use plans and regulations.

The redevelopment project costs of the District are financed from three sources:

1. The real estate property taxes derived from any increment in property tax valuation from an established base period.
2. The sales use and service tax increment, which generally is a state formula computation of the annual state sales tax increment from sales within the District compared to the base period.
3. The "municipal sales tax increment" which is an amount equal to the increase in the aggregate amount of taxes paid to the City from the Local Government Tax Fund compared to the base year which shall be the calendar year immediately prior to the year in which the City adopted tax increment allocation financing.

Funds from the above sources are to be deposited in a Special Tax Allocation Fund and redevelopment project costs are to be paid from this fund.

On October 22, 2001, the City established TIF District #2 to provide funds to attract development in the vacant southwest quadrant of the interchange of I-255 and Horseshoe Lake Road. This 150-acre area is suitable for retail and commercial use. The objectives are primarily the same as those set forth in establishing the initial TIF District. The TIF District #2 will be financed only with increases in property values within the district and the related incremental taxes.



CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On January 27, 2003, the City established TIF District #3 to provide funds to attract development in the vacant northeast quadrant of the of I-255 and I-55/70 interchange. This 66-acre area is contiguous to TIF District #1 and is suitable for an industrial park. The objectives are primarily the same as those set forth in establishing the initial TIF District. The TIF District #3 will be financed only with increases in property values within the district and the related incremental taxes.

**NOTE 11: SEIZED FUND ESCROW**

The City maintains a seized fund escrow account where it deposits monies seized by the police department until a determination is made regarding the distribution of those funds. The balance in this account at December 31, 2006 is \$120,720. The escrow liability directly offsets this account except for net interest income and bank service charges in the amount of \$1,683.

**NOTE 12: SOLID WASTE LANDFILL**

The City maintained a solid waste landfill east of Collinsville. This disposal facility was closed in 1986 and was determined by the Illinois Environmental Protection Agency to be satisfactorily closed and covered on October 24, 1986.

The Illinois Environmental Protection Agency requires the City to have sufficient operable equipment, personnel and supervision available to comply with applicable regulations; to provide a final cover of adequate depth; and adequate monitoring and control over leachate, gas, water and settling. In the inspection made by the Madison County Building, Zoning and Environmental Department, the City was found to be in compliance with applicable regulations.

In 1998, the IEPA notified the City that an inspection revealed possible environmental violations. At that time, the City hired an engineer to examine the cause of the violations and provide further guidance on what measures, if any, need to be taken by the City. The City has since dug wells and performed extensive testing to remedy the situation. The engineer has now filed for official permanent closure but, at this time, the EPA has not granted that status. Future required testing costs for this project is expected to be approximately \$35,000 per year for the foreseeable future.

**NOTE 13: FEDERAL DRUG FORFEITURE REVENUE AND EXPENSES**

During the year, the City received \$165,271 in federal drug forfeiture revenue and from those funds expended \$166,002. The City's police department assists in drug raids and seizes assets during those raids. All seized assets are turned over to Federal governmental agencies and then shared on a percentage basis by municipalities and/or organizations that participated in the drug raids. The governmental agencies require that those funds be used for police operations and, in some cases, drug enforcement.

**NOTE 14: RETIREMENT AND PENSION FUND COMMITMENTS**

1. Illinois Municipal Retirement Fund

The City's multi-employer defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The City's rate for calendar year 2006 was 5.27 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, the City's annual pension cost of \$188,587 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation information were based on the 2002-2004 experience study.

**Trend Information for IMRF**

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/2006	\$ 188,587	100%	\$ -
12/31/2005	174,552	100%	-
12/31/2004	136,788	100%	-

2. Police Pension Fund and Firefighters' Pension Fund

a) Plan Description and Contribution Information

Information is shown at various dates, which presents the most current information available.

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended December 31, 2006 was \$2,486,700.

At December 31, 2006, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	29
Current Employees	<u>45</u>
Total	<u>74</u>

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of the Police Pension Plan as provided in the Illinois Compile Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the current pension.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amount necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Fire sworn personnel are covered by the Firefighter's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended December 31, 2006 was \$1,653,337.

At December 31, 2006, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	20
Current Employees	<u>29</u>
Total	<u>49</u>

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of the Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching at least the age of 55, by 3% of the original pension and an additional 3% annually, in January thereafter.

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

b) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value in accordance with GASB 25. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

c) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual required contribution	\$ 459,044	\$ 369,673
Interest on net pension obligation	-	-
Adjustment to annual required contribution	-	-
Annual pension cost	<u>459,044</u>	<u>369,673</u>
Contributions made	<u>462,539</u>	<u>372,443</u>
Increase (decrease) in net pension obligation	(3,495)	(2,770)
Net pension obligation beginning of year	<u>(293,549)</u>	<u>(116,875)</u>
Net pension obligation end of year	<u>\$ (297,044)</u>	<u>\$ (119,645)</u>

The annual required contribution for the current year was determined as part of the December 31, 2004, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using amortized costs. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, was 28.4986 years.

