



CITY OF COLLINSVILLE, ILLINOIS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

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CITY OF COLLINSVILLE, ILLINOIS

CITY OFFICIALS

December 31, 2008

MAYOR

John Miller

CITY MANAGER

Robert Knabel

CITY TREASURER

Tamara Ammann

CITY ATTORNEY

Paul Welch

CORPORATE COUNSEL

Steven Giacoletto

CITY COUNCIL

Nancy Moss

Lisa Ciampoli

Mike Keefe

Liz Dalton

CITY OF COLLINSVILLE, ILLINOIS

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

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

INDEPENDENT AUDITOR'S REPORT

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, 2008, 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, 2008, 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 April 15, 2009 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 important for assessing the results of our audit.

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The management's discussion and analysis (pages 3 to 11), budgetary comparison information (pages 53 to 56) and schedules of funding progress and employer contributions (pages 57 to 59) 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. Schlosser & Company, L.L.C.

Certified Public Accountants

April 15, 2009

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CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

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, 2008.

FINANCIAL HIGHLIGHTS

On a government-wide basis, the assets of the City of Collinsville exceeded its liabilities for the most recent fiscal year by \$35,397,425.

- The City's total net assets increased by \$919,137.
- At the end of 2008, unreserved fund balance for the General Fund was \$3,340,485 or 19.3% of total General Fund expenditures for the year.
- At the end of 2008, unreserved fund balance for all governmental funds combined was \$5,177,205 or 19.7% of total expenditures for the year.
- Net assets of the City's business-type activities increased by \$482,134.
- The City's total bonded debt decreased by \$1,125,000.

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, 2008

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 11 and 12 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, 2008

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 13 and 15 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 17 through 19 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 20 and 21 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 22 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 59 through 62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$35,397,425 at the close of the most recent fiscal year (December 31, 2008).

CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

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 debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
ASSETS						
Current and other assets	\$ 12,749,204	\$ 14,413,594	\$ 17,455,248	\$ 18,876,378	\$ 30,204,452	\$ 33,289,972
Capital assets, net	28,805,589	26,756,657	28,999,472	27,808,268	57,805,061	54,564,925
Total assets	<u>41,554,793</u>	<u>41,170,251</u>	<u>46,454,720</u>	<u>46,684,646</u>	<u>88,009,513</u>	<u>87,854,897</u>
LIABILITIES						
Long-term liabilities	28,660,194	29,178,144	18,991,129	19,736,445	47,651,323	48,914,589
Other liabilities	3,340,074	2,874,585	1,620,691	1,587,435	4,960,765	4,462,020
Total liabilities	<u>32,000,268</u>	<u>32,052,729</u>	<u>20,611,820</u>	<u>21,323,880</u>	<u>52,612,088</u>	<u>53,376,609</u>
NET ASSETS						
Invested in capital assets, net of related debt	27,730,589	25,681,657	22,656,637	20,928,363	50,387,226	46,610,020
Restricted	5,912,821	6,908,891	-	-	5,912,821	6,908,891
Unrestricted	(24,088,885)	(23,473,026)	3,186,263	4,432,403	(20,902,622)	(19,040,623)
Total net assets	<u>\$ 9,554,525</u>	<u>\$ 9,117,522</u>	<u>\$ 25,842,900</u>	<u>\$ 25,360,766</u>	<u>\$ 35,397,425</u>	<u>\$ 34,478,288</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 outstanding long-term debt.

The City of Collinsville's net assets increased, or improved, by \$919,137 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses.

Governmental activities. Governmental activities increased the City's net assets by \$437,003. A new 1.25% home-rule sales tax was levied in 2008 to provide for staff additions and capital acquisitions.

CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

Business-type activities. Business-type activities increased the City's net assets by \$482,134. Water and sewer fees are adjusted each year to insure that revenues keep up with inflation as expenses do. The condensed statement of activities is as follows:

	Governmental Activities		Business-type Activities		Total	
	For The Year Ended December 31, 2008	For The Year Ended December 31, 2007	For The Year Ended December 31, 2008	For The Year Ended December 31, 2007	For The Year Ended December 31, 2008	For The Year Ended December 31, 2007
REVENUES						
Program revenues:						
Charges for services	\$ 4,333,705	\$ 4,260,679	\$ 6,468,698	\$ 6,409,564	\$ 10,802,403	\$ 10,670,243
Federal, state and county grants	372,275	1,050,273	-	50,000	372,275	1,100,273
General revenues:						
Property taxes	4,302,272	3,871,516	-	-	4,302,272	3,871,516
Sales taxes	9,366,452	5,948,214	-	-	9,366,452	5,948,214
State income taxes	2,387,557	2,254,175	-	-	2,387,557	2,254,175
Motor fuel taxes	677,328	721,310	-	-	677,328	721,310
Telecommunications taxes	1,088,734	1,091,011	-	-	1,088,734	1,091,011
Utility taxes	393,417	742,387	-	-	393,417	742,387
Franchise fees	282,896	282,467	-	-	282,896	282,467
Investment earnings	193,230	430,729	492,952	994,952	686,182	1,425,681
Miscellaneous	583,499	344,361	-	-	583,499	344,361
Transfers	335,142	300,000	(335,142)	(300,000)	-	-
Total revenues	<u>24,316,507</u>	<u>21,297,122</u>	<u>6,626,508</u>	<u>7,154,516</u>	<u>30,943,015</u>	<u>28,451,638</u>
EXPENSES						
Governmental activities:						
General government	3,702,069	3,157,710	-	-	3,702,069	3,157,710
Public safety	10,620,814	8,686,394	-	-	10,620,814	8,686,394
Public works	3,832,886	3,615,277	-	-	3,832,886	3,615,277
Health and sanitation	1,354,057	1,310,481	-	-	1,354,057	1,310,481
Community development	1,746,038	26,934,117	-	-	1,746,038	26,934,117
Community services	986,923	705,723	-	-	986,923	705,723
Interest on long-term debt	1,636,717	580,512	-	-	1,636,717	580,512
Business-type activities:						
Water and sewer	-	-	6,144,374	6,215,946	6,144,374	6,215,946
Total expenses	<u>23,879,504</u>	<u>44,990,214</u>	<u>6,144,374</u>	<u>6,215,946</u>	<u>30,023,878</u>	<u>51,206,160</u>
Change in net assets	437,003	(23,693,092)	482,134	938,570	919,137	(22,754,522)
Net assets - beginning	<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>
Net assets - ending	<u>\$ 9,554,525</u>	<u>\$ 9,117,522</u>	<u>\$25,842,900</u>	<u>\$25,360,766</u>	<u>\$ 35,397,425</u>	<u>\$ 34,478,288</u>

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.

CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

At the end of 2008, the City's governmental funds reported combined ending fund balances of \$11,090,026, a decrease of \$1,289,173 in comparison with the prior year. Approximately 46.7% of this total amount (\$5,177,205) constitutes unreserved fund balance, which is available for spending at the City's discretion. However, \$1,836,720 (16.6% 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 (\$145,819)
2. For police forfeitures (\$284,678)
3. For fire equipment (\$4,834)
4. For economic development (\$5,477,490)

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 \$3,340,485, while total fund balance was \$3,775,816. 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 19.3% of total General Fund expenditures, while total fund balance represents 21.8% of that same amount.

The fund balance of the City's general fund decreased by \$72,159 during the current fiscal year. A key factor was the slowing economy. The lagging sales tax (behind budget, not prior year) necessitated reductions and delays in spending in 2008.

The Collinsville Crossings Fund is a major special revenue fund of the City. It 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 \$1,948,395.

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 \$3,529,095, which is a decrease of \$471,790 compared to 2007. The key factor in this decrease is the renovation of City Hall.

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 \$3,186,263 a decrease of \$1,246,140 or 28.1%. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2008 expenditure budget for the City's General Fund represents an original budget of \$18,222,975 increased by \$11,000 to \$18,233,975, an adjustment of less than 0.1%. Actual expenditures in the general fund were \$706,655 less than the final, amended budgeted. The changes during the year were as follows:

- Increase of \$4,000 in the Community Development Department to provide funds for the First Day Celebration.
- Increase of \$7,000 in the Fire Department for operating supplies, equipment and printing of educational materials (grant expenditures) in the Emergency Management Program.

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, 2008, amounts to \$57,805,061, 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 \$3,240,136 or 5.9% (a \$2,048,932 or 7.7% increase for governmental activities and a \$1,191,204 or 4.3% increase for business-type activities.)

A major portion of the increase in capital assets for governmental activities was due to the renovation of City Hall. The major portion of the increase for business-type activities was due to the sewer plant expansion, which is being funded by the 2006 bond issue.

