



**CITY OF COLLINSVILLE, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
DECEMBER 31, 2007

233 East Center Drive  
P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 St. Louis (314) 355-2586  
Fax (618) 465-7710



One Westbury Drive  
Suite 420  
St. Charles, Missouri 63301-2567  
(636) 723-7611 St. Louis (636) 947-1008  
Fax (636) 947-4558



**CITY OF COLLINSVILLE, ILLINOIS**

**CITY OFFICIALS**

**December 31, 2007**

**MAYOR**

Stan Schaeffer

**CITY MANAGER**

Robert Knabel

**CITY TREASURER**

Tamara Ammann

**CITY ATTORNEY**

Paul Welch

**CORPORATE COUNSEL**

Steven Giacoletto

**CITY COUNCIL**

Nancy Moss

Lisa Ciampoli

John Miller

Liz Dalton

# CITY OF COLLINSVILLE, ILLINOIS

## TABLE OF CONTENTS DECEMBER 31, 2007

	<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 - 49
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule (Cash Basis):	
General Fund	50 - 51
Collinsville Crossings Fund	52
Tax Increment Financing Fund	53
Schedule of Police and Firefighters' Pension Funding Progress and Employer Contributions	54
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	55

**CITY OF COLLINSVILLE, ILLINOIS**

TABLE OF CONTENTS (CONTINUED)  
DECEMBER 31, 2007

	<u>Page</u>
<b>Other Supplementary Information:</b>	
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	57
Combining Statement of Fiduciary Net Assets	58
Combining Statement of Changes in Fiduciary Net Assets	59
Assessed Valuations, Tax Rates, Extensions and Collections	60 – 61
Independent Auditor's Report on Compliance with Tax Increment Financing Act	62
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	63 - 64
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	65 - 66
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs	69



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**

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, 2007, 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, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2008 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.

233 East Center Drive  
P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 St. Louis (314) 355-2586  
Fax (618) 465-7710



One Westbury Drive  
Suite 420  
St. Charles, Missouri 63301-2567  
(636) 723-7611 St. Louis (636) 947-1008  
Fax (636) 947-4558

The management's discussion and analysis (pages 3 to 11), budgetary comparison information (pages 50 to 53) and schedules of funding progress and employer contributions (pages 54 to 55) 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. Schlusser & Company, L.L.C.*  
Certified Public Accountants

June 10, 2008

**THIS PAGE INTENTIONALLY LEFT BLANK**



# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

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, 2007.

### FINANCIAL HIGHLIGHTS

On a government-wide basis, the assets of the City of Collinsville exceeded its liabilities for the most recent fiscal year by \$34,478,288.

- The City's total net assets decreased by \$22,754,522.
- At the end of 2007, unreserved fund balance for the General Fund was \$3,445,301 or 22.1% of total General Fund expenditures for the year.
- At the end of 2007, unreserved fund balance for all governmental funds combined was \$5,751,165 or 12.1% of total expenditures for the year.
- Net assets of the City's business-type activities increased by \$938,570.
- The City's total bonded debt increased by \$28,060,000.

### 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.

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

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 or 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 13 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, Collinsville Crossings Fund, and Tax Increment Financing Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

Governmental Funds." 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 major 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, 19 and 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 56 and 57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the fifth year that the City has presented its financial statements under the 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*.

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

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 \$34,478,288 at the close of the most recent fiscal year (December 31, 2007).

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. 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, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
<b>ASSETS</b>						
Current and other assets	\$ 14,413,594	\$ 10,191,976	\$ 18,876,378	\$ 22,420,351	\$ 33,289,972	\$ 32,612,327
Capital assets, net	26,756,657	25,602,976	27,808,268	24,721,582	54,564,925	50,324,558
Total assets	<u>41,170,251</u>	<u>35,794,952</u>	<u>46,684,646</u>	<u>47,141,933</u>	<u>87,854,897</u>	<u>82,936,885</u>
<b>LIABILITIES</b>						
Long-term liabilities	29,178,144	1,297,257	19,736,445	20,532,098	48,914,589	21,829,355
Other liabilities	2,874,585	1,687,081	1,587,435	2,187,639	4,462,020	3,874,720
Total liabilities	<u>32,052,729</u>	<u>2,984,338</u>	<u>21,323,880</u>	<u>22,719,737</u>	<u>53,376,609</u>	<u>25,704,075</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	25,681,657	24,172,976	20,928,363	21,490,919	46,610,020	45,663,895
Restricted	6,628,034	3,249,156	-	-	6,628,034	3,249,156
Unrestricted	<u>(23,192,169)</u>	<u>5,388,482</u>	<u>4,432,403</u>	<u>2,931,277</u>	<u>(18,759,766)</u>	<u>8,319,759</u>
Total net assets	<u>\$ 9,117,522</u>	<u>\$ 32,810,614</u>	<u>\$ 25,360,766</u>	<u>\$ 24,422,196</u>	<u>\$ 34,478,288</u>	<u>\$ 57,232,810</u>

A portion of the City's net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets 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 two of the three categories of net assets for its governmental activities and all three categories of net assets for its business-type activities. The negative amount of unrestricted net assets in governmental activities is due to the issuance of \$28,765,000 of economic development related debt during 2007.

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

The City of Collinsville's net assets decreased by \$22,754,522 during the current fiscal year. This decrease represents the degree to which increases in ongoing expenses have outpaced similar increases in ongoing revenues.

**Governmental activities.** Governmental activities decreased the City's net assets by \$23,693,092, thereby accounting for the entire decline in the net assets of the City of Collinsville.

**Business-type activities.** Business-type activities increased the City's net assets by \$938,570, thereby offsetting a portion of the total decline in the net assets of the City of Collinsville. Water and sewer fees are adjusted each year to insure that revenues also keep up with inflation. Additionally, sewer fees were increased in 2006 to provide for future 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, 2007	For The Year Ended December 31, 2006	For The Year Ended December 31, 2007	For The Year Ended December 31, 2006	For The Year Ended December 31, 2007	For The Year Ended December 31, 2006
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,260,679	\$ 4,380,096	\$ 6,409,564	\$ 6,660,602	\$ 10,670,243	\$ 11,040,698
Federal, state and county grants	1,050,273	1,380,851	50,000	-	1,100,273	1,380,851
General revenues:						
Property taxes	3,871,516	3,537,858	-	-	3,871,516	3,537,858
Sales taxes	5,948,214	5,291,641	-	-	5,948,214	5,291,641
State income taxes	2,254,175	2,068,898	-	-	2,254,175	2,068,898
Motor fuel taxes	721,310	741,750	-	-	721,310	741,750
Telecommunications taxes	1,091,011	1,046,316	-	-	1,091,011	1,046,316
Utility taxes	742,387	733,088	-	-	742,387	733,088
Franchise fees	282,467	280,356	-	-	282,467	280,356
Investment earnings	430,729	362,415	994,952	913,973	1,425,681	1,276,388
Miscellaneous	344,361	299,078	-	-	344,361	299,078
Transfers	300,000	300,000	(300,000)	(300,000)	-	-
Total revenues	<u>21,297,122</u>	<u>20,422,347</u>	<u>7,154,516</u>	<u>7,274,575</u>	<u>28,451,638</u>	<u>27,696,922</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	3,157,710	1,753,162	-	-	3,157,710	1,753,162
Public safety	8,686,394	7,964,007	-	-	8,686,394	7,964,007
Public works	3,615,277	3,213,157	-	-	3,615,277	3,213,157
Health and sanitation	1,310,481	1,333,310	-	-	1,310,481	1,333,310
Community development	26,934,117	1,974,609	-	-	26,934,117	1,974,609
Community services	705,723	1,527,626	-	-	705,723	1,527,626
Interest on long-term debt	580,512	79,693	-	-	580,512	79,693
Business-type activities:						
Water and sewer	-	-	6,215,946	5,868,517	6,215,946	5,868,517
Total expenses	<u>44,990,214</u>	<u>17,845,564</u>	<u>6,215,946</u>	<u>5,868,517</u>	<u>51,206,160</u>	<u>23,714,081</u>
Change in net assets	(23,693,092)	2,576,783	938,570	1,406,058	(22,754,522)	3,982,841
Net assets - beginning	<u>32,810,614</u>	<u>30,233,831</u>	<u>24,422,196</u>	<u>23,016,138</u>	<u>57,232,810</u>	<u>53,249,969</u>
Net assets - ending	<u>\$ 9,117,522</u>	<u>\$ 32,810,614</u>	<u>\$ 25,360,766</u>	<u>\$ 24,422,196</u>	<u>\$ 34,478,288</u>	<u>\$ 57,232,810</u>

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

### 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 2007, the City's governmental funds reported combined ending fund balances of \$12,379,199, an increase of \$3,124,399 in comparison with the prior year. Approximately 44.2% of this total amount (\$5,751,165) constitutes unreserved fund balance, which is available for spending at the City's discretion. However, \$2,305,864 (40% 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 inventory (\$125,941)
2. For police forfeitures (\$271,899)
3. For fire equipment (\$4,834)
4. For economic development (\$6,225,360)

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 \$3,445,301, while total fund balance reached \$3,847,975. 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 22.1% of total General Fund expenditures, while total fund balance represents 24.6% of that same amount.

The fund balance of the City's general fund decreased by \$114,693 during the current fiscal year. A key factor was the decrease in building permit revenue. There was a surge in the number and amount of building permits issued during 2006, resulting in a \$333,645 or 67.3% decrease in 2007.