**Three-Year Trend Information**

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	12/31/2004	\$ 459,044	100.76%	\$ (297,044)
	12/31/2003	439,475	102.77%	(293,549)
	12/31/2002	424,844	89.90%	(281,354)
Fire Pension	12/31/2004	\$ 369,673	100.75%	\$ (119,645)
	12/31/2003	373,179	102.81%	(116,875)
	12/31/2002	391,556	91.92%	(106,384)

CITY OF COLLINSVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

d) Concentration

The City has a concentration of 5% or more investments in the following organizations:

Police Pension:

FNMA 01/23/09	\$ 880,004
FHLMC 01/18/11	939,684
US Treasury Note 11/15/06	799,969

Firefighter's Pension:

Bank of Edwardsville	\$ 1,338,542
Collinsville Building & Loan	1,832,094
First Collinsville Bank	1,630,536
DFA Enhanced US Large Co. Portfolio	1,444,721
DFA Large Cap Value Portfolio	1,526,945
DFA Emerging Markets Core Equity	891,444
DFA International Value	888,329
DFA US Micro Cap Portfolio	830,596
DFA US Small Cap Value Portfolio	866,775

e) Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 15,162,707
Firefighter's Pension	16,324,966

**NOTE 15: INTERFUND TRANSFERS**

The City made the following interfund transfers during the year ended December 31, 2006:

General Fund Transfer From:	
Unemployment Fund	\$ 25,425
Social Security Fund	201,855
Audit Fund	23,626
MFT Fund	90,000
Liability Insurance Fund	449,142
IMRF Fund	118,991
Water/Sewer Fund	300,000
IL Highway 159 Feasibility Study Fund	744
Tax Increment Financing Fund Transfer From:	
TIF Debt Service Fund	322,110

The City makes transfers to the General Fund to transfer tax revenues or reimburse for expenses paid from that fund for expenses related to the other funds. The transfer between the Tax Increment Financing funds was made to close a TIF debt service fund that was not required to be separately reported.

**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	(Budget Basis)
Receipts:			
Property Tax	\$ 333,000	\$ 957,500	\$ 969,384
Intergovernmental:			
Sales and Use Tax	4,577,000	4,577,000	4,549,769
Replacement Tax	53,910	53,910	76,139
State Income Tax	1,965,000	1,965,000	2,052,416
Telecommunications Tax	1,140,000	1,140,000	1,103,817
Grants	334,692	334,692	292,877
Other	265,760	265,760	160,782
Other Local Taxes	80,900	80,900	44,512
Drug Forfeiture Revenue	180,000	180,000	171,719
Licenses, Fees and Permits	751,490	751,490	787,818
Charges for Services	1,721,990	1,721,990	1,872,263
Fines	194,000	194,000	180,035
Investment Earnings	45,000	45,000	109,305
Gifts and Donations	7,000	7,000	11,242
Miscellaneous Revenues and Reimbursements	125,600	125,600	161,175
Total Receipts	<u>11,775,342</u>	<u>12,399,842</u>	<u>12,543,253</u>
Disbursements			
General Government	2,427,400	2,453,220	2,289,871
Public Safety	7,863,625	8,305,910	7,985,952
Public Works	1,618,805	1,640,305	1,606,373
Health and Sanitation	1,345,050	1,440,250	1,425,595
Community and Economic Development	226,765	233,265	232,243
Community Services	111,125	114,125	109,728
Total Disbursements	<u>13,592,770</u>	<u>14,187,075</u>	<u>13,649,762</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,817,428)</u>	<u>(1,787,233)</u>	<u>(1,106,509)</u>
Other Financing Sources:			
Operating Transfers In	1,165,020	1,165,020	1,209,782
Total Other Financing Sources	<u>1,165,020</u>	<u>1,165,020</u>	<u>1,209,782</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (652,408)</u>	<u>\$ (622,213)</u>	103,273
Change in intergovernmental revenue on modified accrual basis			268,927
Change in accrued salaries on modified accrual basis			315,310
Change in accounts payable on modified accrual basis			(161,575)
Change in franchise fees receivable on modified accrual basis			(963)
Change in garbage fees receivable on modified accrual basis			6,661
Adjustment for allowance of uncollectible amounts			(146,428)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 385,205</u>



**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)  
 LIABILITY INSURANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 434,630	\$ 434,630	\$ 438,810
Investment Earnings	3,000	3,000	10,332
Total Receipts	<u>437,630</u>	<u>437,630</u>	<u>449,142</u>
Disbursements:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts Over Disbursements	<u>437,630</u>	<u>437,630</u>	<u>449,142</u>
Other Financing Sources (Uses):			
Operating Transfers Out	<u>(437,630)</u>	<u>(437,630)</u>	<u>(449,142)</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ -</u>	<u>\$ -</u>	-
Change due to accounting on modified accrual accounting basis			-
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ -</u>