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

	Governmental Activities		Business-type Activities		Total	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Land	\$ 898,665	566,295	377,205	377,205	1,275,870	943,500
Construction in progress	-	-	4,010,639	7,982,488	4,010,639	7,982,488
Buildings and improvement:	6,585,435	5,753,260	10,881,427	5,568,650	17,466,862	11,321,910
Equipment	1,418,455	986,927	896,252	907,514	2,314,707	1,894,441
Vehicles	885,855	969,977	129,080	87,603	1,014,935	1,057,580
Infrastructure	19,017,179	18,480,198	12,704,869	12,884,808	31,722,048	31,365,006
Total net assets	\$ 28,805,589	26,756,657	28,999,472	27,808,268	57,805,061	54,564,925

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of 2008. Fund financial statements record capital asset purchases as expenditures.

CITY OF COLLINSVILLE, ILLINOIS

Management's Discussion and Analysis

For the year ended December 31, 2008

Additional information on the City's capital assets can be found in Note 4 on pages 34 and 35 of this report.

Long-term Debt

At the end of 2008, the City of Collinsville had total long-term debt obligations for governmental and business-type activities in the amount of \$48,715,000 compared to \$49,840,000 at the end of 2007. During 2008, the City made scheduled debt service payments and did not issue any new bonds. 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.

	Governmental Activities		Business-type Activities		Total	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
General Obligation Debt:						
LIST Revenue Bonds						
Series 2007	\$ 20,250,000	\$ 20,250,000	\$ -	\$ -	\$ 20,250,000	\$ 20,250,000
Taxable GO Bonds						
Series 2007A	7,300,000	7,300,000	-	-	7,300,000	7,300,000
Non-taxable GO Bonds						
Series 2007B	1,160,000	1,215,000	-	-	1,160,000	1,215,000
Tax Increment Bonds,						
Series 1997	315,000	615,000	-	-	315,000	615,000
Refunding Bonds (Tax						
Increment Alternate						
Revenue) Series 2003E	395,000	460,000	-	-	395,000	460,000
Alternative Revenue						
Series 2006	-	-	19,295,000	20,000,000	19,295,000	20,000,000
Total Debt	\$ 29,420,000	\$ 29,840,000	\$ 19,295,000	\$ 20,000,000	\$ 48,715,000	\$ 49,840,000

As of December 31, 2008, the outstanding balance on a loan from the Illinois Environmental Protection Agency amounted to \$208,804. 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 36 through 39 of this report.

REQUESTS FOR INFORMATION

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

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CITY OF COLLINSVILLE, ILLINOIS

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 8,437,539	\$ 2,420,371	\$ 10,857,910
Investments	-	12,849,078	12,849,078
Receivables (Net of allowance for uncollectibles):	3,048,958	1,089,968	4,138,926
Interfund Balances	9,762	(9,762)	-
Inventory	145,819	142,193	288,012
Prepaid Expenses	-	219,763	219,763
Restricted Assets:			
Cash and Cash Equivalents	107,730	431,746	539,476
Capital Assets:			
Land	898,665	377,205	1,275,870
Buildings and Improvements	8,215,429	17,845,867	26,061,296
Equipment	4,141,816	2,662,389	6,804,205
Vehicles	3,122,583	1,083,285	4,205,868
Infrastructure	33,290,749	34,436,420	67,727,169
Less: Accumulated Depreciation	(20,863,653)	(27,405,694)	(48,269,347)
Net Capital Assets	<u>28,805,589</u>	<u>28,999,472</u>	<u>57,805,061</u>
Other Assets	999,396	311,891	1,311,287
Total Assets	<u>41,554,793</u>	<u>46,454,720</u>	<u>88,009,513</u>
<u>Liabilities</u>			
Accounts Payable	440,939	162,478	603,417
Accrued Wages	114,603	26,966	141,569
Accrued Interest Payable	458,581	33,533	492,114
Liabilities Payable from Restricted Assets	104,240	431,746	535,986
Noncurrent Liabilities:			
Due Within One Year	2,221,711	965,968	3,187,679
Due in More Than One Year	28,660,194	18,991,129	47,651,323
Total Liabilities	<u>32,000,268</u>	<u>20,611,820</u>	<u>52,612,088</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	27,730,589	22,656,637	50,387,226
Restricted for:			
Economic Development	5,477,490	-	5,477,490
Other Purposes	435,331	-	435,331
Unrestricted	(24,088,885)	3,186,263	(20,902,622)
Total Net Assets	<u>\$ 9,554,525</u>	<u>\$ 25,842,900</u>	<u>\$ 35,397,425</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, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 3,702,069	\$ 327,918	\$ 27,794	\$ -	\$ (3,346,357)		\$ (3,346,357)
Public Safety	10,620,814	1,139,367	155,442	-	(9,326,005)		(9,326,005)
Public Works	3,832,886	89,491	-	50,000	(3,693,395)		(3,693,395)
Health and Sanitation	1,354,057	1,249,091	-	-	(104,966)		(104,966)
Community and Economic Development	1,746,038	1,527,838	29,345	-	(188,855)		(188,855)
Community Services	986,923	-	109,694	-	(877,229)		(877,229)
Interest on Long-term Debt	1,636,717	-	-	-	(1,636,717)		(1,636,717)
Total Governmental Activities (see Note 1)	23,879,504	4,333,705	322,275	50,000	(19,173,524)		(19,173,524)
Business-type Activities:							
Water and Sewer	6,144,374	6,468,698	-	-		\$ 324,324	324,324
Total Business-type Activities	6,144,374	6,468,698	-	-		324,324	324,324
Total Primary Government	\$ 30,023,878	\$ 10,802,403	\$ 322,275	\$ 50,000	(19,173,524)	324,324	(18,849,200)
General Revenues:							
Property Tax, Levied for General Purposes					4,302,272	-	4,302,272
Sales and Use Tax					9,366,452	-	9,366,452
Replacement Tax					101,260	-	101,260
State Income Tax					2,387,557	-	2,387,557
Motor Fuel Tax					677,328	-	677,328
Telecommunications Tax					1,088,734	-	1,088,734
Utility Tax					393,417	-	393,417
Franchise Fees					282,896	-	282,896
Other Taxes					429,468	-	429,468
Unrestricted Investment Earnings					193,230	492,952	686,182
Miscellaneous					52,771	-	52,771
Transfers					335,142	(335,142)	-
Total General Revenues and Transfers					19,610,527	157,810	19,768,337
Change in Net Assets					437,003	482,134	919,137
Net Assets - Beginning					9,117,522	25,360,766	34,478,288
Net Assets - Ending					\$ 9,554,525	\$ 25,842,900	\$ 35,397,425

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

CITY OF COLLINSVILLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<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	\$ 4,902	\$ -	\$ 21,345	\$ 68,417	\$ 94,664
Seized Funds Escrow	107,730	-	-	-	107,730
Investments	1,385,162	2,004,071	3,369,128	1,584,514	8,342,875
Total Cash and Cash Equivalents	<u>1,497,794</u>	<u>2,004,071</u>	<u>3,390,473</u>	<u>1,652,931</u>	<u>8,545,269</u>
Receivables (Net, where applicable, of allowances for uncollectibles):					
Property Tax	1,567,064	-	40,302	-	1,607,366
Services	450,471	-	-	43,419	493,890
Intergovernmental	1,588,546	191,567	173,389	344,165	2,297,667
Other	189,353	-	-	-	189,353
Interfund Receivable	331,491	-	-	-	331,491
Inventory	145,819	-	-	-	145,819
Total Assets	<u>\$ 5,770,538</u>	<u>\$ 2,195,638</u>	<u>\$ 3,604,164</u>	<u>\$ 2,040,515</u>	<u>\$ 13,610,855</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts Payable	\$ 237,761	\$ -	\$ 73,343	\$ 129,835	\$ 440,939
Accrued Wages and Compensated Absences	113,403	-	1,200	-	114,603
Interfund Payable	-	247,243	526	73,960	321,729
Liabilities Payable from Restricted Assets:					
Seized Fund Escrow Liability	104,240	-	-	-	104,240
Deferred Revenue	1,539,318	-	-	-	1,539,318
Total Liabilities	<u>1,994,722</u>	<u>247,243</u>	<u>75,069</u>	<u>203,795</u>	<u>2,520,829</u>
Fund Equity:					
Fund Balance:					
Reserved For:					
Inventory	145,819	-	-	-	145,819
Forfeited Funds	284,678	-	-	-	284,678
Fire Equipment	4,834	-	-	-	4,834
Economic Development	-	1,948,395	3,529,095	-	5,477,490
Unreserved	3,340,485	-	-	-	3,340,485
Unreserved, Reported In:					
Special Revenue Funds	-	-	-	1,360,737	1,360,737
Debt Service Funds	-	-	-	(72,625)	(72,625)
Capital Projects Fund	-	-	-	548,608	548,608
Total Fund Equity	<u>3,775,816</u>	<u>1,948,395</u>	<u>3,529,095</u>	<u>1,836,720</u>	<u>11,090,026</u>
Total Liabilities and Fund Equity	<u>\$ 5,770,538</u>	<u>\$ 2,195,638</u>	<u>\$ 3,604,164</u>	<u>\$ 2,040,515</u>	<u>\$ 13,610,855</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, 2008**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 11,090,026
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	28,805,589
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(1,123,558)
The amount of postemployment health care benefits is not recorded as a liability on the balance sheet of the governmental funds.	(258,145)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(29,500,202)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(458,581)
Debt issuance costs are not reported as an asset to be amortized on the balance sheet of the governmental funds.	999,396
Net assets of governmental activities	<u>\$ 9,554,525</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, 2008**