The Collinsville Crossings Fund is a major special revenue fund of the City. This fund was established during 2007. Its resources are to be used for debt service payments on the 2007 general obligation bonds related to the Collinsville Crossings development and the debt service payments on the 2007 revenue bonds related to the Collinsville Crossings development. At the end of the current fiscal year, the fund balance of the Collinsville Crossings Fund was \$2,224,475.

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

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 fund balance of the TIF fund was \$4,000,885, which is an increase of \$1,567,614 over 2006. Key factors in this increase are development within the TIF, which increases the incremental revenue, and the end of a significant TIF obligation toward the expansion of Gateway Center during 2006.

**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 \$4,432,403 an increase of \$1,501,126 or 51.2%. 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 2007 expenditure budget for the City's General Fund represents an original budget of \$15,859,330 increased by \$142,000 to \$16,001,330, an adjustment of 0.9%. Actual expenditures in the general fund were \$496,981 less than the final, amended budgeted. The changes during the year were as follows:

- Increase of \$48,000 in the Fire Department to provide funds for EMS software and laptop computers mounted in the vehicles.
- Increase of \$16,000 in the Fire Department for renovations at the Northside Fire Station.
- Increase of \$78,000 in the Fire Department for unanticipated writes-off's of bad debt related to ambulance billing.

### 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, 2007, amounts to \$54,564,925, 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 \$4,240,367 or 8.4% (a \$1,153,681 or 4.5% increase for governmental activities and a \$3,086,686 or 12.5% 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.

# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

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

	Governmental Activities		Business-type Activities		Total	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2006	December 31, 2006
Land	\$ 566,295	\$ 396,109	\$ 377,205	\$ 377,205	\$ 943,500	\$ 773,314
Construction in progress	-	-	7,982,488	4,311,708	7,982,488	4,311,708
Buildings and improvement:	5,753,260	5,245,906	5,568,650	5,597,551	11,321,910	10,843,457
Equipment	986,927	1,045,392	907,514	929,089	1,894,441	1,974,481
Vehicles	969,977	894,903	87,603	98,541	1,057,580	993,444
Infrastructure	18,480,198	18,020,666	12,884,808	13,407,488	31,365,006	31,428,154
Total net assets	<u>\$ 26,756,657</u>	<u>\$ 25,602,976</u>	<u>\$ 27,808,268</u>	<u>\$ 24,721,582</u>	<u>\$ 54,564,925</u>	<u>\$ 50,324,558</u>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of 2007. 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.

### Long-term Debt

At the end of 2007, the City of Collinsville had total long-term debt obligations for governmental and business-type activities in the amount of \$49,840,000 compared to \$21,780,000 at the end of 2006. During 2007, the City issued \$8,515,000 of general obligation bonds to finance infrastructure projects in the Fournie Lane and Collinsville Crossings development areas as well as \$20,250,000 of limited-obligation revenue bonds to refinance notes that had previously been issued to the developer of Collinsville Crossings. The general obligation 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.



# CITY OF COLLINSVILLE, ILLINOIS

## Management's Discussion and Analysis

For the year ended December 31, 2007

	Governmental Activities		Business-type Activities		Total	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
<b>General Obligation Debt:</b>						
LIST Revenue Bonds						
Series 2007	\$ 20,250,000	\$ -	\$ -	\$ -	\$ 20,250,000	\$ -
Taxable GO Bonds						
Series 2007A	7,300,000	-	-	-	7,300,000	-
Non-taxable GO Bonds						
Series 2007B	1,215,000	-	-	-	1,215,000	-
Tax Increment Bonds,						
Series 1997	615,000	900,000	-	-	615,000	900,000
Refunding Bonds (Tax						
Increment Alternate						
Revenue) Series 2003B	460,000	530,000	-	-	460,000	530,000
Refunding Bonds						
Series 2003A	-	-	-	350,000	-	350,000
Alternative Revenue						
Series 2006	-	-	20,000,000	20,000,000	20,000,000	20,000,000
<b>Total Debt</b>	<b><u>\$ 29,840,000</u></b>	<b><u>\$ 1,430,000</u></b>	<b><u>\$ 20,000,000</u></b>	<b><u>\$ 20,350,000</u></b>	<b><u>\$ 49,840,000</u></b>	<b><u>\$ 21,780,000</u></b>

As of December 31, 2007, the outstanding balance on a loan from the Illinois Environmental Protection Agency amounted to \$309,327. 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.

**CITY OF COLLINSVILLE, ILLINOIS**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 10,811,632	\$ 3,509,783	\$ 14,321,415
Investments	-	13,100,204	13,100,204
Receivables (Net of allowance for uncollectibles):	2,346,181	1,169,533	3,515,714
Inventory	125,941	136,879	262,820
Prepaid Expenses	-	216,583	216,583
Restricted Assets:			
Cash and Cash Equivalents	108,998	414,178	523,176
Capital Assets:			
Land	566,295	377,205	943,500
Buildings and Improvements	7,544,040	12,105,779	19,649,819
Equipment	4,010,236	2,523,521	6,533,757
Vehicles	3,041,590	996,030	4,037,620
Infrastructure	31,540,211	37,938,295	69,478,506
Less: Accumulated Depreciation	<u>(19,945,715)</u>	<u>(26,132,562)</u>	<u>(46,078,277)</u>
Net Capital Assets	26,756,657	27,808,268	54,564,925
Other Assets	<u>1,020,842</u>	<u>329,218</u>	<u>1,350,060</u>
Total Assets	<u>41,170,251</u>	<u>46,684,646</u>	<u>87,854,897</u>
<b><u>Liabilities</u></b>			
Accounts Payable	510,902	126,813	637,715
Accrued Wages	345,963	84,426	430,389
Accrued Interest Payable	517,041	34,708	551,749
Liabilities Payable from Restricted Assets	106,688	414,178	520,866
Deferred Revenue	50,000	-	50,000
Noncurrent Liabilities:			
Due Within One Year	1,343,991	927,310	2,271,301
Due in More Than One Year	<u>29,178,144</u>	<u>19,736,445</u>	<u>48,914,589</u>
Total Liabilities	<u>32,052,729</u>	<u>21,323,880</u>	<u>53,376,609</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	25,681,657	20,928,363	46,610,020
Restricted for:			
Economic Development	6,225,360	-	6,225,360
Other Purposes	402,674	-	402,674
Unrestricted	<u>(23,192,169)</u>	<u>4,432,403</u>	<u>(18,759,766)</u>
Total Net Assets	<u>\$ 9,117,522</u>	<u>\$ 25,360,766</u>	<u>\$ 34,478,288</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, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 3,157,710	\$ 278,929	\$ 24,519	\$ -	\$ (2,854,262)	\$ (2,854,262)	\$ (2,854,262)
Public Safety	8,686,394	1,182,173	176,892	-	(7,327,329)	(7,327,329)	(7,327,329)
Public Works	3,615,277	58,374	296,545	514,325	(2,746,033)	(2,746,033)	(2,746,033)
Health and Sanitation	1,310,481	1,178,636	-	-	(131,845)	(131,845)	(131,845)
Community and Economic Development	26,934,117	1,562,567	9,580	-	(25,361,970)	(25,361,970)	(25,361,970)
Community Services	705,723	-	28,412	-	(677,311)	(677,311)	(677,311)
Interest on Long-term Debt	580,512	-	-	-	(580,512)	(580,512)	(580,512)
Total Governmental Activities (see Note 1)	44,990,214	4,260,679	535,948	514,325	(39,679,262)	(39,679,262)	(39,679,262)
<b>Business-type Activities:</b>							
Water and Sewer	6,215,946	6,409,564	-	50,000	\$ 243,618	\$ 243,618	243,618
Total Business-type Activities	6,215,946	6,409,564	-	50,000	243,618	243,618	243,618
<b>Total Primary Government</b>	<b>\$ 51,206,160</b>	<b>\$ 10,670,243</b>	<b>\$ 535,948</b>	<b>\$ 564,325</b>	<b>(39,679,262)</b>	<b>243,618</b>	<b>(39,435,644)</b>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					3,871,516	-	3,871,516
Sales and Use Tax					5,948,214	-	5,948,214
Replacement Tax					127,221	-	127,221
State Income Tax					2,254,175	-	2,254,175
Motor Fuel Tax					721,310	-	721,310
Telecommunications Tax					1,091,011	-	1,091,011
Utility Tax					742,387	-	742,387
Franchise Fees					282,467	-	282,467
Other					166,207	-	166,207
Unrestricted Investment Earnings					430,729	994,952	1,425,681
Miscellaneous					50,933	-	50,933
Transfers					300,000	(300,000)	-
Total General Revenues and Transfers					15,986,170	694,952	16,681,122
Change in Net Assets					(23,693,092)	938,570	(22,754,522)
Net Assets - Beginning					32,810,614	24,422,196	57,232,810
Net Assets - Ending					\$ 9,117,522	\$ 25,360,766	\$ 34,478,288