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**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)  
 TAX INCREMENT FINANCING FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts:</b>			
Sales Tax	\$ 1,267,000	\$ 1,267,000	\$ 1,333,743
Property Tax	1,660,000	1,660,000	1,783,560
Grants	30,000	30,000	35,000
Investment Earnings	70,000	70,000	95,952
Miscellaneous Revenues & Reimbursements	-	-	181,806
<b>Total Receipts</b>	<u>3,027,000</u>	<u>3,027,000</u>	<u>3,430,061</u>
<b>Disbursements:</b>			
<b>Current:</b>			
Community and Economic			
Development	941,668	911,668	776,896
Community Services	1,456,445	1,471,660	1,417,482
<b>Debt Service:</b>			
Principal	270,000	270,000	270,000
Interest	60,215	60,215	60,042
Capital Outlay	90,000	350,400	373,040
<b>Total Disbursements</b>	<u>2,818,328</u>	<u>3,063,943</u>	<u>2,897,460</u>
<b>Excess (Deficiency) of Receipts Over</b>			
<b>Disbursements</b>	<u>208,672</u>	<u>(36,943)</u>	<u>532,601</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers Out	<u>(84,120)</u>	<u>(84,120)</u>	<u>322,110</u>
<b>Total Other Financing Sources</b>			
(Uses)	<u>(84,120)</u>	<u>(84,120)</u>	<u>322,110</u>
<b>Excess (Deficiency) of Receipts and Other</b>			
<b>Financing Sources Over Disbursements and</b>			
<b>Other Financing (Uses)</b>	<u>\$ 124,552</u>	<u>\$ (121,063)</u>	854,711
Change in sales tax receivable on modified accrual basis			(5,263)
Change in accrued interest receivable on modified accrual basis			(3,723)
Change in accrued salaries on modified accrual basis			(129)
Change in accounts payable on modified accrual basis			88,710
As reported on the Statement of Revenues, Expenditures			
and Changes in Fund Balance			<u>\$ 934,306</u>

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF POLICE AND FIREFIGHTERS' PENSION  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2006

	Calendar Year					
	2005	2004	2003	2002	2001	2000
<b>Police Pension:</b>						
Actuarial Value of Assets	\$ 14,576,874	\$ 14,093,038	\$ 13,308,434	\$ 12,256,407	\$ 12,483,567	\$ 12,538,961
Actuarial Accrued Liability (AAL)	18,502,336	17,700,042	16,787,473	15,590,466	14,623,618	13,730,805
Unfunded AAL (UAAL)	3,925,462	3,607,004	3,479,039	3,334,059	2,140,051	1,191,844
Funded Ratio	78.78%	79.62%	79.28%	78.61%	85.37%	91.32%
Covered Payroll	1,972,350	1,854,508	1,801,893	1,789,992	1,765,880	1,681,294
UAAL as a % of Covered Payroll	199.02%	194.50%	193.08%	186.26%	121.19%	70.89%
<b>Employer Contributions:</b>						
Required	494,634	459,044	439,475	424,844	368,611	313,753
Made	-	462,539	451,670	381,941	369,018	314,556
<b>Percentage of Employer Contributions</b>						
Made to Required Contributions	0.00%	100.76%	102.77%	89.90%	100.11%	100.26%
<b>Firefighters' Pension:</b>						
Actuarial Value of Assets	14,667,104	13,823,041	12,636,840	10,996,423	11,016,801	10,753,007
Actuarial Accrued Liability (AAL)	15,498,437	14,623,654	13,759,720	12,970,328	12,237,917	11,637,904
Unfunded AAL (UAAL)	831,333	800,613	1,122,880	1,973,905	1,221,116	884,897
Funded Ratio	94.64%	94.53%	91.84%	84.78%	90.02%	92.40%
Covered Payroll	1,587,511	1,490,479	1,459,243	1,392,492	1,327,668	1,189,203
UAAL as a % of Covered Payroll	52.37%	53.72%	76.95%	141.75%	91.97%	74.41%
<b>Employer Contributions:</b>						
Required	393,851	369,973	373,179	391,556	345,290	299,006
Made	-	372,443	383,670	359,929	345,824	299,930
<b>Percentage of Employer Contributions</b>						
Made to Required Contributions	0.00%	100.67%	102.81%	91.92%	100.15%	100.31%

2004 is the latest year for which a tax was levied and collected. The 2005 actuarial estimate is levied in 2006 and collected in 2007.

The actuarial valuations presented are prepared by the Illinois Department of Insurance using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	27.4986 Years
Asset Valuation Method:	Cost or Amortized Cost
<b>Actuarial Assumptions:</b>	
Interest Rate	7.0 %
Salary Progression	5.5 %
Cost of Living Adjustments	3.0 %

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2006

	Calendar Year					
	2006	2005	2004	2003	2002	2001
Regular:						
Actuarial Value of Assets	\$ 10,423,916	\$ 9,824,662	\$ 9,509,384	\$ 8,931,560	\$ 8,706,530	\$ 8,781,025
Actuarial Accrued Liability (AAL)	10,144,425	9,406,657	8,876,874	7,993,663	7,317,676	6,612,422
Unfunded AAL (UAAL)	(279,491)	(418,005)	(632,510)	(937,897)	(1,388,854)	(2,168,603)
Funded Ratio	102.76%	104.44%	107.13%	111.73%	118.98%	132.80%
Covered Payroll	3,578,496	3,449,434	3,312,058	3,217,585	3,044,820	2,845,458
UAAL as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer Contributions:						
Required	188,587	174,552	136,788	32,176	31,666	81,665
Made	188,587	174,552	136,788	32,176	31,666	81,665
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$11,285,704. On a market basis, the funded ratio would be 111.25%.