	General Fund	Collinsville Crossings Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 1,906,047	\$ -	\$ 2,396,225	\$ -	\$ 4,302,272
Intergovernmental:					
Sales and Use Tax	6,266,545	1,327,891	1,272,596	1,113,788	9,980,820
Replacement Tax	101,260	-	-	-	101,260
State Income Tax	2,387,557	-	-	-	2,387,557
Motor Fuel Tax	-	-	-	677,328	677,328
Telecommunications Tax	1,088,734	-	-	-	1,088,734
Grants	183,642	-	4,365	106,116	294,123
Other	427,681	-	1,787	-	429,468
Other Local Taxes	1,313,479	-	-	393,417	1,706,896
Drug Forfeiture Revenue	105,949	-	-	-	105,949
Licenses, Fees and Permits	566,141	-	-	-	566,141
Charges for Services	2,037,103	-	-	-	2,037,103
Fines	142,562	-	-	15,466	158,028
Investment Earnings	46,516	27,195	74,512	45,007	193,230
Gifts and Donations	27,276	-	24,980	25,896	78,152
Miscellaneous Revenues and Reimbursements	205,923	-	214,359	68,390	488,672
Total Revenues	16,806,415	1,355,086	3,988,824	2,445,408	24,595,733
Expenditures:					
Current:					
General Government	3,921,303	-	-	287,223	4,208,526
Public Safety	9,350,954	-	-	9,130	9,360,084
Public Works	2,013,475	-	-	309,784	2,323,259
Health and Sanitation	1,354,057	-	-	-	1,354,057
Community and Economic Development	467,592	37,350	1,205,463	591	1,710,996
Community Services	122,549	-	863,615	-	986,164
Debt Service:					
Principal	-	-	300,000	120,000	420,000
Interest and Fees	-	1,593,816	33,539	67,822	1,695,177
Capital Outlay	85,274	-	1,947,630	2,228,961	4,261,865
Total Expenditures	17,315,204	1,631,166	4,350,247	3,023,511	26,320,128
Excess (Deficiency) of Revenues Over Expenditures	(508,789)	(276,080)	(361,423)	(578,103)	(1,724,395)
Other Financing Sources (Uses):					
Proceeds from Debt	26,752	-	-	53,450	80,202
Operating Transfers In	390,000	-	-	-	390,000
Operating Transfers Out	-	-	(110,367)	55,509	(54,858)
Total Other Financing Sources	416,752	-	(110,367)	108,959	415,344
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(92,037)	(276,080)	(471,790)	(469,144)	(1,309,051)
Fund Balance, Beginning of Year	3,847,975	2,224,475	4,000,885	2,305,864	12,379,199
Increase in Reserve for Inventory	19,878	-	-	-	19,878
Fund Balance, End of Year	\$ 3,775,816	\$ 1,948,395	\$ 3,529,095	\$ 1,836,720	\$ 11,090,026

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, 2008**

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

Net change in fund balances - total governmental funds \$ (1,309,051)

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 and loss on disposals in the current year. 2,048,932

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. (441,423)

The amount of postemployment healthcare benefits 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. (258,145)

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. 376,812

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. 19,878

Change in net assets of governmental activities \$ 437,003

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, 2008

Assets:

Current Assets:

Cash and Cash Equivalents:

Cash	\$ 890
Investments	2,419,481
Total Cash and Cash Equivalents	<u>2,420,371</u>

Investments	12,849,078
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Receivables (Net, where applicable, of allowances for uncollectible):

Services	1,087,098
Accrued Interest	2,870

Inventory	142,193
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Prepaid Expenses	219,763
------------------	---------

Total Current Assets	<u>16,721,373</u>
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Noncurrent Assets:

Restricted Assets:

Cash and Cash Equivalents - Customer Deposits	<u>431,746</u>
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Capital Assets:

Land	377,205
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Buildings and Improvements	17,845,867
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Equipment	2,662,389
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Vehicles	1,083,285
----------	-----------

Water and Sewer Lines	30,425,781
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Construction in Progress	4,010,639
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Total	<u>56,405,166</u>
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Less - Accumulated Depreciation	<u>(27,405,694)</u>
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Net Capital Assets	<u>28,999,472</u>
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Other Assets - Bond Issuance Costs	<u>311,891</u>
------------------------------------	----------------

Total Noncurrent Assets	<u>29,743,109</u>
-------------------------	-------------------

Total Assets	<u>\$ 46,464,482</u>
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Liabilities:

Current Liabilities:

Accounts Payable	\$ 162,478
------------------	------------

Accrued Wages	26,966
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Due to Other Funds	9,762
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Current Portion - Loan Payable	103,087
--------------------------------	---------

Current Portion - Bonds Payable	735,000
---------------------------------	---------

Accrued Interest Payable	33,533
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Total Current Liabilities	<u>1,070,826</u>
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Noncurrent Liabilities:

Accrued Compensated Absences	420,624
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Postemployment Healthcare Benefits	32,669
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Loan Payable	208,804
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General Obligation Bonds	19,295,000
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Current Portion Of Debt	(838,087)
-------------------------	-----------

Customer Deposits	431,746
-------------------	---------

Total Noncurrent Liabilities	<u>19,550,756</u>
------------------------------	-------------------

Total Liabilities	<u>20,621,582</u>
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Net Assets:

Invested in Capital Assets, Net of Related Debt	22,656,637
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Unrestricted	3,186,263
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Total Net Assets	<u>\$ 25,842,900</u>
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CITY OF COLLINSVILLE, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Operating Revenues:	
Charges for Services	\$ 6,135,865
Fees	275,720
Miscellaneous Revenue	57,113
Total Operating Revenues	<u>6,468,698</u>
Operating Expenses:	
Salaries	1,977,666
Employee Benefits	787,795
Maintenance	152,204
Contractual Services	1,252,875
Commodities	675,792
Depreciation	1,273,132
Total Operating Expenses	<u>6,119,464</u>
Operating Income	<u>349,234</u>
Nonoperating Revenues (Expenses):	
Amortization of Deferred Refunding and Bond Issuance Costs	(17,327)
Investment Earnings	492,952
Interest and Fiscal Charges	(7,583)
Total Nonoperating Revenues (Expenses)	<u>468,042</u>
Income Before Capital Contributions and Transfers	817,276
Transfers Out	<u>(335,142)</u>
Change in Net Assets	482,134
Net Assets - Beginning of Year	<u>25,360,766</u>
Net Assets - End of Year	<u>\$ 25,842,900</u>

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

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CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - WATER AND SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,507,517
Payments to Suppliers	(2,808,826)
Payments to Employees	(1,968,930)
Net Cash Provided by Operating Activities	<u>1,729,761</u>
Cash Flows from Noncapital Financing Activities:	
Payments to Other Funds	(325,380)
Net Cash Used by Noncapital Financing Activities	<u>(325,380)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures	(1,632,517)
Principal Payments on Bonds	(700,000)
Interest Payments and Fiscal Charges	(840,577)
Principal Payments on Loan	(105,523)
Net Cash Used by Capital and Related Financing Activities	<u>(3,278,617)</u>
Cash Flows from Investing Activities:	
Interest Received	551,266
Net Sale of Long-Term Investments	251,126
Net Cash Provided by Investing Activities	<u>802,392</u>
Net Increase in Cash and Cash Equivalents	(1,071,844)
Cash and Cash Equivalents, Beginning of Year	<u>3,923,961</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,852,117</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 349,234
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,273,132
(Increase) Decrease in Assets:	
Services Receivables	21,251
Inventory	(5,314)
Prepaid Expenses	(3,180)
Increase (Decrease) in Liabilities:	
Accrued Wages and Compensated Absences	8,736
Postemployment Healthcare Benefits	32,669
Accounts Payable	35,665
Restricted Customer Deposits	17,568
Net Cash Provided by Operating Activities	<u>\$ 1,729,761</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, 2008**

Assets:

Cash and Cash Equivalents:

Cash	\$ 1,366,342
Investments	127,275
Investments	25,059,058
Receivables:	
Property Tax	955,433
Accrued Interest	92,652
Total Assets	<u>27,600,760</u>

Liabilities:

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

Net Assets:

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 27,585,760</u>
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The notes to the financial statements are an integral part of this statement

CITY OF COLLINSVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Additions:	
Taxes	\$ 1,156,422
Employee Contributions	477,445
Investment Earnings:	
Investment Earnings	(4,939,934)
Less: Investment Expense	(109,353)
Net Investment Earnings	<u>(5,049,287)</u>
Total Additions	<u>(3,415,420)</u>
Deductions:	
Benefit Payments	1,729,537
Contractual Services	28,529
Total Deductions	<u>1,758,066</u>
Change in Net Assets	(5,173,486)
Net Assets - Beginning of Year	<u>32,759,246</u>
Net Assets - End of Year	<u>\$ 27,585,760</u>

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

CITY OF COLLINSVILLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008

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.