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

**CITY OF COLLINSVILLE, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	<u>General Fund</u>	<u>Collinsville Crossings 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	\$ 301,760	\$ -	\$ -	\$ 822,484	\$ 1,124,244
Seized Funds Escrow	108,998	-	-	-	108,998
Investments	<u>2,290,697</u>	<u>2,069,974</u>	<u>3,851,524</u>	<u>1,475,193</u>	<u>9,687,388</u>
Total Cash and Cash Equivalents	<u>2,701,455</u>	<u>2,069,974</u>	<u>3,851,524</u>	<u>2,297,677</u>	<u>10,920,630</u>
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	1,745,788	-	-	-	1,745,788
Services	323,851	-	-	77,078	400,929
Intergovernmental	1,231,595	163,455	169,272	142,043	1,706,365
Other	238,887	-	-	-	238,887
Interfund Receivable	10,412	-	-	-	10,412
Inventory	125,941	-	-	-	125,941
Total Assets	<u>\$ 6,377,929</u>	<u>\$ 2,233,429</u>	<u>\$ 4,020,796</u>	<u>\$ 2,516,798</u>	<u>\$ 15,148,952</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts Payable	\$ 335,727	\$ -	\$ 15,699	\$ 159,476	\$ 510,902
Accrued Wages and Compensated Absences	341,751	-	4,212	-	345,963
Interfund Payable	-	8,954	-	1,458	10,412
Liabilities Payable from Restricted Assets:					
Seized Fund Escrow Liability	106,688	-	-	-	106,688
Deferred Revenue	<u>1,745,788</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>1,795,788</u>
Total Liabilities	<u>2,529,954</u>	<u>8,954</u>	<u>19,911</u>	<u>210,934</u>	<u>2,769,753</u>
Fund Equity:					
Fund Balance:					
Reserved For:					
Inventory	125,941	-	-	-	125,941
Forfeited Funds	271,899	-	-	-	271,899
Fire Equipment	4,834	-	-	-	4,834
Economic Development	-	2,224,475	4,000,885	-	6,225,360
Unreserved	3,445,301	-	-	-	3,445,301
Unreserved, Reported In:					
Special Revenue Funds	-	-	-	1,649,436	1,649,436
Debt Service Funds	-	-	-	(214)	(214)
Capital Projects Fund	-	-	-	656,642	656,642
Total Fund Equity	<u>3,847,975</u>	<u>2,224,475</u>	<u>4,000,885</u>	<u>2,305,864</u>	<u>12,379,199</u>
Total Liabilities and Fund Equity	<u>\$ 6,377,929</u>	<u>\$ 2,233,429</u>	<u>\$ 4,020,796</u>	<u>\$ 2,516,798</u>	<u>\$ 15,148,952</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, 2007

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 12,379,199
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	26,756,657
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(682,135)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(29,840,000)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(517,041)
Debt issuance costs are not reported as an asset to be amortized on the balance sheet of the governmental funds.	1,020,842
Net assets of governmental activities	<u>\$ 9,117,522</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, 2007

	General Fund	Collinsville Crossings Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Tax	\$ 1,853,418	\$ -	\$ 2,018,098	\$ -	\$ 3,871,516
<b>Intergovernmental:</b>					
Sales and Use Tax	4,663,958	601,453	1,257,500	15,994	6,538,905
Replacement Tax	127,221	-	-	-	127,221
State Income Tax	2,254,175	-	-	-	2,254,175
Motor Fuel Tax	-	-	-	721,310	721,310
Telecommunications Tax	1,091,011	-	-	-	1,091,011
Grants	462,660	-	39,325	481,250	983,235
Other	166,207	-	-	-	166,207
Other Local Taxes	1,309,226	-	-	742,387	2,051,613
Drug Forfeiture Revenue	253,703	-	-	-	253,703
Licenses, Fees and Permits	510,380	-	-	-	510,380
Charges for Services	1,817,092	-	-	-	1,817,092
Fines	180,330	-	-	40	180,370
Investment Earnings	118,302	23,345	165,977	123,105	430,729
Gifts and Donations	23,349	-	9,580	34,109	67,038
Miscellaneous Revenues and Reimbursements	229,235	-	253,341	40,732	523,308
<b>Total Revenues</b>	<b>15,060,267</b>	<b>624,798</b>	<b>3,743,821</b>	<b>2,158,927</b>	<b>21,587,813</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	3,668,177	-	-	23,886	3,692,063
Public Safety	8,122,085	-	-	250	8,122,335
Public Works	1,831,014	-	-	370,046	2,201,060
Health and Sanitation	1,310,481	-	-	-	1,310,481
Community and Economic Development	263,130	24,618,439	827,120	1,217,440	26,926,129
Community Services	114,350	-	590,516	-	704,866
<b>Debt Service:</b>					
Principal	-	-	285,000	70,000	355,000
Interest and Fees	-	1,006,931	46,124	29,534	1,082,589
Capital Outlay	307,745	-	339,629	2,516,448	3,163,822
<b>Total Expenditures</b>	<b>15,616,982</b>	<b>25,625,370</b>	<b>2,088,389</b>	<b>4,227,604</b>	<b>47,558,345</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(556,715)</b>	<b>(25,000,572)</b>	<b>1,655,432</b>	<b>(2,068,677)</b>	<b>(25,970,532)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Debt	-	27,225,047	-	1,539,953	28,765,000
Operating Transfers In	412,091	-	-	-	412,091
Operating Transfers Out	-	-	(87,818)	(24,273)	(112,091)
<b>Total Other Financing Sources</b>	<b>412,091</b>	<b>27,225,047</b>	<b>(87,818)</b>	<b>1,515,680</b>	<b>29,065,000</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(144,624)</b>	<b>2,224,475</b>	<b>1,567,614</b>	<b>(552,997)</b>	<b>3,094,468</b>
Fund Balance, Beginning of Year	3,962,668	-	2,433,271	2,858,861	9,254,800
Increase in Reserve for Inventory	29,931	-	-	-	29,931
<b>Fund Balance, End of Year</b>	<b>\$ 3,847,975</b>	<b>\$ 2,224,475</b>	<b>\$ 4,000,885</b>	<b>\$ 2,305,864</b>	<b>\$ 12,379,199</b>

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, 2007

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

Net change in fund balances - total governmental funds \$ 3,094,468

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. 1,153,681

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. (61,442)

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. (27,909,730)

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. 29,931

Change in net assets of governmental activities \$ (23,693,092)

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, 2007

<b><u>Assets:</u></b>		<b><u>Liabilities:</u></b>	
Current Assets:		Current Liabilities:	
Cash and Cash Equivalents:		Accounts Payable	\$ 126,813
Cash	\$ 189,094	Accrued Wages	84,426
Investments	3,320,689	Current Portion - Loan Payable	100,523
Total Cash and Cash Equivalents	3,509,783	Current Portion - Bonds Payable	705,000
Investments	13,100,204	Accrued Interest Payable	34,708
Receivables (Net, where applicable, of allowances for uncollectible):		Total Current Liabilities	<u>1,051,470</u>
Services	1,108,349		
Accrued Interest	61,184	Noncurrent Liabilities:	
Inventory	136,879	Accrued Compensated Absences	354,428
Prepaid Expenses	216,583	Loan Payable	309,327
Total Current Assets	<u>18,132,982</u>	General Obligation Bonds	20,000,000
		Current Portion Of Debt	(805,523)
Noncurrent Assets:		Customer Deposits	414,178
Restricted Assets:		Total Noncurrent Liabilities	<u>20,272,410</u>
Cash and Cash Equivalents - Customer Deposits	414,178	Total Liabilities	<u>21,323,880</u>
Capital Assets:			
Land	377,205		
Buildings and Improvements	12,105,779		
Equipment	2,523,521		
Vehicles	996,030		
Water and Sewer Lines	29,955,807		
Construction in Progress	7,982,488		
Total	53,940,830		
Less - Accumulated Depreciation	(26,132,562)		
Net Capital Assets	<u>27,808,268</u>		
Other Assets - Bond Issuance Costs	329,218		
Total Noncurrent Assets	<u>28,551,664</u>		
Total Assets	<u>\$ 46,684,646</u>		
		<b><u>Net Assets:</u></b>	
		Invested in Capital Assets, Net of Related Debt	20,928,363
		Unrestricted	4,432,403
		Total Net Assets	<u>\$ 25,360,766</u>



**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, 2007

Operating Revenues:	
Charges for Services	\$ 6,117,125
Fees	288,427
Miscellaneous Revenue	4,012
Total Operating Revenues	<u>6,409,564</u>
Operating Expenses:	
Salaries	1,766,030
Employee Benefits	689,274
Maintenance	226,720
Contractual Services	1,816,195
Commodities	576,332
Depreciation	1,101,454
Total Operating Expenses	<u>6,176,005</u>
Operating Income	<u>233,559</u>
Nonoperating Revenues (Expenses):	
Amortization of Deferred Refunding and Bond Issuance Costs	(21,897)
Investment Earnings	994,952
Interest and Fiscal Charges	(18,044)
Total Nonoperating Revenues (Expenses)	<u>955,011</u>
Income Before Capital Contributions and Transfers	1,188,570
Capital Contributions	50,000
Transfers Out	<u>(300,000)</u>
Change in Net Assets	938,570
Net Assets - Beginning of Year	<u>24,422,196</u>
Net Assets - End of Year	<u>\$ 25,360,766</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF COLLINSVILLE, ILLINOIS

## STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - WATER AND SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2007

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,492,989
Payments to Suppliers	(3,459,320)
Payments to Employees	(1,732,513)
Net Cash Provided by Operating Activities	<u>1,301,156</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	(4,212,634)
Capital Contributions	50,000
Principal Payments on Bonds	(350,000)
Interest Payments and Fiscal Charges	(851,730)
Principal Payments on Loan	(98,022)
Net Cash Used by Capital and Related Financing Activities	<u>(5,462,386)</u>
Cash Flows from Investing Activities:	
Interest Received	1,081,420
Net Sale of Long-Term Investments	4,075,367
Net Cash Provided by Investing Activities	<u>5,156,787</u>
Net Increase in Cash and Cash Equivalents	695,557
Cash and Cash Equivalents, Beginning of Year	<u>3,228,404</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,923,961</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 233,559
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,101,454
(Increase) Decrease in Assets:	
Services Receivables	57,026
Inventory	37,779
Prepaid Expenses	(36,762)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	33,517
Accounts Payable	(151,816)
Restricted Customer Deposits	26,399
Net Cash Provided by Operating Activities	<u>\$ 1,301,156</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, 2007