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

The 1994 Group Annuity Mortality implemented.

For regular members, fewer normal and more early retirements are expected to occur.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	5 Years
Asset Valuation Method:	Techniques that smooth the effects of short-term volatility in the market value.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 15.6 %
Cost of Living	
Adjustments	3.0 %

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2006

	Special Revenue Funds											Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds	
	Tree Memorial Fund	Motor Fuel Tax Fund	Retirement Fund	Motel Use/ Food & Beverage Tax Fund	Audit Fund	Unemployment Fund	FICA/ Medicare Fund	IL Hwy 159 Feasibility Study	Fournie Lane Business District	Collins House	Collinsville Animal Shelter	Total	Capital Projects Fund		TIF Debt Service Fund
<b>Assets</b>															
Cash and Cash Equivalents:															
Cash	\$ -	\$ 13,206	\$ -	\$ 41,369	\$ -	\$ -	\$ -	\$ -	\$ 11,441	\$ 472,433	\$ 538,449	\$ 220,870	\$ -	\$ 759,319	
Investments	5,280	2,010,127	-	-	-	-	-	3,327	-	-	2,018,734	-	-	2,018,734	
Total Cash and Cash Equivalents	5,280	2,023,333	-	41,369	-	-	-	3,327	11,441	472,433	2,557,183	220,870	-	2,778,053	
Receivables:															
Accounts Receivable	-	-	-	102,503	-	-	-	-	-	-	102,503	64,745	-	167,248	
Property Tax	-	-	91,500	-	22,900	25,900	209,000	-	-	-	349,300	-	-	349,300	
Intergovernmental	-	61,413	22,091	-	-	-	-	-	-	-	83,504	-	-	83,504	
Total Assets	<u>\$ 5,280</u>	<u>\$ 2,084,746</u>	<u>\$ 113,591</u>	<u>\$ 143,872</u>	<u>\$ 22,900</u>	<u>\$ 25,900</u>	<u>\$ 209,000</u>	<u>\$ -</u>	<u>\$ 3,327</u>	<u>\$ 11,441</u>	<u>\$ 472,433</u>	<u>\$ 3,092,490</u>	<u>\$ 285,615</u>	<u>\$ -</u>	<u>\$ 3,378,105</u>
<b>Liabilities and Fund Balance</b>															
Liabilities:															
Accounts Payable	\$ -	\$ 26,072	\$ -	\$ 143,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,944	\$ -	\$ -	\$ 169,944	
Deferred Revenue	-	-	91,500	-	22,900	25,900	209,000	-	-	-	349,300	-	-	349,300	
Total Liabilities	-	26,072	91,500	143,872	22,900	25,900	209,000	-	-	-	519,244	-	-	519,244	
Fund Balance:															
Reserved:															
Employees' Retirement Benefit	-	-	22,091	-	-	-	-	-	-	-	22,091	-	-	22,091	
Future Projects	-	-	-	-	-	-	-	-	-	472,433	472,433	-	-	472,433	
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unreserved:															
Undesignated	5,280	2,058,674	-	-	-	-	-	3,327	11,441	-	2,078,722	285,615	-	2,364,337	
Total Fund Balance	5,280	2,058,674	22,091	-	-	-	-	3,327	11,441	472,433	2,573,246	285,615	-	2,858,861	
Total Liabilities and Fund Balance	<u>\$ 5,280</u>	<u>\$ 2,084,746</u>	<u>\$ 113,591</u>	<u>\$ 143,872</u>	<u>\$ 22,900</u>	<u>\$ 25,900</u>	<u>\$ 209,000</u>	<u>\$ -</u>	<u>\$ 3,327</u>	<u>\$ 11,441</u>	<u>\$ 472,433</u>	<u>\$ 3,092,490</u>	<u>\$ 285,615</u>	<u>\$ -</u>	<u>\$ 3,378,105</u>