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.

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

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

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	\$ 27,637
General Fund	Ambulance Receivables	377,541
Proprietary Fund	Water and Sewer Receivables	<u>156,459</u>
Total		<u>\$ 561,637</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.

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 2007 property taxes on December 10, 2007 based upon the assessed valuation as of the previous January 1. Property

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

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 2008 become an enforceable lien in January 2009. Because this tax levy will be used to pay expenses budgeted in 2009, no part of this tax levy is shown as a receivable as of December 31, 2008 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, 2008, the following amounts are reported as restricted assets by the City:

Waterworks and Sewerage Customer Deposits	\$ 431,746
General Fund - Police Savings - Inventory	107,730

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 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 \$831,819 in the current year related to the interest incurred on the construction related debt.

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

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, 2008, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$505,502 and \$618,056, respectively. Amounts reflected in the financial statements at December 31, 2008 for Enterprise Fund employees related to unused vacation and sick leave benefits totaled \$127,881 and \$292,743, 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 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.

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

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	\$ 145,819
Reserved for Economic Development	5,477,490
Reserved for Forfeited Funds	284,678
Reserved for Fire Equipment	<u>4,834</u>
	<u>\$ 5,912,821</u>

Fiduciary Funds

Reserved for Employees' Pension Benefits	<u>\$ 27,585,760</u>
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Estimates

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

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

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

The legal level of budgetary control is defined as the budgeted appropriation amount at the program level of expenditures within a department.

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

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, 2008, the carrying amount of the City's deposits was \$4,420,901 and the bank balance was \$5,119,715. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

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. The City had bank balances of \$301,837 that exceeded FDIC coverage but was collateralized by investments held by the bank in the City's name.

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

As of December 31, 2008, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Illinois Metropolitan Investment Fund	Daily	\$ 1,257,740
The Illinois Funds (external investment pool)	Daily	3,850,243
Money Market Mutual Funds	Daily	1,868,022
Federal National Mortgage Association	0.17	5,062,933
Federal Home Loan Bank	0.11	5,596,145
Certificate of Deposits	0.46	<u>2,190,000</u>
		19,825,083
Cash on Hand		480
Deposits as reported above		<u>4,420,901</u>
Total deposits and investments		<u>\$ 24,246,464</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 10,857,910
Cash and Cash Equivalents - Restricted		539,476
Investments		<u>12,849,078</u>
		<u>\$ 24,246,464</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, 2008, the credit rating of the City's investments was as follows:

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

Concentration of Credit Risk. As of December 31, 2008, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Illinois Metropolitan Investment Fund	7.00%
The Illinois Funds	21.44%
Federal National Mortgage Assoc.	28.20%
Federal Home Loan Bank	31.16%

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

Foreign Currency Risk. As of December 31, 2008, the City has no foreign currency risk.

Firefighter's Pension Fund

At December 31, 2008, the carrying amount of the Firefighter's Pension Fund deposits was \$5,858,656 and the bank balance was \$5,870,120. 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, 2008, 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	\$ 127,275
U.S. Treasury Notes	5.74	1,085,512
Federal National Mortgage Association	16.86	1,185,826
Corporate Debt	1.14	61,893
Federal Home Loan Mortgage Corp.	9.08	224,815
Mutual Funds	--	<u>4,782,331</u>
		7,467,652
Deposits as reported above		<u>5,858,656</u>
Total deposits and investments		<u>\$ 13,326,308</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.

Credit Risk. As of December 31, 2008, the Firefighter's Pension Fund's investments credit ratings were as follows:

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

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

Concentration of Credit Risk. As of December 31, 2008, the Firefighter's Pension Fund has no concentration of credit risk.

Foreign Currency Risk. As of December 31, 2008, the Firefighter's Pension Fund has no foreign currency risk.

Police Pension Fund

At December 31, 2008, the carrying amount of the Police Pension Fund's deposits was \$1,577,461 and the bank balance was \$1,640,568. 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, 2008, 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	3.36	\$ 1,943,436
Federal National Mortgage Association	19.10	1,564,700
Federal Home Loan Mortgage	8.99	935,091
Government National Mortgage Association	20.58	144,779
Federal Home Loan Bank	6.50	2,381,939
Corporate Debt	3.16	1,534,529
Domestic Equities	--	<u>3,144,432</u>
		11,648,906
Deposits as reported above		<u>1,577,461</u>
Total deposits and investments		<u>\$ 13,226,367</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, 2008, the Police Pension Fund's investments credit ratings were as follows:

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

Concentration of Credit Risk. As of December 31, 2008, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Federal National Mortgage Association	11.83%

Foreign Currency Risk. As of December 31, 2008, the Police Pension Fund has no foreign currency risk.

NOTE 4: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2008 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	\$ 566,295	\$ 332,370	\$ -	\$ 898,665
Capital assets, being depreciated:				
Buildings and improvements	7,544,040	1,248,378	576,989	8,215,429
Equipment	4,010,236	757,102	625,522	4,141,816
Vehicles	3,041,590	173,477	92,484	3,122,583
Infrastructure	31,540,211	1,750,538	-	33,290,749
Total capital assets being depreciated	46,136,077	3,929,495	1,294,995	48,770,577
Less accumulated depreciation for:				
Buildings and improvements	1,790,780	234,836	395,622	1,629,994
Equipment	3,023,309	295,163	595,111	2,723,361
Vehicles	2,071,613	250,294	85,179	2,236,728
Infrastructure	13,060,013	1,213,557	-	14,273,570
Total accumulated depreciation	19,945,715	1,993,850	1,075,912	20,863,653
Total capital assets, being depreciated, net	26,190,362	1,935,645	219,083	27,906,924
Governmental activities capital assets, net	\$ 26,756,657	\$ 2,268,015	\$ 219,083	\$ 28,805,589

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

Capital asset activity for business-type activities for the year ended December 31, 2008 was as follows:

<u>Business-type activities:</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	7,982,488	831,819	4,803,668	4,010,639
Total capital assets, not being depreciated	<u>8,359,693</u>	<u>831,819</u>	<u>4,803,668</u>	<u>4,387,844</u>
Capital assets, being depreciated:				
Buildings and improvements	12,105,779	5,740,088	-	17,845,867
Infrastructure	29,955,807	469,974	-	30,425,781
Equipment	2,523,521	138,868	-	2,662,389
Vehicles	996,030	87,255	-	1,083,285
Total capital assets, being depreciated	<u>45,581,137</u>	<u>6,436,185</u>	<u>-</u>	<u>52,017,322</u>
Less accumulated depreciation for:				
Buildings and improvements	6,537,129	427,311	-	6,964,440
Infrastructure	17,070,999	649,913	-	17,720,912
Equipment	1,616,007	150,130	-	1,766,137
Vehicles	908,427	45,778	-	954,205
Total accumulated depreciation	<u>26,132,562</u>	<u>1,273,132</u>	<u>-</u>	<u>27,405,694</u>
Total capital assets, being depreciated, net	<u>19,448,575</u>	<u>5,163,053</u>	<u>-</u>	<u>24,611,628</u>
Business-type activities capital assets, net	<u>\$ 27,808,268</u>	<u>\$ 5,994,872</u>	<u>\$ 4,803,668</u>	<u>\$ 28,999,472</u>

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

<u>Governmental activities:</u>	
General government	\$ 73,868
Public safety	496,750
Highways and streets, including depreciation of general infrastructure assets	1,417,508
Community and economic development	5,107
Community services	617
Total depreciation expense - governmental activities	<u>\$ 1,993,850</u>
<u>Business-type activities:</u>	
Water and sewer	<u>\$ 1,273,132</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, 2008. 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	\$ -	\$ -	\$ 2,870	\$ -	\$ 2,870
Local Taxes	147,240	40,302	-	-	187,542
Fines/Franchise Fees	69,859	-	-	-	69,859
Accounts	855,649	-	1,243,557	43,419	2,142,625
Intergovernmental	<u>1,738,546</u>	<u>364,956</u>	<u>-</u>	<u>344,165</u>	<u>2,447,667</u>
Gross Receivables	2,811,294	405,258	1,246,427	387,584	4,850,563
Less: Allowance for uncollectible	<u>405,178</u>	<u>-</u>	<u>156,459</u>	<u>-</u>	<u>561,637</u>
Net Total Receivables	<u>\$2,406,116</u>	<u>\$405,258</u>	<u>\$1,089,968</u>	<u>\$ 387,584</u>	<u>\$4,288,926</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	\$ 1,539,318	\$ --

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 \$70,000 to \$85,000 through December 1, 2013; interest at 3.10% to 4.00%. The amount of bonds outstanding as of December 31, 2008 is \$395,000.