Assets:

Cash and Cash Equivalents:

Cash \$ 495,275

Investments 136,342

Investments 31,263,591

Receivables:

Property Tax 737,258

Replacement Tax 11,897

Accrued Interest 129,883

Total Assets 32,774,246

Liabilities:

Accounts Payable 15,000

Total Liabilities 15,000

Net Assets:

Held in Trust For Pension

Benefits and Other Purposes \$ 32,759,246

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, 2007

Additions:	
Taxes	\$ 952,039
Employee Contributions	403,786
Investment Earnings:	
Investment Earnings	1,616,815
Less: Investment Expense	(111,162)
Net Investment Earnings	<u>1,505,653</u>
Total Additions	<u>2,861,478</u>
Deductions:	
Benefit Payments	1,572,411
Contractual Services	17,494
Total Deductions	<u>1,589,905</u>
Change in Net Assets	1,271,573
Net Assets - Beginning of Year	<u>31,487,673</u>
Net Assets - End of Year	<u>\$ 32,759,246</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

# **CITY OF COLLINSVILLE, ILLINOIS**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007

### **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, Illinois ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 City'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.

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

(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 City reports the following major governmental funds:

The General Fund is the City'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 Collinsville Crossing Fund accounts for the collection of taxes to be used to retire debt related to the development of Collinsville Crossings.

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 City 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 City 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 City 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	\$ 27,282
General Fund	Ambulance Receivables	200,485
Proprietary Fund	Water and Sewer Receivables	<u>242,241</u>
Total		<u>\$ 470,008</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 2006 property taxes on December 11, 2006 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 2007 become an enforceable lien in January 2008. Because this tax levy will be used to pay expenses budgeted in 2008, no part of this tax levy is shown as a receivable as of December 31, 2007 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

At December 31, 2007, the following amounts are reported as restricted assets by the City:

Waterworks and Sewerage Customer Deposits	\$ 414,178
General Fund - Police Savings - Inventory	108,998

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.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction

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

phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City recorded capitalized interest of \$833,000 in the current year related to the interest incurred on the construction related debt.

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, 2007, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$448,991 and \$233,144, respectively. Amounts reflected in the financial statements at December 31, 2007 for Enterprise Fund employees related to unused vacation and sick leave benefits totaled \$121,787 and \$232,641, 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during

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

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	\$ 125,941
Reserved for Economic Development	6,506,217
Reserved for Forfeited Funds	271,899
Reserved for Fire Equipment	<u>4,834</u>
	<u>\$ 6,908,891</u>

Fiduciary Funds

Reserved for Employees' Pension Benefits	<u>\$ 32,759,246</u>
--	----------------------

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.

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

**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, 2007, the carrying amount of the City's deposits was \$10,585,366 and the bank balance was \$11,529,946. 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, 2007, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Metropolitan Investment Fund	Daily	\$ 1,131,544
The Illinois Funds (external investment pool)	Daily	3,127,200
Federal Farm Credit Bank	0.81	1,605,474
Federal Home Loan Bank	0.38	3,776,085
Federal Home Loan Mortgage Corporation	0.10	<u>7,718,646</u>
		17,358,949
Cash on Hand		480
Deposits as reported above		<u>10,585,366</u>
Total deposits and investments		<u>\$ 27,944,795</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 14,321,415
Cash and Cash Equivalents - Restricted		523,176
Investments		<u>13,100,204</u>
		<u>\$ 27,944,795</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, 2007, 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



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

Concentration of Credit Risk. As of December 31, 2007, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Illinois Metropolitan Investment Fund	6.52%
The Illinois Funds	18.01%
Federal Farm Credit Bank	9.25%
Federal Home Loan Bank	21.75%
Federal Home Loan Mortgage Corporation	44.47%

Foreign Currency Risk. As of December 31, 2007, the City has no foreign currency risk.

Firefighter's Pension Fund

At December 31, 2007, the carrying amount and the bank balance of the Firefighter's Pension Fund deposits was \$6,235,647. 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, 2007, 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	\$ 136,342
U.S. Treasury Notes	3.86	1,027,601
Federal National Mortgage Association	13.97	772,883
Federal Home Loan Bank	0.56	24,867
Federal Home Loan Mortgage	4.08	155,570
Mutual Funds	--	8,111,537
		10,228,800
Deposits as reported above		6,235,647
Total deposits and investments		<u>\$ 16,464,447</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, 2007, 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, 2007, the Firefighter's Pension Fund has no concentration of credit risk.

Foreign Currency Risk. As of December 31, 2007, the Firefighter's Pension Fund has no foreign currency risk.

Police Pension Fund

At December 31, 2007, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$1,738,567. The deposits were comprised of checking and interest checking accounts.

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, 2007, 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	4.61	\$ 7,316,745
Federal National Mortgage Association	8.03	836,396
Federal Home Loan Mortgage	28.88	147,902
Government National Mortgage Association	21.57	173,658
Domestic Equities	--	<u>5,248,383</u>
		13,723,084
Deposits as reported above		<u>1,707,677</u>
Total deposits and investments		<u>\$ 15,430,761</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, 2007, 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, 2007, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Federal National Mortgage Association	5.42%

Foreign Currency Risk. As of December 31, 2007, the Police Pension Fund has no foreign currency risk.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 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	\$ 396,109	\$ 170,186	\$ -	\$ 566,295
Capital assets, being depreciated:				
Buildings and improvements	6,816,627	727,413	-	7,544,040
Equipment	4,026,280	273,266	289,310	4,010,236
Vehicles	2,824,864	304,690	87,964	3,041,590
Infrastructure	29,851,944	1,688,267	-	31,540,211
Total capital assets being depreciated	<u>43,519,715</u>	<u>2,993,636</u>	<u>377,274</u>	<u>46,136,077</u>
Less accumulated depreciation for:				
Buildings and improvements	1,570,721	220,059	-	1,790,780
Equipment	2,980,888	309,111	266,690	3,023,309
Vehicles	1,929,961	229,394	87,742	2,071,613
Infrastructure	11,831,278	1,228,735	-	13,060,013
Total accumulated depreciation	<u>18,312,848</u>	<u>1,987,299</u>	<u>354,432</u>	<u>19,945,715</u>
Total capital assets, being depreciated, net	<u>25,206,867</u>	<u>1,006,337</u>	<u>22,842</u>	<u>26,190,362</u>
Governmental activities capital assets, net	<u>\$ 25,602,976</u>	<u>\$ 1,176,523</u>	<u>\$ 22,842</u>	<u>\$ 26,756,657</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	<u>4,311,708</u>	<u>3,670,780</u>	<u>-</u>	<u>7,982,488</u>
Total capital assets, not being depreciated	<u>4,688,913</u>	<u>3,670,780</u>	<u>-</u>	<u>8,359,693</u>
Capital assets, being depreciated:				
Buildings and improvements	11,853,189	252,590	-	12,105,779
Infrastructure	29,837,973	117,834	-	29,955,807
Equipment	2,404,553	118,968	-	2,523,521
Vehicles	<u>968,062</u>	<u>27,968</u>	<u>-</u>	<u>996,030</u>
Total capital assets, being depreciated	<u>45,063,777</u>	<u>517,360</u>	<u>-</u>	<u>45,581,137</u>
Less accumulated depreciation for:				
Buildings and improvements	6,255,638	281,491	-	6,537,129
Infrastructure	16,430,485	640,514	-	17,070,999
Equipment	1,475,464	140,543	-	1,616,007
Vehicles	<u>869,521</u>	<u>38,906</u>	<u>-</u>	<u>908,427</u>
Total accumulated depreciation	<u>25,031,108</u>	<u>1,101,454</u>	<u>-</u>	<u>26,132,562</u>
Total capital assets, being depreciated, net	<u>20,032,669</u>	<u>(584,094)</u>	<u>-</u>	<u>19,448,575</u>
Business-type activities capital assets, net	<u>\$ 24,721,582</u>	<u>\$ 3,086,686</u>	<u>\$ -</u>	<u>\$ 27,808,268</u>

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

Governmental activities:	
General government	\$ 37,848
Public safety	513,344
Highways and streets, including depreciation of general infrastructure assets	1,429,479
Community and economic development	5,771
Community services	<u>857</u>
Total depreciation expense - governmental activities	<u>\$ 1,987,299</u>
Business-type activities:	
Water and sewer	<u>\$ 1,101,454</u>

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, 2007. 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	\$ -	\$ -	\$ 61,184	\$ -	\$ 61,184
Local Taxes	117,963				
Fines/Franchise Fees	68,989	-	-	-	68,989
Accounts	603,553	-	1,350,590	77,078	2,031,221
Intergovernmental	<u>1,231,595</u>	<u>332,727</u>	<u>-</u>	<u>142,043</u>	<u>1,706,365</u>
Gross Receivables	2,022,100	332,727	1,411,774	219,121	3,985,722
Less: Allowance for uncollectible	<u>227,767</u>	<u>-</u>	<u>242,241</u>	<u>-</u>	<u>470,008</u>
Net Total Receivables	<u>\$ 1,794,333</u>	<u>\$ 332,727</u>	<u>\$ 1,169,533</u>	<u>\$ 219,121</u>	<u>\$ 3,515,714</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	\$ 1,745,788	\$ --
Grants	--	50,000

**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 2.80% to 4.00%. The amount of bonds outstanding as of December 31, 2007 is \$460,000.