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds											Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds	
	Tree Memorial Fund	Motor Fuel Tax Fund	Retirement Fund	Motel Use/ Food & Beverage Tax Fund	Audit Fund	Unemployment Fund	FICA/ Medicare Fund	IL Hwy 159 Feasibility Study	Fourmie Lane Business District	Collins House	Collinsville Animal Shelter	Total	Capital Projects Fund		TJF Debt Service Fund
<b>Revenues:</b>															
Utility Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 733,088	\$ -	\$ 733,088
Property Tax	-	-	100,971	-	23,082	24,840	197,211	-	-	-	346,104	-	-	-	346,104
Sales Tax	-	-	-	-	-	-	-	3,428	-	-	3,428	-	-	-	3,428
Replacement Tax	-	-	22,149	-	-	-	-	-	-	-	22,149	-	-	-	22,149
Motor Fuel Tax	-	741,750	-	-	-	-	-	-	-	-	741,750	-	-	-	741,750
Motel Use Tax	-	-	-	577,985	-	-	-	-	-	-	577,985	-	-	-	577,985
State Grant	-	-	-	-	-	-	-	-	-	-	-	675,000	-	-	675,000
Federal Grant	-	35,564	-	-	-	-	-	-	-	-	35,564	-	-	-	35,564
Food and Beverage Tax	-	-	-	367,353	-	-	-	-	-	-	367,353	-	-	-	367,353
Investment Earnings	252	93,488	3,262	145	544	585	4,644	-	32	243	113,700	17,244	19,605	150,549	150,549
Reimbursements	-	209,770	-	-	-	-	-	3,891	-	-	213,661	406,115	-	-	619,776
Gifts and Donations	46	-	-	-	-	-	-	-	-	14,477	89,780	-	-	-	104,303
<b>Total Revenues</b>	<b>298</b>	<b>1,080,572</b>	<b>126,382</b>	<b>945,483</b>	<b>23,626</b>	<b>25,425</b>	<b>201,855</b>	<b>3,891</b>	<b>3,460</b>	<b>14,720</b>	<b>100,285</b>	<b>2,525,997</b>	<b>1,831,447</b>	<b>19,605</b>	<b>4,377,049</b>
<b>Expenditures:</b>															
General Government	-	-	-	-	-	-	-	-	133	1,009	-	1,142	-	-	1,142
Public Safety	-	-	-	-	-	-	-	-	-	-	1,245	1,245	12,041	-	13,286
Public Works	-	247,569	-	-	-	-	-	3,785	-	-	-	251,354	1,339	-	252,693
Community and Economic Development	-	-	-	945,483	-	-	-	-	-	-	945,483	-	-	-	945,483
Capital Outlay	-	373,972	-	-	-	-	-	-	-	2,270	137,884	514,126	1,788,291	-	2,302,417
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	84,759	84,759
<b>Total Expenditures</b>	<b>-</b>	<b>621,541</b>	<b>-</b>	<b>945,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,785</b>	<b>133</b>	<b>3,279</b>	<b>139,129</b>	<b>1,713,350</b>	<b>1,801,671</b>	<b>84,759</b>	<b>3,599,780</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>298</b>	<b>459,031</b>	<b>126,382</b>	<b>-</b>	<b>23,626</b>	<b>25,425</b>	<b>201,855</b>	<b>106</b>	<b>3,327</b>	<b>11,441</b>	<b>(38,844)</b>	<b>812,647</b>	<b>29,776</b>	<b>(65,154)</b>	<b>777,269</b>
<b>Other Financing Sources (Uses):</b>															
Operating Transfers In (Out)	-	(90,000)	(118,991)	-	(23,626)	(25,425)	(201,855)	(744)	-	-	-	(460,641)	-	(322,110)	(782,751)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(90,000)</b>	<b>(118,991)</b>	<b>-</b>	<b>(23,626)</b>	<b>(25,425)</b>	<b>(201,855)</b>	<b>(744)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(460,641)</b>	<b>-</b>	<b>(322,110)</b>	<b>(782,751)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<b>298</b>	<b>369,031</b>	<b>7,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(638)</b>	<b>3,327</b>	<b>11,441</b>	<b>(38,844)</b>	<b>352,006</b>	<b>29,776</b>	<b>(387,264)</b>	<b>(5,482)</b>
<b>Fund Balance, Beginning of Year</b>	<b>4,982</b>	<b>1,689,643</b>	<b>14,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638</b>	<b>-</b>	<b>-</b>	<b>511,277</b>	<b>2,221,240</b>	<b>255,839</b>	<b>387,264</b>	<b>2,864,343</b>
<b>Fund Balance, End of Year</b>	<b>\$ 5,280</b>	<b>\$ 2,058,674</b>	<b>\$ 22,091</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,327</b>	<b>\$ 11,441</b>	<b>\$ 472,433</b>	<b>\$ 2,573,246</b>	<b>\$ 285,615</b>	<b>\$ -</b>	<b>\$ 2,858,861</b>

55

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2006

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firefighters'</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents:			
Cash	\$ 43,369	\$ 122,753	\$ 166,122
Investments	-	226,055	226,055
Investments	14,631,356	15,624,184	30,255,540
Receivables:			
Property Tax	384,200	291,600	675,800
Replacement Tax	7,644	6,386	14,030
Accrued Interest	106,138	58,988	165,126
Total Assets	<u>15,172,707</u>	<u>16,329,966</u>	<u>31,502,673</u>
Liabilities:			
Accounts Payable	10,000	5,000	15,000
Total Liabilities	<u>10,000</u>	<u>5,000</u>	<u>15,000</u>
Net Assets:			
Held in Trust For Pension			
Benefits and Other Purposes	<u>\$ 15,162,707</u>	<u>\$ 16,324,966</u>	<u>\$ 31,487,673</u>