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 one final annual installment of \$315,000 on December 30, 2009; interest at 5.15%. The amount of bonds outstanding as of December 31, 2008 is \$315,000.

\$20,000,000 General Obligation Bonds, Series 2006 dated February 1, 2006, due in annual installments of \$735,000 to \$1,490,000 through December 15, 2026; interest at 4.00% to 4.45%. The amount of bonds outstanding as of December 31, 2008 is \$19,295,000.

\$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, 2008 is \$7,300,000.

\$1,215,000 General Obligation Bonds, Series 2007B dated October 31, 2007, due in annual installments of \$70,000 to \$115,000 through December 15, 2021; interest at 3.50% to 4.00%. The amount of bonds outstanding as of December 31, 2008 is \$1,160,000.

\$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, 2008 is \$20,250,000.

The annual requirements to retire general obligation debt as of December 31, 2008 are as follows:

Fiscal Year Ended December 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,650,000	\$ 1,508,089	\$ 735,000	\$ 804,794
2010	1,040,000	1,436,033	765,000	775,394
2011	1,160,000	1,385,120	800,000	744,794
2012	1,275,000	1,327,886	835,000	712,794
2013	1,380,000	1,264,790	870,000	679,394
2014 - 2018	8,290,000	5,212,038	4,930,000	2,844,969
2019 - 2023	12,200,000	2,620,246	6,065,000	1,748,481
2024 - 2027	2,425,000	363,392	4,295,000	384,911
	<u>\$29,420,000</u>	<u>\$15,117,594</u>	<u>\$ 19,295,000</u>	<u>\$8,695,531</u>

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

The City has entered into several lease agreements. The following are descriptions of the City's outstanding capital leases:

\$53,450 capital lease through John Deere Credit, Inc., dated March 20, 2008, for a crawler dozer, bears interest at 4.33%; one annual principal and interest payment of \$55,766 is due March 20, 2009. The principal amount of the lease outstanding as of December 31, 2008 is \$53,450.

\$23,343 capital lease through Dell Financial Services, Inc., dated December 19, 2008, for a server, bears interest at 6.63%; annual principal and interest payments of \$12,845 are due through December 19, 2010. The principal amount of the lease outstanding as of December 31, 2008 is \$23,343.

\$3,409 capital lease through Dell Financial Services, Inc., dated November 11, 2008, for 6 computers, bears interest at 7.06%; annual principal and interest payments of \$1,703 are due through November 2010 with a final payment of \$409 due November 2011. The principal amount of the lease outstanding as of December 31, 2008 is \$3,409.

The annual requirements to retire capital leases are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 66,209	\$ 4,105	\$ 70,314
2010	13,612	937	14,549
2011	381	28	409
	<u>\$ 80,202</u>	<u>\$ 5,070</u>	<u>\$ 85,272</u>

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

The annual requirements to retire the loan are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 103,087	\$ 4,645	\$ 107,732
2010	105,717	2,016	107,733
	<u>\$ 208,804</u>	<u>\$ 6,661</u>	<u>\$ 215,465</u>

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

The following is a summary of changes in long-term liabilities for the year ended December 31, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 29,840,000	\$ -	\$ 420,000	\$ 29,420,000	\$ 1,650,000
Other liabilities:					
Leases	-	80,202	-	80,202	66,209
Post-employment healthcare benefits	-	258,145	-	258,145	-
Compensated absences	682,135	441,423	-	1,123,558	505,502
	682,135	779,770	-	1,461,905	571,711
Governmental activities long-term liabilities	\$ 30,522,135	\$ 779,770	\$ 420,000	\$ 30,881,905	\$ 2,221,711
<u>Business-type Activities:</u>					
Bonds and notes payable:					
General obligation debt	\$ 20,000,000	\$ -	\$ 705,000	\$ 19,295,000	\$ 735,000
IEPA Loan	309,327	-	100,523	208,804	103,087
Total bonds and notes payable	20,309,327	-	805,523	19,503,804	838,087
Other liabilities:					
Post-employment healthcare benefits	-	32,669	-	32,669	-
Compensated absences	354,428	66,196	-	420,624	127,881
Business-type activities long-term liabilities	\$ 20,663,755	\$ 98,865	\$ 805,523	\$ 19,957,097	\$ 965,968

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: 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.

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

NOTE 9: 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 10: TAX INCREMENT FINANCING DISTRICT

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

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

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

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

6. To provide necessary incentives to attract quality new commercial activities in the project area that are compatible with the land use plan of the City.
7. To participate in planning, studies, professional services, site assembly, demolition, relocation, construction of public works, job training and retraining, financing costs, payment in lieu of taxes, developers' interest costs and other qualified project costs to attract the private investment, rehabilitation and redevelopment in an orderly plan in accordance with the City's land use plans and regulations.

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

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

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

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

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.

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

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 \$107,730. The escrow liability directly offsets this account except for net interest income and bank service charges in the amount of \$3,490.

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 \$100,408 in federal drug forfeiture revenue and from those funds expended \$95,963. 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.

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

NOTE 14: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 7.89 percent of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2008, the City's annual pension cost of \$368,778 for the regular plan was equal to the City's required and actual contributions.

Three-Year Trend Information for IMRF

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2008	\$ 368,778	100%	\$ -
12/31/2007	313,149	100%	-
12/31/2006	188,587	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using

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

techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006, valuation was 24 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 82.07 percent funded. The actuarial accrued liability for benefits was \$12,119,365 and the actuarial value of assets was \$9,946,893, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,172,472. The covered payroll (annual payroll of active employees covered by the plan) was \$4,673,993 and the ratio of the UAAL to the covered payroll was 46 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2008 was \$2,969,142.

At December 31, 2008, 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>46</u>
Total	<u>75</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, 2008 was \$1,937,631.

At December 31, 2008, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	23
Current Employees	<u>33</u>
Total	<u>56</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	\$ 593,160	\$ 363,586
Interest on net pension obligation	-	-
Adjustment to annual required contribution	-	-
Annual pension cost	593,160	363,586
Contributions made	596,515	365,578
Increase (decrease) in net pension obligation	(3,355)	(1,992)
Net pension obligation beginning of year	(299,474)	(121,444)
Net pension obligation end of year	<u>\$ (302,829)</u>	<u>\$ (123,436)</u>

The annual required contribution for the current year was determined as part of the December 31, 2006, 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, 2006, was 26.4986 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	12/31/2006	\$ 593,160	100.06%	\$ (302,829)
	12/31/2005	494,634	100.49%	(299,474)
	12/31/2004	459,044	100.76%	(297,044)
Fire Pension	12/31/2006	\$ 363,586	100.05%	\$ (123,436)
	12/31/2005	393,851	100.46%	(121,444)
	12/31/2004	369,673	100.75%	(119,645)

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:	
FHLB 07/16/10	\$ 773,906
US Treasury Note 11/15/12	821,669
FHLB 11/17/17	1,608,033
FHLMC 11/17/17	928,624
FNMA Pool 03/01/37	865,082
Bank of Edwardsville	1,142,167
Firefighter's Pension:	
Bank of Edwardsville	\$ 2,619,248
First Collinsville Bank	1,810,298
DFA Enhanced US Large Co. Portfolio	947,552
DFA Large Cap Value Portfolio	926,039

e) Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 13,863,927
Firefighter's Pension	13,721,833

NOTE 15: INTERFUND TRANSFERS

The City made the following interfund transfers during the year ended December 31, 2008:

General Fund Transfer From:	
MFT Fund	\$ 90,000
Water/Sewer Fund	300,000
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	81,387
Fournie Lane Project Fund Transfer From:	
Water/Sewer Fund	35,142
Tax Increment Financing Fund	28,980

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, 2008:

General Fund	\$ 331,491	\$ --
Collinsville Crossings Fund	--	247,243
Fournie Lane Business District	--	73,960
Tax Increment Financing Fund	--	526
Water/Sewer Fund	--	9,762

The balances are short-term interfund receivables which will be transferred in fiscal year 2009.