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 \$300,000 to \$315,000 through December 30, 2009; interest at 5.10% to 5.15%. The amount of bonds outstanding as of December 31, 2007 is \$615,000.

\$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, 2007 is \$20,000,000.

\$7,300,000 Taxable General Obligation Bonds, Series 2007A dated October 31, 2007, due in annual installments of \$125,000 to \$670,000 through December 15, 2027; interest at 5.20% to 5.80%. The amount of bonds outstanding as of December 31, 2007 is \$7,300,000.

\$1,215,000 General Obligation Bonds, Series 2007B dated October 31, 2007, due in annual installments of \$55,000 to \$115,000 through December 15, 2021; interest at 3.50% to 4.00%. The amount of bonds outstanding as of December 31, 2007 is \$1,215,000.

\$20,250,000 Local Government Program Revenue Bonds, Series 2007 dated July 23, 2007, due in semiannual installments of \$230,000 to \$2,455,000 through March 1, 2023; interest at 5.00% to 5.35%. The maturity dates may be extended if projected revenues are not met and sufficient funds to make debt payments are not available. The amount of bonds outstanding as of December 31, 2007 is \$20,250,000.

The annual requirements to retire general obligation debt as of December 31, 2007 are as follows:

Fiscal Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 895,000	\$ 1,688,543	\$ 705,000	\$ 832,994
2009	1,175,000	1,500,807	735,000	804,794
2010	1,040,000	1,441,179	765,000	775,394
2011	1,160,000	1,390,266	800,000	744,794
2012	1,275,000	1,333,032	835,000	712,794
2013 - 2017	7,745,000	5,625,708	4,730,000	3,034,169
2018 - 2022	11,150,000	3,261,934	5,820,000	1,991,762
2023 - 2027	5,400,000	598,554	5,610,000	631,824
	<u>\$29,840,000</u>	<u>\$16,840,023</u>	<u>\$ 20,000,000</u>	<u>\$9,528,525</u>

The City has entered into a loan agreement with the Illinois Environmental Protection Agency for filter system improvements. The loan consists of

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

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. The annual requirements to retire the loan are as follows:

Year Ended December 31,	Principal	Interest	Total
2008	\$ 100,523	\$ 7,208	\$ 107,731
2009	103,087	4,645	107,732
2010	<u>105,717</u>	<u>2,016</u>	<u>107,733</u>
	<u>\$ 309,327</u>	<u>\$ 13,869</u>	<u>\$ 323,196</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 1,430,000	\$ 28,765,000	\$ 355,000	\$ 29,840,000	\$ 895,000
Other liabilities:					
Compensated absences	<u>620,693</u>	<u>61,442</u>	<u>-</u>	<u>682,135</u>	<u>448,991</u>
Governmental activities long-term liabilities	<u>\$ 2,050,693</u>	<u>\$ 28,826,442</u>	<u>\$ 355,000</u>	<u>\$ 30,522,135</u>	<u>\$ 1,343,991</u>
<u>Business-type Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 20,350,000	\$ -	\$ 350,000	\$ 20,000,000	\$ 705,000
IEPA Loan	<u>407,349</u>	<u>-</u>	<u>98,022</u>	<u>309,327</u>	<u>100,523</u>
	20,757,349	-	448,022	20,309,327	805,523
Less: deferred amount on refunding	<u>2,245</u>	<u>-</u>	<u>2,245</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	20,755,104	-	445,777	20,309,327	805,523
Other liabilities:					
Compensated absences	<u>334,425</u>	<u>20,003</u>	<u>-</u>	<u>354,428</u>	<u>121,787</u>
Business-type activities long-term liabilities	<u>\$ 21,089,529</u>	<u>\$ 20,003</u>	<u>\$ 445,777</u>	<u>\$ 20,663,755</u>	<u>\$ 927,310</u>

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

**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.



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

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.
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

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

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.

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, 2007 is \$108,998. The escrow liability directly offsets this account except for net interest income and bank service charges in the amount of \$2,310.

**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 \$250,971 in federal drug forfeiture revenue and from those funds expended \$152,763. 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 2007 was 7.92 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, 2007 was 25 years.

For December 31, 2007, the City's annual pension cost of \$313,149 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 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 10.0% 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 2007 actuarial valuation information were based on the 2002-2004 experience study.

**Trend Information for IMRF**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2007	\$ 313,149	100%	\$ -
12/31/2006	188,587	100%	-
12/31/2005	174,552	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, 2007 was \$2,456,519.

At December 31, 2007, 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>40</u>
Total	<u>69</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 Compiled 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, 2007 was \$1,695,875.

At December 31, 2007, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	21
Current Employees	<u>28</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	\$ 494,634	\$ 393,851
Interest on net pension obligation	-	-
Adjustment to annual required contribution	-	-
Annual pension cost	<u>494,634</u>	<u>393,851</u>
Contributions made	<u>497,064</u>	<u>395,650</u>
Increase (decrease) in net pension obligation	(2,430)	(1,799)
Net pension obligation beginning of year	<u>(297,044)</u>	<u>(119,645)</u>
Net pension obligation end of year	<u>\$ (299,474)</u>	<u>\$ (121,444)</u>

The annual required contribution for the current year was determined as part of the December 31, 2005, 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, 2005, was 27.4986 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	12/31/2005	\$ 494,634	100.49%	\$ (299,474)
	12/31/2004	459,044	100.76%	(297,044)
	12/31/2003	439,475	102.77%	(293,549)
Fire Pension	12/31/2005	\$ 393,851	100.46%	\$ (121,444)
	12/31/2004	369,673	100.75%	(119,645)
	12/31/2003	373,179	102.81%	(116,875)

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:

US Treasury Note 07/15/09	\$ 1,240,184
US Treasury Note 04/30/12	898,631
US Treasury Note 11/30/12	1,570,204
US Treasury Note 05/15/13	876,255
Bank of Edwardsville	1,509,549

Firefighter's Pension:

Bank of Edwardsville	\$ 2,061,239
Collinsville Building & Loan	1,895,188
First Collinsville Bank	1,718,052
DFA Enhanced US Large Co. Portfolio	1,639,287
DFA Large Cap Value Portfolio	1,623,534
DFA Emerging Markets Core Equity	938,148
DFA International Value	911,754

e) Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 15,977,834
Firefighter's Pension	16,781,412

**NOTE 15: INTERFUND TRANSFERS**

The City made the following interfund transfers during the year ended December 31, 2007:

General Fund Transfer From:	
MFT Fund	\$ 90,000
IMRF Fund	22,091
Water/Sewer Fund	300,000
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	87,818

The General Fund receives transfers for reimbursement of expenses paid by that fund for expenses related to other funds. The transfer between the Tax Increment Financing funds provided funds for debt service purposes.



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

**NOTE 16: INTERFUND RECEIVABLES/PAYABLES**

The City has the following interfund receivables/payables as of December 31, 2007:

General Fund	\$ 10,412	\$ --
Collinsville Crossings Fund	--	8,954
Collins House Fund	--	1,458

The balances are short-term interfund receivables which will be transferred in fiscal year 2008.

**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
<b>Receipts:</b>			
Property Tax	\$ 1,840,050	\$ 1,840,050	\$ 1,853,418
<b>Intergovernmental:</b>			
Sales and Use Tax	5,620,000	5,620,000	4,610,380
Replacement Tax	49,390	49,390	116,881
State Income Tax	2,080,000	2,080,000	2,233,549
Telecommunications Tax	1,060,000	1,060,000	1,107,628
Grants	166,160	166,160	478,391
Other	162,500	162,500	166,207
Other Local Taxes	1,238,000	1,238,000	1,319,823
Drug Forfeiture Revenue	181,000	181,000	253,703
Licenses, Fees and Permits	661,090	661,090	509,438
Charges for Services	1,783,390	1,783,390	1,845,889
Fines	196,000	196,000	182,045
Investment Earnings	76,000	76,000	118,302
Gifts and Donations	2,500	2,500	23,349
Miscellaneous Revenues and Reimbursements	170,500	170,500	238,462
<b>Total Receipts</b>	<b>15,286,580</b>	<b>15,286,580</b>	<b>15,057,465</b>
<b>Disbursements:</b>			
<b>Administration:</b>			
City Council	2,666,730	2,658,730	2,522,579
Boards	25,960	25,960	22,134
City Manager	260,260	260,260	253,520
Operations	165,630	173,630	173,240
Human Resources	162,990	162,990	157,258
<b>Total Administration</b>	<b>3,281,570</b>	<b>3,281,570</b>	<b>3,128,731</b>
<b>Police:</b>			
Police Administration	516,850	551,850	550,912
Police Operations	3,804,110	3,804,110	3,748,828
Police Support	879,750	844,750	843,348
Animal Control	145,260	145,260	133,110
<b>Total Police</b>	<b>5,345,970</b>	<b>5,345,970</b>	<b>5,276,198</b>
<b>Fire:</b>			
Fire Administration	277,850	293,850	277,104
Fire Operations	2,470,590	2,518,590	2,458,284
Ambulance	224,630	302,630	302,168
Emergency Management	30,440	30,440	25,818
<b>Total Fire</b>	<b>3,003,510</b>	<b>3,145,510</b>	<b>3,063,374</b>