**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Property Tax	\$ 389,474	\$ 295,754	\$ 685,228
Replacement Tax	96,062	80,260	176,322
Employee Contributions	246,432	156,323	402,755
Investment Earnings:			
Investment Earnings	764,460	1,855,108	2,619,568
Less: Investment Expense	(97,072)	(24,084)	(121,156)
Net Investment Earnings	<u>667,388</u>	<u>1,831,024</u>	<u>2,498,412</u>
Total Additions	<u>1,399,356</u>	<u>2,363,361</u>	<u>3,762,717</u>
Deductions:			
Benefit Payments	837,414	669,682	1,507,096
Refund of Contributions	30,093	-	30,093
Contractual Services	14,738	5,935	20,673
Total Deductions	<u>882,245</u>	<u>675,617</u>	<u>1,557,862</u>
Change in Net Assets	517,111	1,687,744	2,204,855
Net Assets, Beginning of Year	<u>14,645,596</u>	<u>14,637,222</u>	<u>29,282,818</u>
Net Assets, End of Year	<u>\$ 15,162,707</u>	<u>\$ 16,324,966</u>	<u>\$ 31,487,673</u>

**CITY OF COLLINSVILLE, ILLINOIS**

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS  
DECEMBER 31, 2006

Levy Date - Calendar Year	1996		1997		1998		1999		2000	
	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County
Revenue Collection Date - Fiscal Year Ended	12/31/1997	12/31/1997	12/31/1998	12/31/1998	12/31/1999	12/31/1999	12/31/2000	12/31/2000	12/31/2001	12/31/2001
Assessed Valuation	\$ 177,011,281	\$ 21,176,680	\$ 185,720,054	\$ 22,284,592	\$ 195,018,592	\$ 23,082,365	\$ 203,251,195	\$ 23,405,504	\$ 213,195,916	\$ 24,398,588
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0867	\$ 0.0861	\$ 0.0424	\$ 0.0449	\$ 0.0759	\$ 0.0793	\$ 0.0800	\$ 0.0800	\$ 0.0796	\$ 0.0800
Fire Protection	0.0618	0.0614	0.0357	0.0377	0.0409	0.0427	0.0563	0.0563	0.0558	0.0563
Police Protection	0.0462	0.0459	0.0358	0.0377	0.0422	0.0441	0.0563	0.0563	0.0558	0.0563
Garbage	0.1120	0.1112	0.1360	0.1428	0.1237	0.1292	0.1249	0.1296	0.1284	0.1340
Public Library	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1492	0.1500
Retirement	0.0368	0.0366	0.0597	0.0625	0.0552	0.0577	0.0352	0.0366	0.0169	0.0177
Police Pension	0.0886	0.0880	0.0768	0.0808	0.0824	0.0861	0.0828	0.0859	0.0699	0.0729
Firefighters' Pension	0.0605	0.0600	0.0823	0.0864	0.0783	0.0818	0.0766	0.0795	0.0852	0.0889
Tort Liability	0.2093	0.2078	0.1795	0.1889	0.1517	0.1585	0.1212	0.1257	0.1344	0.1403
Social Security	0.0450	0.0447	0.0707	0.0741	0.0681	0.0711	0.0770	0.0799	0.0744	0.0776
Audit	0.0122	0.0122	0.0116	0.0121	0.0115	0.0120	0.0115	0.0120	0.0112	0.0117
Unemployment	0.0055	0.0055	0.0033	0.0034	0.0039	0.0040	0.0035	0.0037	0.0039	0.0041
Total Tax Rates	\$ 0.9146	\$ 0.9094	\$ 0.8838	\$ 0.9213	\$ 0.8838	\$ 0.9165	\$ 0.8753	\$ 0.8955	\$ 0.8647	\$ 0.8898
Tax Extensions:										
General Government	\$ 153,469	\$ 18,233	\$ 78,745	\$ 10,007	\$ 148,019	\$ 18,305	\$ 162,601	\$ 18,725	\$ 169,704	\$ 19,520
Fire Protection	109,393	13,003	66,302	8,401	79,763	9,856	114,430	13,177	118,963	13,736
Police Protection	81,779	9,720	66,488	8,401	82,298	10,179	114,430	13,177	118,963	13,736
Garbage	198,253	23,548	252,579	31,822	241,238	29,822	253,861	30,334	273,744	32,694
Public Library	265,517	31,765	278,580	33,427	292,528	34,624	304,877	35,109	318,088	36,598
Retirement	65,140	7,751	110,875	13,928	107,650	13,319	71,544	8,566	36,030	4,319
Police Pension	156,832	18,635	142,633	18,006	160,695	19,874	168,292	20,105	149,024	17,787
Firefighters' Pension	107,092	12,706	152,848	19,254	152,700	18,881	155,690	18,607	181,643	21,690
Tort Liability	370,484	44,005	333,368	42,096	295,843	36,586	246,341	29,421	286,535	34,231
Social Security	79,655	9,466	131,304	16,513	132,808	16,412	156,504	18,701	158,618	18,933
Audit	21,595	2,584	21,544	2,696	22,427	2,770	23,374	2,809	23,878	2,855
Unemployment	9,736	1,165	6,128	758	7,606	923	7,114	866	8,315	1,000
Total Tax Extensions	\$ 1,618,945	\$ 192,581	\$ 1,641,394	\$ 205,309	\$ 1,723,575	\$ 211,551	\$ 1,779,058	\$ 209,597	\$ 1,843,505	\$ 217,099
Total Tax Collections Through Fiscal Year End	\$ 1,627,118	\$ 193,354	\$ 1,638,678	\$ 203,924	\$ 1,710,808	\$ 209,978	\$ 1,767,353	\$ 209,403	\$ 1,838,481	\$ 210,373
Percent of Total Taxes Collected	100.50%	100.40%	99.83%	99.33%	99.26%	99.26%	99.34%	99.91%	99.73%	96.90%