NOTE 17: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The City maintains a single-employer defined benefit healthcare plan available for retirees. The City provides pre and post Medicare post-retirement healthcare benefits to all retirees who worked for the City, were enrolled in one of the City's healthcare plans at the time of employment and receive a pension from the City through IMRF, the Police Pension Fund or the Firefighter's Pension Fund. The various eligibility requirements vary with the type of retirement plan the employee was associated with. The City does not issue a separate report related to post-retirement healthcare benefits.

Funding Policy. The contribution requirements are as determine by the contracts with City employees and are funded as a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following shows the components of the annual OPEB for the year, the actual amount contributed to the plan, and the change in the OPEB obligation.

Annual required contribution	\$ 477,749
Interest on OPEB obligation	--
Adjustment to ARC	--
Annual OPEB cost	477,749
Contributions made	(186,935)
Increase in OPEB	290,814
Net OPEB – Beg of Year	--
Net OPEB – End of Year	<u>\$ 290,814</u>

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/08	\$ 477,749	39.13%	\$ 290,814

Funding Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 39.13 percent funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$5,950,116. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$8,178,062 and the ratio of the UAAL to the covered payroll was 72.76 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.09 percent initially, reduced by decrements to an ultimate rate of 4.50 percent after ten years. These rates include a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was thirty years. The wage inflation rate was 4.00 percent and the discount rate is also 4.00 percent.

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

NOTE 18: SUBSEQUENT EVENT

Subsequent to year end, the City issued Taxable General Obligation Bonds, Series 2009 for \$2,700,000. The bonds are due in annual maturities through December 15, 2028, with interest at 3.25 to 5.95 percent. The bonds will be used to pay or reimburse certain redevelopment project costs incurred in and for the Eastport Plaza Drive Business District.

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Tax	\$ 1,927,215	\$ 1,927,215	\$ 1,878,301
Intergovernmental:			
Sales and Use Tax	7,465,000	7,465,000	5,924,930
Replacement Tax	56,100	56,100	101,548
State Income Tax	2,230,000	2,230,000	2,408,209
Telecommunications Tax	1,100,000	1,100,000	1,053,701
Grants	158,460	158,460	182,400
Other	149,000	156,000	419,925
Other Local Taxes	1,239,000	1,239,000	1,319,704
Licenses, Fees and Permits	1,364,600	1,364,600	565,412
Charges for Services	1,765,700	1,765,700	2,062,343
Fines	186,000	186,000	143,656
Investment Earnings	150,000	150,000	42,543
Gifts and Donations	6,500	6,500	27,276
Miscellaneous Revenues and Reimbursements	272,600	276,600	339,500
Total Receipts	18,070,175	18,081,175	16,469,448
Disbursements:			
Administration:			
City Council	2,639,690	2,639,690	2,566,688
Boards	41,960	41,960	41,285
City Manager	323,600	323,400	300,052
Operations	284,090	284,090	246,182
Human Resources	233,670	233,870	233,870
Information Technology	157,180	157,180	130,311
Total Administration	3,680,190	3,680,190	3,518,388
Police:			
Police Administration	744,100	744,100	734,902
Police Operations	4,002,940	4,147,940	4,141,707
Police Support	1,205,280	1,085,280	1,079,711
Animal Control	162,580	137,580	131,188
Total Police	6,114,900	6,114,900	6,087,508
Fire:			
Fire Administration	338,560	338,560	257,721
Fire Operations	2,844,145	2,844,145	2,792,891
Ambulance	271,000	271,000	262,041
Emergency Management	48,330	55,330	47,894
Total Fire	3,502,035	3,509,035	3,360,547

Disbursements (continued):

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Public Works:			
Streets	2,014,470	2,014,470	1,893,163
Garbage	1,350,700	1,368,700	1,368,516
Inspections	307,260	289,260	159,034
Total Public Works	<u>3,672,430</u>	<u>3,672,430</u>	<u>3,420,713</u>
Finance	<u>643,590</u>	<u>643,590</u>	<u>546,968</u>
Community Development	<u>473,580</u>	<u>477,580</u>	<u>467,725</u>
Community Services - Shuttle Bus	<u>136,250</u>	<u>136,250</u>	<u>125,471</u>
Total Disbursements	<u>18,222,975</u>	<u>18,233,975</u>	<u>17,527,320</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(152,800)</u>	<u>(152,800)</u>	<u>(1,057,872)</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>\$ 237,200</u>	<u>\$ 237,200</u>	<u>(667,872)</u>
Change in intergovernmental revenue on modified accrual basis			357,144
Change in other local taxes and fees			1,531
Change in accrued salaries on modified accrual basis			228,348
Change in accounts payable on modified accrual basis			105,701
Change in franchise fees receivable on modified accrual basis			677
Change in property tax receivable on modified accrual basis			27,746
Interfund transfers			1,495
Change in unbilled garbage services on modified accrual basis			17,852
Adjustment for allowance of uncollectible amounts			(178,618)
Inclusion of drug forfeiture monies			13,959
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (92,037)</u>

CITY OF COLLINSVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
COLLINSVILLE CROSSINGS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Sales Tax	\$ 2,019,224	\$ 2,019,224	\$ 1,299,779
Investment Earnings	-	-	27,195
Total Receipts	<u>2,019,224</u>	<u>2,019,224</u>	<u>1,326,974</u>
Disbursements:			
Debt Sevice	<u>2,019,224</u>	<u>2,019,224</u>	<u>1,631,166</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>(304,192)</u>
Other Financing Sources:			
Proceeds from Debt	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>(304,192)</u>
Change in sales tax receivable on modified accrual basis			28,112
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (276,080)</u>

CITY OF COLLINSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Intergovernmental Revenues	\$ 1,300,000	\$ 1,300,000	\$ 1,272,844
Property Tax	2,296,000	2,316,000	2,357,710
Investment Earnings	-	-	74,512
Miscellaneous Revenues & Reimbursements	143,000	158,000	239,339
Total Receipts	<u>3,739,000</u>	<u>3,774,000</u>	<u>3,944,405</u>
Disbursements:			
Community Development	4,363,283	4,403,283	4,132,325
Downtown	153,520	168,520	163,290
Total Disbursements	<u>4,516,803</u>	<u>4,571,803</u>	<u>4,295,615</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(777,803)</u>	<u>(797,803)</u>	<u>(351,210)</u>
Other Financing Sources (Uses):			
Operating Transfers Out	<u>(110,367)</u>	<u>(110,367)</u>	<u>(110,367)</u>
Total Other Financing Sources (Uses)	<u>(110,367)</u>	<u>(110,367)</u>	<u>(110,367)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>\$ (888,170)</u>	<u>\$ (908,170)</u>	<u>(461,577)</u>
Change in sales tax receivable on modified accrual basis			4,117
Change in property tax receivable on modified accrual basis			40,302
Change in accrued salaries on modified accrual basis			3,012
Change in accounts payable on modified accrual basis			(57,644)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (471,790)</u>

CITY OF COLLINSVILLE, ILLINOIS

SCHEDULE OF POLICE AND FIREFIGHTERS' PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2008

	Calendar Year					
	2007	2006	2005	2004	2003	2002
Police Pension:						
Actuarial Value of Assets	\$ 15,706,991	\$ 15,126,733	\$ 14,576,874	\$ 14,093,038	\$ 13,308,434	\$ 12,256,407
Actuarial Accrued Liability (AAL)	21,858,511	19,941,012	18,502,336	17,700,042	16,787,473	15,590,466
Unfunded AAL (UAAL)	6,151,520	4,814,279	3,925,462	3,607,004	3,479,039	3,334,059
Funded Ratio	71.86%	75.86%	78.78%	79.62%	79.28%	78.61%
Covered Payroll	2,541,262	2,256,688	1,972,350	1,854,508	1,801,893	1,789,992
UAAL as a % of Covered Payroll	242.07%	213.33%	199.02%	194.50%	193.08%	186.26%
Employer Contributions:						
Required	707,205	593,160	494,634	459,044	439,475	424,844
Made	-	596,515	497,064	462,539	451,670	381,941
Percentage of Employer Contributions						
Made to Required Contributions	0.00%	100.57%	100.49%	100.76%	102.77%	89.90%
Firefighters' Pension:						
Actuarial Value of Assets	16,734,717	16,349,698	14,667,104	13,823,041	12,636,840	10,996,423
Actuarial Accrued Liability (AAL)	18,112,773	16,208,457	15,498,437	14,623,654	13,759,720	12,970,328
Unfunded AAL (UAAL)	1,378,056	(141,241)	831,333	800,613	1,122,880	1,973,905
Funded Ratio	92.39%	100.87%	94.64%	94.53%	91.84%	84.78%
Covered Payroll	1,785,006	1,660,095	1,587,511	1,490,479	1,459,243	1,392,492
UAAL as a % of Covered Payroll	77.20%	-8.51%	52.37%	53.72%	76.95%	141.75%
Employer Contributions:						
Required	459,076	363,586	393,851	369,973	373,179	391,556
Made	-	365,578	395,650	372,443	383,670	359,929
Percentage of Employer Contributions						
Made to Required Contributions	0.00%	100.55%	100.46%	100.67%	102.81%	91.92%

2006 is the latest year for which a tax was levied and collected. The 2007 actuarial estimate is levied in 2008 and collected in 2009.