**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Public Works:			
Streets	1,653,250	1,664,250	1,663,457
Garbage	1,452,050	1,441,050	1,304,139
Inspections	190,430	190,430	174,830
Total Public Works	<u>3,295,730</u>	<u>3,295,730</u>	<u>3,142,426</u>
Finance	<u>526,400</u>	<u>526,400</u>	<u>494,929</u>
Community Development	<u>290,950</u>	<u>290,950</u>	<u>284,917</u>
Community Services - Shuttle Bus	<u>115,200</u>	<u>115,200</u>	<u>113,774</u>
Total Disbursements	<u>15,859,330</u>	<u>16,001,330</u>	<u>15,504,349</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(572,750)</u>	<u>(714,750)</u>	<u>(446,884)</u>
Other Financing Sources:			
Operating Transfers In	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>
Total Other Financing Sources	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (182,750)</u>	<u>\$ (324,750)</u>	(56,884)
Change in intergovernmental revenue on modified accrual basis			40,537
Change in other local taxes and fees			(8,929)
Change in accrued salaries on modified accrual basis			(55,285)
Change in accounts payable on modified accrual basis			(57,349)
Change in franchise fees receivable on modified accrual basis			992
Change in garbage fees receivable on modified accrual basis			826
Interfund transfers			22,091
Adjustment for allowance of uncollectible amounts			(30,623)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (144,624)</u>

**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)  
 COLLINSVILLE CROSSINGS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Sales Tax	\$ 500,000	\$ 500,000	\$ 424,784
Investment Earnings	-	-	23,345
Total Receipts	<u>500,000</u>	<u>500,000</u>	<u>448,129</u>
Disbursements:			
Debt Service	<u>500,000</u>	<u>500,000</u>	<u>167,017</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>281,112</u>
Other Financing Sources:			
Proceeds from Debt	<u>-</u>	<u>-</u>	<u>1,766,694</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ -</u>	<u>\$ -</u>	2,047,806
Change in sales tax receivable on modified accrual basis			176,669
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 2,224,475</u>

**CITY OF COLLINSVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)  
 TAX INCREMENT FINANCING FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts:</b>			
Sales Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,269,420
Property Tax	1,890,000	1,893,400	2,018,098
Grants	1,500,000	1,500,000	39,325
Investment Earnings	50,000	50,000	165,977
Miscellaneous Revenues & Reimbursements	-	-	262,921
<b>Total Receipts</b>	<u>4,640,000</u>	<u>4,643,400</u>	<u>3,755,741</u>
<b>Disbursements:</b>			
<b>Current:</b>			
Community and Economic Development	1,005,360	1,008,760	831,534
Community Services	758,990	758,990	590,516
<b>Debt Service:</b>			
Principal	285,000	285,000	285,000
Interest	46,720	46,720	46,124
Capital Outlay	2,075,000	2,165,000	327,184
<b>Total Disbursements</b>	<u>4,171,070</u>	<u>4,264,470</u>	<u>2,080,358</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>468,930</u>	<u>378,930</u>	<u>1,675,383</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers Out	(88,040)	(88,040)	(87,818)
<b>Total Other Financing Sources (Uses)</b>	<u>(88,040)</u>	<u>(88,040)</u>	<u>(87,818)</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)</b>	<u>\$ 380,890</u>	<u>\$ 290,890</u>	1,587,565
Change in sales tax receivable on modified accrual basis			(11,920)
Change in accrued salaries on modified accrual basis			(2,470)
Change in accounts payable on modified accrual basis			(5,561)
<b>As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance</b>			<u>\$ 1,567,614</u>

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF POLICE AND FIREFIGHTERS' PENSION  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2007

	Calendar Year					
	2006	2005	2004	2003	2002	2001
<b>Police Pension:</b>						
Actuarial Value of Assets	\$ 15,126,733	\$ 14,576,874	\$ 14,093,038	\$ 13,308,434	\$ 12,256,407	\$ 12,483,567
Actuarial Accrued Liability (AAL)	19,941,012	18,502,336	17,700,042	16,787,473	15,590,466	14,623,618
Unfunded AAL (UAAL)	4,814,279	3,925,462	3,607,004	3,479,039	3,334,059	2,140,051
Funded Ratio	75.86%	78.78%	79.62%	79.28%	78.61%	85.37%
Covered Payroll	2,256,688	1,972,350	1,854,508	1,801,893	1,789,992	1,765,880
UAAL as a % of Covered Payroll	213.33%	199.02%	194.50%	193.08%	186.26%	121.19%
<b>Employer Contributions:</b>						
Required	593,160	494,634	459,044	439,475	424,844	368,611
Made	-	497,064	462,539	451,670	381,941	369,018
<b>Percentage of Employer Contributions</b>						
Made to Required Contributions	0.00%	100.49%	100.76%	102.77%	89.90%	100.11%
<b>Firefighters' Pension:</b>						
Actuarial Value of Assets	16,349,698	14,667,104	13,823,041	12,636,840	10,996,423	11,016,801
Actuarial Accrued Liability (AAL)	16,208,457	15,498,437	14,623,654	13,759,720	12,970,328	12,237,917
Unfunded AAL (UAAL)	(141,241)	831,333	800,613	1,122,880	1,973,905	1,221,116
Funded Ratio	100.87%	94.64%	94.53%	91.84%	84.78%	90.02%
Covered Payroll	1,660,095	1,587,511	1,490,479	1,459,243	1,392,492	1,327,668
UAAL as a % of Covered Payroll	-8.51%	52.37%	53.72%	76.95%	141.75%	91.97%
<b>Employer Contributions:</b>						
Required	363,586	393,851	369,973	373,179	391,556	345,290
Made	-	395,650	372,443	383,670	359,929	345,824
<b>Percentage of Employer Contributions</b>						
Made to Required Contributions	0.00%	100.46%	100.67%	102.81%	91.92%	100.15%

2005 is the latest year for which a tax was levied and collected. The 2006 actuarial estimate is levied in 2007 and collected in 2008.

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:	26.4986 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, 2007

	Calendar Year					
	2007	2006	2005	2004	2003	2002
<b>Regular:</b>						
Actuarial Value of Assets	\$ 11,378,769	\$ 10,423,916	\$ 9,824,662	\$ 9,509,384	\$ 8,931,560	\$ 8,706,530
Actuarial Accrued Liability (AAL)	11,025,997	10,144,425	9,406,657	8,876,874	7,993,663	7,317,676
Unfunded AAL (UAAL)	(352,772)	(279,491)	(418,005)	(632,510)	(937,897)	(1,388,854)
Funded Ratio	103.20%	102.76%	104.44%	107.13%	111.73%	118.98%
Covered Payroll	3,953,902	3,578,496	3,449,434	3,312,058	3,217,585	3,044,820
UAAL as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Employer Contributions:</b>						
Required	313,149	188,587	174,552	136,788	32,176	31,666
Made	313,149	188,587	174,552	136,788	32,176	31,666
<b>Percentage of Employer Contributions</b>						
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, 2007 is \$12,127,284. On a market basis, the funded ratio would be 109.99%.

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 Actuarial Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	25 Years
Asset Valuation Method:	Techniques that smooth the effects of short-term volatility in the market value.
<b>Actuarial Assumptions:</b>	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living Adjustments	3.0 %

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	Special Revenue Funds										Capital Project Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	Fournie										Fournie Lane Project Fund	Total	TIF Debt Service Fund	Total		
	Tree Memorial Fund	Motor Fuel Tax Fund	Retirement Fund	Police Vehicle Fund	Business District	Collins House	Collinsville Animal Shelter	Total	Capital Projects Fund	Total						
Cash and Cash Equivalents:																
Cash Investments	\$ 386	\$ 457,727	\$ -	\$ 41	\$ -	\$ -	\$ 15,623	\$ 473,777	\$ 348,707	\$ -	\$ 348,707	\$ -	\$ -	\$ -	\$ -	\$ 822,484
Total Cash and Cash Equivalents	4,994	1,169,204	-	-	17,857	-	-	1,192,055	-	-	283,138	-	-	-	-	1,475,193
Receivables:																
Accounts Receivable Intergovernmental	5,380	1,626,931	-	41	17,857	-	15,623	1,665,832	348,707	283,138	283,138	-	-	-	-	2,297,677
Total Assets	-	-	-	-	2,044	-	-	142,043	77,078	-	-	-	-	-	-	77,078
Liabilities and Fund Balance																
Liabilities:																
Accounts Payable	\$ -	\$ 153,131	\$ -	\$ -	\$ -	\$ 3,850	\$ -	\$ 156,981	\$ -	\$ 2,281	\$ 2,281	\$ 214	\$ -	\$ -	\$ -	\$ 159,476
Interfund Payable	-	-	-	-	-	1,458	-	1,458	-	-	-	-	-	-	-	1,458
Deferred Revenue	-	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	50,000
Total Liabilities	-	153,131	-	-	-	5,308	-	158,439	50,000	2,281	52,281	214	-	-	-	210,934
Fund Balance:																
Reserved:																
Future Projects Debt Service Unreserved:	-	-	-	-	-	-	-	-	375,785	280,857	656,642	(214)	-	-	-	656,642
Undesignated	5,380	1,613,799	-	41	19,901	(5,308)	15,623	1,649,436	-	-	-	-	-	-	-	1,649,436
Total Fund Balance	5,380	1,613,799	-	41	19,901	(5,308)	15,623	1,649,436	375,785	280,857	656,642	(214)	-	-	-	2,305,864
Total Liabilities and Fund Balance	\$ 5,380	\$ 1,766,930	\$ -	\$ 41	\$ 19,901	\$ -	\$ 15,623	\$ 1,807,875	\$ 425,785	\$ 283,138	\$ 708,923	\$ -	\$ -	\$ -	\$ -	\$ 2,516,798