**CITY OF COLLINSVILLE, ILLINOIS**

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS (CONTINUED)  
DECEMBER 31, 2006

Levy Date - Calendar Year	2001		2002		2003		2004		2005	
	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County	Madison County	St. Clair County
Revenue Collection Date - Fiscal Year Ended	12/31/2002	12/31/2002	12/31/2003	12/31/2003	12/31/2004	12/31/2004	12/31/2005	12/31/2005	12/31/2006	12/31/2006
Assessed Valuation	\$ 230,197,803	\$ 26,009,004	\$ 248,191,846	\$ 27,556,145	\$ 267,010,400	\$ 29,453,927	\$ 278,810,468	\$ 30,013,689	\$ 297,847,563	\$ 32,369,890
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0770	\$ 0.0766	\$ 0.0762	\$ 0.0762	\$ 0.0782	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0792	\$ 0.0786
Fire Protection	0.0543	0.0539	0.0534	0.0534	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553
Police Protection	0.0543	0.0539	0.0534	0.0534	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553
Garbage	0.1116	0.1109	0.0726	0.0726	0.0675	0.0721	0.0486	0.0506	0.0550	0.0546
Public Library	0.1557	0.1547	0.1557	0.1601	0.1528	0.1567	-	-	-	-
Retirement	0.0077	0.0077	0.0061	0.0061	0.0072	0.0076	0.0162	0.0176	0.0305	0.0316
Police Pension	0.0928	0.0923	0.1031	0.1031	0.0983	0.1050	0.1146	0.1240	0.1093	0.1129
Firefighters' Pension	0.0949	0.0943	0.1024	0.1024	0.0976	0.1042	0.0973	0.1052	0.0871	0.0900
Tort Liability	0.1373	0.1365	0.1443	0.1443	0.1410	0.1506	0.1393	0.1506	0.1326	0.1370
Social Security	0.0700	0.0696	0.0664	0.0664	0.0640	0.0683	0.0616	0.0666	0.0596	0.0616
Audit	0.0087	0.0086	0.0084	0.0084	0.0078	0.0083	0.0075	0.0078	0.0070	0.0070
Unemployment	0.0041	0.0040	0.0042	0.0042	0.0036	0.0038	0.0049	0.0053	0.0075	0.0078
Total Tax Rates	\$ 0.8684	\$ 0.8630	\$ 0.8462	\$ 0.8506	\$ 0.8274	\$ 0.8692	\$ 0.6826	\$ 0.7203	\$ 0.6792	\$ 0.6917
Tax Extensions:										
General Government	\$ 177,252	\$ 19,924	\$ 189,122	\$ 20,998	\$ 208,802	\$ 23,563	\$ 223,048	\$ 24,011	\$ 235,895	\$ 25,443
Fire Protection	124,997	14,019	132,534	14,715	146,055	16,583	156,970	16,898	165,901	17,900
Police Protection	124,997	14,019	132,534	14,715	146,055	16,583	156,970	16,898	165,901	17,900
Garbage	256,901	28,844	180,187	20,006	180,232	21,236	135,502	15,187	163,816	17,674
Public Library	358,418	40,236	386,435	44,118	407,992	46,154	-	-	-	-
Retirement	17,725	2,003	15,140	1,681	19,225	2,238	45,167	5,282	90,844	10,229
Police Pension	213,624	24,006	255,886	28,410	262,471	30,927	319,517	37,217	325,547	36,546
Firefighters' Pension	218,458	24,526	254,149	28,217	260,602	30,691	271,283	31,574	259,425	29,133
Tort Liability	316,062	35,502	358,141	39,764	376,485	44,358	388,383	45,201	394,946	44,347
Social Security	161,138	18,102	164,799	18,297	170,887	20,117	171,747	19,989	177,517	19,940
Audit	20,027	2,237	20,848	2,315	20,827	2,445	20,911	2,341	20,849	2,266
Unemployment	9,438	1,040	10,424	1,157	9,611	1,119	13,662	1,591	22,339	2,525
Total Tax Extensions	\$ 1,999,037	\$ 224,458	\$ 2,100,199	\$ 234,393	\$ 2,209,244	\$ 256,014	\$ 1,903,160	\$ 216,189	\$ 2,022,980	\$ 223,903
Total Tax Collections Through Fiscal Year End	\$ 1,971,345	\$ 200,615	\$ 2,097,812	\$ 232,953	\$ 2,202,899	\$ 244,348	\$ 1,896,172	\$ 213,321	\$ 2,016,011	\$ 223,297
Percent of Total Taxes Collected	98.61%	89.38%	99.89%	99.39%	99.71%	95.44%	99.63%	98.67%	99.66%	99.73%