**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds										Capital Project Funds			Debt Service Fund		Total Nonmajor Governmental Funds
	Tree Memorial Fund	Motor Fuel Tax Fund	Retirement Fund	Police Vehicle Fund	Fournie			Collinsville Animal Shelter	Total	Capital Projects Fund	Fournie Lane Project Fund	Total	TIF Debt Service Fund	Total		
					Business District	Collins House	Collins Lane									
Revenues:																
Utility Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742,387	\$ -	\$ 742,387	\$ -	\$ 742,387	\$ -	\$ 742,387	
Sales Tax	-	-	-	-	15,994	-	-	15,994	-	-	-	-	-	-	15,994	
Motor Fuel Tax	-	721,310	-	-	-	-	-	721,310	-	-	-	-	-	-	721,310	
Fines and Forfeitures	-	-	-	40	-	-	-	40	-	-	-	-	-	-	40	
State Grant	-	-	-	-	-	6,250	-	6,250	75,000	-	75,000	-	-	-	81,250	
Federal Grant	-	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	400,000	
Investment Earnings	271	88,613	-	1	580	562	4,703	94,730	21,657	6,718	28,375	-	-	123,105		
Reimbursements	-	40,732	-	-	-	-	-	40,732	-	-	-	-	-	-	40,732	
Gifts and Donations	380	-	-	-	-	325	33,404	34,109	-	-	-	-	-	-	34,109	
Total Revenues	651	1,250,655	-	41	16,574	7,137	38,107	1,313,165	839,044	6,718	845,762	-	-	2,158,927		
Expenditures:																
General Government	-	-	-	-	-	-	-	23,886	-	-	-	-	-	-	23,886	
Public Safety	-	-	-	-	-	-	250	250	-	-	-	-	-	-	250	
Public Works	-	343,827	-	-	-	-	-	343,827	12,894	13,325	26,219	-	-	-	370,046	
Community/Economic Development	551	-	-	-	-	-	-	551	-	1,216,889	1,216,889	-	-	-	1,217,440	
Capital Outlay	-	1,261,703	-	-	-	-	494,667	1,756,370	735,980	24,098	760,078	-	-	-	2,516,448	
Debt Service	-	-	-	-	-	-	-	-	-	11,502	11,502	88,032	88,032	-	99,534	
Total Expenditures	551	1,605,530	-	-	-	-	494,917	2,124,884	748,874	1,265,814	2,014,688	88,032	88,032	-	4,227,604	
Excess (Deficiency) of Revenues Over Expenditures	100	(354,875)	-	41	16,574	(16,749)	(456,810)	(811,719)	90,170	(1,259,096)	(1,168,926)	(88,032)	(88,032)	-	(2,068,677)	
Other Financing Sources (Uses):																
Proceeds from Debt	-	-	-	-	-	-	-	-	-	1,539,953	1,539,953	-	-	-	1,539,953	
Operating Transfers In (Out)	-	(90,000)	(22,091)	-	-	-	-	(112,091)	-	-	-	-	-	87,818	(24,273)	
Total Other Financing Sources (Uses)	-	(90,000)	(22,091)	-	-	-	-	(112,091)	-	-	-	-	-	87,818	(24,273)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	100	(444,875)	(22,091)	41	16,574	(16,749)	(456,810)	(923,810)	90,170	280,857	371,027	(214)	(214)	-	(552,997)	
Fund Balance, Beginning of Year	5,280	2,058,674	22,091	-	3,327	11,441	472,433	2,573,246	285,615	-	285,615	-	-	-	2,858,861	
Fund Balance, End of Year	\$ 5,380	\$ 1,613,799	\$ -	\$ 41	\$ 19,901	\$ (5,308)	\$ 15,623	\$ 1,649,436	\$ 375,785	\$ 280,857	\$ 656,642	\$ (214)	\$ (214)	\$ -	\$ 2,305,864	

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents:			
Cash	\$ 251,318	\$ 243,957	\$ 495,275
Investments	-	136,342	136,342
Investments	15,179,443	16,084,148	31,263,591
Receivables:			
Property Tax	479,995	257,263	737,258
Replacement Tax	6,134	5,763	11,897
Accrued Interest	70,944	58,939	129,883
Total Assets	<u>15,987,834</u>	<u>16,786,412</u>	<u>32,774,246</u>
<b>Liabilities:</b>			
Accounts Payable	10,000	5,000	15,000
Total Liabilities	<u>10,000</u>	<u>5,000</u>	<u>15,000</u>
<b>Net Assets:</b>			
Held in Trust For Pension Benefits and Other Purposes	<u>\$ 15,977,834</u>	<u>\$ 16,781,412</u>	<u>\$ 32,759,246</u>

**CITY OF COLLINSVILLE, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Property Tax	\$ 484,303	\$ 260,570	\$ 744,873
Replacement Tax	107,046	100,120	207,166
Employee Contributions	243,441	160,345	403,786
Investment Earnings:			
Investment Earnings	942,128	674,687	1,616,815
Less: Investment Expense	(85,528)	(25,634)	(111,162)
Net Investment Earnings	<u>856,600</u>	<u>649,053</u>	<u>1,505,653</u>
Total Additions	<u>1,691,390</u>	<u>1,170,088</u>	<u>2,861,478</u>
Deductions:			
Benefit Payments	864,529	707,882	1,572,411
Contractual Services	11,734	5,760	17,494
Total Deductions	<u>876,263</u>	<u>713,642</u>	<u>1,589,905</u>
Change in Net Assets	815,127	456,446	1,271,573
Net Assets, Beginning of Year	<u>15,162,707</u>	<u>16,324,966</u>	<u>31,487,673</u>
Net Assets, End of Year	<u>\$ 15,977,834</u>	<u>\$ 16,781,412</u>	<u>\$ 32,759,246</u>

**CITY OF COLLINSVILLE, ILLINOIS**

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS  
DECEMBER 31, 2007

Levy Date - Calendar Year	1997		1998		1999		2000		2001	
	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	12/31/1998	12/31/1998	12/31/1999	12/31/1999	12/31/2000	12/31/2000	12/31/2001	12/31/2001	12/31/2002	12/31/2002
Assessed Valuation	\$ 185,720,054	\$ 22,284,592	\$ 195,018,592	\$ 23,082,365	\$ 203,251,195	\$ 23,405,504	\$ 213,195,916	\$ 24,398,588	\$ 230,197,803	\$ 26,009,004
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0424	\$ 0.0449	\$ 0.0759	\$ 0.0793	\$ 0.0800	\$ 0.0800	\$ 0.0796	\$ 0.0800	\$ 0.0770	\$ 0.0766
Fire Protection	0.0357	0.0377	0.0409	0.0427	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539
Police Protection	0.0358	0.0377	0.0422	0.0441	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539
Garbage	0.1360	0.1428	0.1237	0.1292	0.1249	0.1296	0.1284	0.1340	0.1116	0.1109
Public Library	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1492	0.1500	0.1557	0.1547
Retirement	0.0597	0.0625	0.0552	0.0577	0.0352	0.0366	0.0169	0.0177	0.0077	0.0077
Police Pension	0.0768	0.0808	0.0824	0.0861	0.0828	0.0859	0.0699	0.0729	0.0928	0.0923
Firefighters' Pension	0.0823	0.0864	0.0783	0.0818	0.0766	0.0795	0.0852	0.0889	0.0949	0.0943
Tort Liability	0.1795	0.1889	0.1517	0.1585	0.1212	0.1257	0.1344	0.1403	0.1373	0.1365
Social Security	0.0707	0.0741	0.0681	0.0711	0.0770	0.0799	0.0744	0.0776	0.0700	0.0696
Audit	0.0116	0.0121	0.0115	0.0120	0.0115	0.0120	0.0112	0.0117	0.0087	0.0086
Unemployment	0.0033	0.0034	0.0039	0.0040	0.0035	0.0037	0.0039	0.0041	0.0041	0.0040
Total Tax Rates	\$ 0.8838	\$ 0.9213	\$ 0.8838	\$ 0.9165	\$ 0.8753	\$ 0.8955	\$ 0.8647	\$ 0.8898	\$ 0.8684	\$ 0.8630
Tax Extensions:										
General Government	\$ 78,745	\$ 10,007	\$ 148,019	\$ 18,305	\$ 162,601	\$ 18,725	\$ 169,704	\$ 19,520	\$ 177,252	\$ 19,924
Fire Protection	66,302	8,401	79,763	9,856	114,430	13,177	118,963	13,736	124,997	14,019
Police Protection	66,488	8,401	82,298	10,179	114,430	13,177	118,963	13,736	124,997	14,019
Garbage	252,579	31,822	241,238	29,822	253,861	30,334	273,744	32,694	256,901	28,844
Public Library	278,580	33,427	292,528	34,624	304,877	35,109	318,088	36,598	358,418	40,236
Retirement	110,875	13,928	107,650	13,319	71,544	8,566	36,030	4,319	17,725	2,003
Police Pension	142,633	18,006	160,695	19,874	168,292	20,105	149,024	17,787	213,624	24,006
Firefighters' Pension	152,848	19,254	152,700	18,881	155,690	18,607	181,643	21,690	218,458	24,526
Tort Liability	333,368	42,096	295,843	36,586	246,341	29,421	286,535	34,231	316,062	35,502
Social Security	131,304	16,513	132,808	16,412	156,504	18,701	158,618	18,933	161,138	18,102
Audit	21,544	2,696	22,427	2,770	23,374	2,809	23,878	2,855	20,027	2,237
Unemployment	6,128	758	7,606	923	7,114	866	8,315	1,000	9,438	1,040
Total Tax Extensions	\$ 1,641,394	\$ 203,309	\$ 1,723,575	\$ 211,551	\$ 1,779,058	\$ 209,597	\$ 1,843,505	\$ 217,099	\$ 1,999,037	\$ 224,458
Total Tax Collections Through Fiscal Year End	\$ 1,638,678	\$ 203,924	\$ 1,710,808	\$ 209,978	\$ 1,767,353	\$ 209,403	\$ 1,838,481	\$ 210,373	\$ 1,971,345	\$ 200,615
Percent of Total Taxes Collected	99.83%	99.33%	99.26%	99.26%	99.34%	99.91%	99.73%	96.90%	98.61%	89.38%