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C. J. SCHLOSSER  
& COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling  
David L. Kamler  
David M. Bartosiak  
Cindy A. Tefteller  
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

Honorable Mayor and Members  
of the City Council  
Collinsville, Illinois

We have audited the general purpose financial statements of the City of Collinsville, Illinois for the year ended December 31, 2006, and have issued our report thereon dated July 6, 2007. The financial statements are the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The management of the City of Collinsville, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 93-0995, "An Act in Relation to Tax Increment Financing".

The results of our tests indicate that for the items tested, the City of Collinsville, Illinois, complied with Subsection (q) of Section 11-74.4-3 of Public Act 93-0995. Nothing came to our attention that caused us to believe that, for the items not tested, the City of Collinsville, Illinois was not in compliance with Subsection (q) of Section 11-74.4-3 of Public Act 93-0995.

*C. J. Schlosser & Company, L.L.C.*  
Certified Public Accountants

July 6, 2007

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the City Council  
Collinsville, Illinois

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Illinois as of and for the year ended December 31, 2006, and have issued our report thereon dated July 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Collinsville, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Collinsville, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
C. J. Schlosser & Company, LLC  
Certified Public Accountants

July 6, 2007





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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members  
of the City Council  
Collinsville, Illinois

Compliance

We have audited the compliance of the City of Collinsville with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Collinsville, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Collinsville, Illinois' management. Our responsibility is to express an opinion on the City of Collinsville, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Collinsville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Collinsville, Illinois' compliance with those requirements.

In our opinion, the City of Collinsville, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

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### Internal Control Over Compliance

The management of the City of Collinsville, Illinois is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Collinsville, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees within a timely period, in the normal course of performing their assigned functions, to prevent or detect misstatements with applicable requirements of laws, regulations, contracts and grants that would have a direct and material effect on a major federal program. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants such that there is more than a remote likelihood that the City's noncompliance that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with applicable requirements of laws, regulations, contracts and grants in relation to a major federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*C. J. Schwan & Company, LLC*  
Certified Public Accountants

July 6, 2007

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Grantor and Program Title</u>	<u>Federal CFDA</u>	<u>Pass-through Project or Grant No.</u>	<u>Award Period</u>	<u>Grant Amount</u>	<u>Expenditures</u>
Department of Health and Human Services:					
Passed through Illinois Department of Human Services:					
Title XX Donated Fund Initiative	93.667	81X6004000	07/01/05 - 06/30/06	29,559	13,856
	93.667	81X7004000	07/01/06 - 06/30/07	28,559	15,169
					<u>29,025</u>
Department of Justice:					
MEGSI - Expanding Multi-Jurisdictional Narcotic Units					
	16.579		04/01/05 - 09/30/06	876,551	462,173
	16.579		10/01/06 - 09/30/07	467,598	120,000
Automated Fingerprint Transmission	16.579		N/A	52,356	36,187
					<u>618,360</u>
Department of Transportation:					
Passed through Illinois Department of Transportation:					
Streetscape Project	20.205	01-00081-00-EG	N/A	36,800	35,564
Integrated Mini-Grant Enforcement Program					
	20.600	OP6-1205-010	10/01/05 - 09/30/06	23,000	21,115
	20.600	OP7-1205-135	10/01/06 - 09/30/07	29,991	8,652
					<u>29,767</u>
Department of Homeland Security:					
Assistance to Firefighters	97.044		08/25/05 - 08/25/06	135,000	113,173
Total Federal Awards					<u>\$ 825,889</u>

See Notes to Schedule of Expenditures of Federal Awards

**CITY OF COLLINSVILLE, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Collinsville, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards that have been passed through to other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

Relationship to Basic Financial Statements

Federal awards received are reflected in the City's financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended December 31, 2006.

Subrecipient Monitoring

The City had pass through revenue to subrecipients related to its federal funds during the year ended December 31, 2006. These amounts relate to the MEGSI program and were remitted to the local Metropolitan Enforcement Unit. The total amount remitted for the year ended December 31, 2006 was \$582,173.

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2006

Part 1 -- Summary of Auditor's Results

- a) An unqualified opinion was issued in the report on the financial statements.
- b) No significant deficiencies in internal control were disclosed by the audit of the financial statements of the City.
- c) The audit did not disclose any noncompliance which is material to the financial statements of the City.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements of the City.
- e) An unqualified opinion was issued in the report on compliance for major programs.
- f) The audit did not disclose any audit findings that are required to be reported under Section .510(a).
- g) The City's major program is MEGSI – CFDA #16.579.
- h) The dollar threshold to distinguish between Type A and Type B programs is \$300,000.
- i) The City qualifies as a low-risk auditee under Section .530.

Part 2 -- The City has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The City has no findings or questioned costs for Federal awards.