**CITY OF COLLINSVILLE, ILLINOIS**

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS (CONTINUED)  
DECEMBER 31, 2007

Levy Date - Calendar Year	2002		2003		2004		2005		2006	
	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	12/31/2003	12/31/2003	12/31/2004	12/31/2004	12/31/2005	12/31/2005	12/31/2006	12/31/2006	12/31/2007	12/31/2007
Assessed Valuation	\$ 248,191,846	\$ 27,556,145	\$ 267,010,400	\$ 29,453,927	\$ 278,810,468	\$ 30,013,689	\$ 297,847,563	\$ 32,369,890	\$ 325,590,789	\$ 34,738,302
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0762	\$ 0.0762	\$ 0.0782	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0792	\$ 0.0786	\$ 0.0775	\$ 0.0770
Fire Protection	0.0534	0.0534	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553	0.0546	0.0542
Police Protection	0.0534	0.0534	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553	0.0546	0.0542
Garbage	0.0726	0.0726	0.0675	0.0721	0.0486	0.0506	0.0550	0.0546	0.0517	0.0514
Public Library	0.1557	0.1601	0.1528	0.1567	-	-	-	-	-	-
Retirement	0.0061	0.0061	0.0072	0.0076	0.0162	0.0176	0.0305	0.0316	0.0257	0.0267
Police Pension	0.1031	0.1031	0.0983	0.1050	0.1146	0.1240	0.1093	0.1129	0.1079	0.1115
Firefighters' Pension	0.1024	0.1024	0.0976	0.1042	0.0973	0.1052	0.0871	0.0900	0.0819	0.0847
Tort Liability	0.1443	0.1443	0.1410	0.1506	0.1393	0.1506	0.1326	0.1370	0.1331	0.1375
Social Security	0.0664	0.0664	0.0640	0.0683	0.0616	0.0666	0.0596	0.0616	0.0587	0.0607
Audit	0.0084	0.0084	0.0078	0.0083	0.0075	0.0078	0.0070	0.0070	0.0065	0.0064
Unemployment	0.0042	0.0042	0.0036	0.0038	0.0049	0.0053	0.0075	0.0078	0.0073	0.0076
<b>Total Tax Rates</b>	<b>\$ 0.8462</b>	<b>\$ 0.8506</b>	<b>\$ 0.8274</b>	<b>\$ 0.8692</b>	<b>\$ 0.8826</b>	<b>\$ 0.7203</b>	<b>\$ 0.6792</b>	<b>\$ 0.6917</b>	<b>\$ 0.6595</b>	<b>\$ 0.6719</b>
Tax Extensions:										
General Government	\$ 189,122	\$ 20,998	\$ 208,802	\$ 23,563	\$ 223,048	\$ 24,011	\$ 235,895	\$ 25,443	\$ 252,333	\$ 26,749
Fire Protection	132,534	14,715	146,055	16,583	156,970	16,898	165,901	17,900	177,773	18,828
Police Protection	132,534	14,715	146,055	16,583	156,970	16,898	165,901	17,900	177,773	18,828
Garbage	180,187	20,006	180,232	21,236	135,502	15,187	163,816	17,674	168,330	17,856
Public Library	386,435	44,118	407,992	46,154	-	-	-	-	-	-
Retirement	15,140	1,681	19,225	2,238	45,167	5,282	90,844	10,229	83,677	9,275
Police Pension	255,886	28,410	262,471	30,927	319,517	37,217	325,547	36,546	351,312	38,733
Firefighters' Pension	254,149	28,217	260,602	30,691	271,283	31,574	259,425	29,133	266,659	29,423
Tort Liability	358,141	39,764	376,485	44,358	388,383	45,201	394,946	44,347	433,361	47,765
Social Security	164,799	18,297	170,887	20,117	171,747	19,989	177,517	19,940	191,122	21,086
Audit	20,848	2,315	20,827	2,445	20,911	2,341	20,849	2,266	21,163	2,223
Unemployment	10,424	1,157	9,611	1,119	13,662	1,591	22,339	2,525	23,768	2,640
<b>Total Tax Extensions</b>	<b>\$ 2,100,199</b>	<b>\$ 234,393</b>	<b>\$ 2,209,244</b>	<b>\$ 256,014</b>	<b>\$ 1,903,160</b>	<b>\$ 216,189</b>	<b>\$ 2,022,980</b>	<b>\$ 223,903</b>	<b>\$ 2,147,271</b>	<b>\$ 233,406</b>
<b>Total Tax Collections Through Fiscal Year End</b>	<b>\$ 2,097,812</b>	<b>\$ 232,953</b>	<b>\$ 2,202,899</b>	<b>\$ 244,348</b>	<b>\$ 1,896,172</b>	<b>\$ 213,321</b>	<b>\$ 2,016,011</b>	<b>\$ 223,297</b>	<b>\$ 2,133,396</b>	<b>\$ 232,603</b>
<b>Percent of Total Taxes Collected</b>	<b>99.89%</b>	<b>99.39%</b>	<b>99.71%</b>	<b>95.44%</b>	<b>99.63%</b>	<b>98.67%</b>	<b>99.66%</b>	<b>99.73%</b>	<b>99.35%</b>	<b>99.66%</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**



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 accompanying financial statements of the City of Collinsville, Illinois for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. 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 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Collinsville, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". 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 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

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

June 10, 2008

233 East Center Drive  
P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 St. Louis (314) 355-2586  
Fax (618) 465-7710



One Westbury Drive  
Suite 420  
St. Charles, Missouri 63301-2567  
(636) 723-7611 St. Louis (636) 947-1008  
Fax (636) 947-4558

**THIS PAGE INTENTIONALLY LEFT BLANK**





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

**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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Illinois ("City") as of and for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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 City's financial statements 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 a material misstatement of the financial statements 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.

233 East Center Drive  
P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 St. Louis (314) 355-2586  
Fax (618) 465-7710



One Westbury Drive  
Suite 420  
St. Charles, Missouri 63301-2567  
(636) 723-7611 St. Louis (636) 947-1008  
Fax (636) 947-4558

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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. Schuman & Company, LLC*  
Certified Public Accountants

June 10, 2008



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

**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, Illinois ("City") 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, 2007. The City's 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's management. Our responsibility is to express an opinion on the City's 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'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's compliance with those requirements.

In our opinion, the City 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, 2007.

**Internal Control Over Compliance**

The management of the City 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's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

233 East Center Drive  
P.O. Box 416

Alton, Illinois 62002

(618) 465-7717 St. Louis (314) 355-2586

Fax (618) 465-7710



One Westbury Drive  
Suite 420

St. Charles, Missouri 63301-2567  
(636) 723-7611 St. Louis (636) 947-1008

Fax (636) 947-4558

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 such that there is more than a remote likelihood that noncompliance that is more than inconsequential will not be prevented or detected by the entity'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 a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance 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 over compliance 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. Schlusser & Company, LLC*  
Certified Public Accountants

June 10, 2008

**CITY OF COLLINSVILLE, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

<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	81X8004000	07/01/07 - 06/30/08	28,559	15,022
	93.667	81X7004000	07/01/06 - 06/30/07	28,559	13,390
					<u>28,412</u>
Department of Justice:					
Byrne Formula Grant Program	16.579		10/01/07 - 09/30/08	467,598	150,000
Byrne Formula Grant Program	16.579		10/01/06 - 09/30/07	467,598	347,598
Mobile Data Computer Equipment	16.579		N/A	10,632	10,632
					<u>508,230</u>
Department of Transportation:					
Passed through Illinois Department of Transportation:					
Mulberry Road	20.205	01-00081-00-BR	N/A	400,000	400,000
Main Street	20.205	06-00081-02-LS	N/A	51,200	39,325
					<u>439,325</u>
Integrated Mini-Grant Enforcement Program					
	20.609	OP8-1205-053	10/01/07 - 09/30/08	32,283	1,144
	20.609	OP7-1205-135	10/01/06 - 09/30/07	29,991	19,908
					<u>21,052</u>
Department of Homeland Security:					
Citizens Corp Program	97.053		08/25/05 - 08/25/06	6,500	3,589
Passed through Illinois Emergency Management Agency:					
Public Assistance Grants	97.036	FEMA-1681-119 -15599-00	N/A	242,218	242,218
Total Federal Awards					<u>\$ 1,242,826</u>

See Notes to Schedule of Expenditures of Federal Awards

**CITY OF COLLINSVILLE, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2007

**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, 2007.

Subrecipient Monitoring

The City had pass through revenue to subrecipients related to its federal funds during the year ended December 31, 2007. 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, 2007 was \$497,598.

**CITY OF COLLINSVILLE, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007**

**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 programs are:
  - Byrne Formula Grant Program – CFDA #16.579
  - Highway Planning and Construction Program - CFDA #20.205
- 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.