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:	25.4986 Years
Asset Valuation Method:	Cost or Amortized Cost
Actuarial Assumptions:	
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, 2008**

	Calendar Year					
	2008	2007	2006	2005	2004	2003
Regular:						
Actuarial Value of Assets	\$ 9,946,893	\$ 11,378,769	\$ 10,423,916	\$ 9,824,662	\$ 9,509,384	\$ 8,931,560
Actuarial Accrued Liability (AAL)	12,119,365	11,025,997	10,144,425	9,406,657	8,876,874	7,993,663
Unfunded AAL (UAAL)	2,172,472	(352,772)	(279,491)	(418,005)	(632,510)	(937,897)
Funded Ratio	82.07%	103.20%	102.76%	104.44%	107.13%	111.73%
Covered Payroll	4,673,993	3,953,902	3,578,496	3,449,434	3,312,058	3,217,585
UAAL as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer Contributions:						
Required	368,778	313,149	188,587	174,552	136,788	32,176
Made	368,778	313,149	188,587	174,552	136,788	32,176
Percentage of Employer Contributions Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$7,147,678. On a market basis, the funded ratio would be 58.98%.

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

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:	24 Years
Asset Valuation Method:	Techniques that smooth the effects of short-term volatility in the market value.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 15.6 %
Cost of Living Adjustments	3.0 %

CITY OF COLLINSVILLE, ILLINOIS

**SCHEDULE OF POST-EMPLOYMENT HEALTHCARE
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2008**

	<u>2008</u>
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	5,950,116
Unfunded AAL (UAAL)	5,950,116
Funded Ratio	0.00%
Covered Payroll	8,178,062
UAAL as a % of Covered Payroll	72.76%
Employer Contributions:	
Required	477,749
Made	186,935
Percentage of Employer Contributions Made to Required Contributions	39.13%

The actuarial valuations presented are prepared for the post-retirement healthcare benefits using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	30 Years
Actuarial Assumptions:	
Discount Rate	4.0%
Wage Inflation	4.0%
Healthcare Trend	9.09% in 2008 decreasing to 4.50 % in ten years
Price Inflation	3.0 %

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CITY OF COLLINSVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Special Revenue Funds						Capital Project Funds			Debt Service Funds			Total Nonmajor Governmental Funds	
	Tree Memorial Fund	Motor Fuel Tax Fund	DUI Court Fine Fund	Police Vehicle Fund	Collins House	Collinsville Animal Shelter	Capital Projects Fund	Fournie Lane Project Fund	Total	TIF Debt Service Fund	Fournie Lane Business District	Total		
Assets														
Cash and Cash Equivalents:														
Cash	\$ 626	\$ 17,013	\$ 6,300	\$ 9,336	\$ 6,066	\$ 23,535	\$ 62,876	\$ 5,541	\$ -	\$ 5,541	\$ -	\$ -	\$ -	\$ 68,417
Investments	4,628	1,208,763	-	-	-	-	1,213,391	371,123	-	371,123	-	-	-	1,584,514
Total Cash and Cash Equivalents	5,254	1,225,776	6,300	9,336	6,066	23,535	1,276,267	376,664	-	376,664	-	-	-	1,652,931
Receivables:														
Accounts Receivable	-	-	-	-	-	-	-	43,419	-	43,419	-	-	-	43,419
Intergovernmental	-	142,616	-	-	-	-	142,616	200,000	-	200,000	-	1,549	1,549	344,165
Total Assets	\$ 5,254	\$ 1,368,392	\$ 6,300	\$ 9,336	\$ 6,066	\$ 23,535	\$ 1,418,883	\$ 620,083	\$ -	\$ 620,083	\$ -	\$ 1,549	\$ 1,549	\$ 2,040,515
Liabilities and Fund Balance														
Liabilities:														
Accounts Payable	\$ -	\$ 58,146	\$ -	\$ -	\$ -	\$ -	\$ 58,146	\$ 71,475	\$ -	\$ 71,475	\$ 214	\$ -	\$ 214	\$ 129,835
Interfund Payable	-	-	-	-	-	-	-	-	-	-	-	73,960	73,960	73,960
Total Liabilities	-	58,146	-	-	-	-	58,146	71,475	-	71,475	214	73,960	74,174	203,795
Fund Balance:														
Reserved:														
Future Projects	-	-	-	-	-	-	-	548,608	-	548,608	-	-	-	548,608
Debt Service	-	-	-	-	-	-	-	-	-	-	(214)	(72,411)	(72,625)	(72,625)
Unreserved:														
Undesignated	5,254	1,310,246	6,300	9,336	6,066	23,535	1,360,737	-	-	-	-	-	-	1,360,737
Total Fund Balance	5,254	1,310,246	6,300	9,336	6,066	23,535	1,360,737	548,608	-	548,608	(214)	(72,411)	(72,625)	1,836,720
Total Liabilities and Fund Balance	\$ 5,254	\$ 1,368,392	\$ 6,300	\$ 9,336	\$ 6,066	\$ 23,535	\$ 1,418,883	\$ 620,083	\$ -	\$ 620,083	\$ -	\$ 1,549	\$ 1,549	\$ 2,040,515

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CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds						Capital Project Funds			Debt Service Funds			Total Nonmajor Governmental Funds	
	Tree Memorial Fund	Motor Fuel Tax Fund	DUI Court Fine Fund	Police Vehicle Fund	Collins House	Collinsville Animal Shelter	Total	Capital Projects Fund	Fournie Lane Project Fund	Total	TIF Debt Service Fund	Fournie Lane Business District		Total
Revenues:														
Utility Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,417	\$ -	\$ 393,417	\$ -	\$ -	\$ -	\$ 393,417
Sales Tax	-	-	-	-	-	-	-	1,100,000	-	1,100,000	-	13,788	13,788	1,113,788
Motor Fuel Tax	-	677,328	-	-	-	-	677,328	-	-	-	-	-	-	677,328
Fines and Forfeitures	-	-	6,248	9,218	-	-	15,466	-	-	-	-	-	-	15,466
State Grant	-	-	-	-	18,750	-	18,750	50,000	-	50,000	-	-	-	68,750
Federal Grant	-	-	-	-	37,366	-	37,366	-	-	-	-	-	-	37,366
Investment Earnings	117	32,571	52	77	67	562	33,446	7,538	3,688	11,226	-	335	335	45,007
Reimbursements	-	13,140	-	-	-	-	13,140	55,250	-	55,250	-	-	-	68,390
Gifts and Donations	348	-	-	-	170	25,378	25,896	-	-	-	-	-	-	25,896
Total Revenues	465	723,039	6,300	9,295	56,353	25,940	821,392	1,606,205	3,688	1,609,893	-	14,123	14,123	2,445,408
Expenditures:														
General Government	-	-	-	-	44,979	-	44,979	242,244	-	242,244	-	-	-	287,223
Public Safety	-	-	-	-	-	-	-	9,130	-	9,130	-	-	-	9,130
Public Works	-	286,571	-	-	-	-	286,571	4,948	18,265	23,213	-	-	-	309,784
Community/Economic Development	591	-	-	-	-	-	591	-	-	-	-	-	-	591
Capital Outlay	-	650,021	-	-	-	18,028	668,049	1,230,510	330,402	1,560,912	-	-	-	2,228,961
Debt Service	-	-	-	-	-	-	-	-	-	-	81,387	106,435	187,822	187,822
Total Expenditures	591	936,592	-	-	44,979	18,028	1,000,190	1,486,832	348,667	1,835,499	81,387	106,435	187,822	3,023,511
Excess (Deficiency) of Revenues Over Expenditures	(126)	(213,553)	6,300	9,295	11,374	7,912	(178,798)	119,373	(344,979)	(225,606)	(81,387)	(92,312)	(173,699)	(578,103)
Other Financing Sources (Uses):														
Proceeds from Debt	-	-	-	-	-	-	-	53,450	-	53,450	-	-	-	53,450
Operating Transfers In (Out)	-	(90,000)	-	-	-	-	(90,000)	-	64,122	64,122	81,387	-	81,387	55,509
Total Other Financing Sources (Uses)	-	(90,000)	-	-	-	-	(90,000)	53,450	64,122	117,572	81,387	-	81,387	108,959
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(126)	(303,553)	6,300	9,295	11,374	7,912	(268,798)	172,823	(280,857)	(108,034)	-	(92,312)	(92,312)	(469,144)
Fund Balance, Beginning of Year	5,380	1,613,799	-	41	(5,308)	15,623	1,629,535	375,785	280,857	656,642	(214)	19,901	19,687	2,305,864
Fund Balance, End of Year	\$ 5,254	\$ 1,310,246	\$ 6,300	\$ 9,336	\$ 6,066	\$ 23,535	\$ 1,360,737	\$ 548,608	\$ -	\$ 548,608	\$ (214)	\$ (72,411)	\$ (72,625)	\$ 1,836,720

CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents:			
Cash	\$ 668,097	\$ 698,245	\$ 1,366,342
Investments	-	127,275	127,275
Investments	12,558,270	12,500,788	25,059,058
Receivables:			
Property Tax	598,958	356,475	955,433
Accrued Interest	48,602	44,050	92,652
Total Assets	<u>13,873,927</u>	<u>13,726,833</u>	<u>27,600,760</u>
Liabilities:			
Accounts Payable	10,000	5,000	15,000
Total Liabilities	<u>10,000</u>	<u>5,000</u>	<u>15,000</u>
Net Assets:			
Held in Trust For Pension			
Benefits and Other Purposes	<u>\$ 13,863,927</u>	<u>\$ 13,721,833</u>	<u>\$ 27,585,760</u>

CITY OF COLLINSVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firefighters'</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Total</u>
Additions:			
Property Tax	\$ 594,532	\$ 354,300	\$ 948,832
Replacement Tax	107,030	100,560	207,590
Employee Contributions	294,242	183,203	477,445
Investment Earnings:			
Investment Earnings	(2,072,590)	(2,867,344)	(4,939,934)
Less: Investment Expense	(89,616)	(19,737)	(109,353)
Net Investment Earnings	<u>(2,162,206)</u>	<u>(2,887,081)</u>	<u>(5,049,287)</u>
Total Additions	<u>(1,166,402)</u>	<u>(2,249,018)</u>	<u>(3,415,420)</u>
Deductions:			
Benefit Payments	925,221	804,316	1,729,537
Contractual Services	22,284	6,245	28,529
Total Deductions	<u>947,505</u>	<u>810,561</u>	<u>1,758,066</u>
Change in Net Assets	(2,113,907)	(3,059,579)	(5,173,486)
Net Assets, Beginning of Year	<u>15,977,834</u>	<u>16,781,412</u>	<u>32,759,246</u>
Net Assets, End of Year	<u>\$ 13,863,927</u>	<u>\$ 13,721,833</u>	<u>\$ 27,585,760</u>

CITY OF COLLINSVILLE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS (CONTINUED)
DECEMBER 31, 2008

Levy Date - Calendar Year	2003		2004		2005		2006		2007	
	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	12/31/2004	12/31/2004	12/31/2005	12/31/2005	12/31/2006	12/31/2006	12/31/2007	12/31/2007	12/31/2008	12/31/2008
Assessed Valuation	\$ 267,010,400	\$ 29,453,927	\$ 278,810,468	\$ 30,013,689	\$ 297,847,563	\$ 32,369,890	\$ 325,590,789	\$ 34,738,302	\$ 349,026,741	\$ 37,499,115
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0782	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0792	\$ 0.0786	\$ 0.0775	\$ 0.0770	\$ 0.0819	\$ 0.0800
Fire Protection	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553	0.0546	0.0542	0.0605	0.0563
Police Protection	0.0547	0.0563	0.0563	0.0563	0.0557	0.0553	0.0546	0.0542	0.0605	0.0563
Garbage	0.0675	0.0721	0.0486	0.0506	0.0550	0.0546	0.0517	0.0514	0.0300	0.0298
Public Library	0.1528	0.1567	-	-	-	-	-	-	-	-
Retirement	0.0072	0.0076	0.0162	0.0176	0.0305	0.0316	0.0257	0.0267	0.0391	0.0389
Police Pension	0.0983	0.1050	0.1146	0.1240	0.1093	0.1129	0.1079	0.1115	0.1251	0.1242
Firefighters' Pension	0.0976	0.1042	0.0973	0.1052	0.0871	0.0900	0.0819	0.0847	0.0671	0.0666
Tort Liability	0.1410	0.1506	0.1393	0.1506	0.1326	0.1370	0.1331	0.1375	0.1156	0.1147
Social Security	0.0640	0.0683	0.0616	0.0666	0.0596	0.0616	0.0587	0.0607	0.0522	0.0518
Audit	0.0078	0.0083	0.0075	0.0078	0.0070	0.0070	0.0065	0.0064	0.0053	0.0052
Unemployment	0.0036	0.0038	0.0049	0.0053	0.0075	0.0078	0.0073	0.0076	0.0063	0.0062
Total Tax Rates	\$ 0.8274	\$ 0.8692	\$ 0.6826	\$ 0.7203	\$ 0.6792	\$ 0.6917	\$ 0.6595	\$ 0.6719	\$ 0.6436	\$ 0.6300
Tax Extensions:										
General Government	\$ 208,802	\$ 23,563	\$ 223,048	\$ 24,011	\$ 235,895	\$ 25,443	\$ 252,333	\$ 26,749	\$ 285,854	\$ 30,000
Fire Protection	146,055	16,583	156,970	16,898	165,901	17,900	177,773	18,828	211,161	21,112
Police Protection	146,055	16,583	156,970	16,898	165,901	17,900	177,773	18,828	211,161	21,112
Garbage	180,232	21,236	135,502	15,187	163,816	17,674	168,330	17,856	104,708	11,175
Public Library	407,992	46,154	-	-	-	-	-	-	-	-
Retirement	19,225	2,238	45,167	5,282	90,844	10,229	83,677	9,275	136,469	15,187
Police Pension	262,471	30,927	319,517	37,217	325,547	36,546	351,312	38,733	436,632	48,449
Firefighters' Pension	260,602	30,691	271,283	31,574	259,425	29,133	266,659	29,423	234,197	25,987
Tort Liability	376,485	44,358	388,383	45,201	394,946	44,347	433,361	47,765	403,475	44,736
Social Security	170,887	20,117	171,747	19,989	177,517	19,940	191,122	21,086	182,192	20,212
Audit	20,827	2,445	20,911	2,341	20,849	2,266	21,163	2,223	18,498	1,950
Unemployment	9,611	1,119	13,662	1,591	22,339	2,525	23,768	2,640	21,989	2,437
Total Tax Extensions	\$ 2,209,244	\$ 256,014	\$ 1,903,160	\$ 216,189	\$ 2,022,980	\$ 223,903	\$ 2,147,271	\$ 233,406	\$ 2,246,336	\$ 242,357
Total Tax Collections Through Fiscal Year End	\$ 2,202,899	\$ 244,348	\$ 1,896,172	\$ 213,321	\$ 2,016,011	\$ 223,297	\$ 2,133,396	\$ 232,603	\$ 2,197,763	\$ 241,657
Percent of Total Taxes Collected	99.71%	95.44%	99.63%	98.67%	99.66%	99.73%	99.35%	99.66%	97.84%	99.71%

CITY OF COLLINSVILLE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS
DECEMBER 31, 2008

Levy Date - Calendar Year	1998		1999		2000		2001		2002	
	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	12/31/1999	12/31/1999	12/31/2000	12/31/2000	12/31/2001	12/31/2001	12/31/2002	12/31/2002	12/31/2003	12/31/2003
Assessed Valuation	\$ 195,018,592	\$ 23,082,365	\$ 203,251,195	\$ 23,405,504	\$ 213,195,916	\$ 24,398,588	\$ 230,197,803	\$ 26,009,004	\$ 248,191,846	\$ 27,556,145
Tax Rates (Per \$100 Equalized Assessed Valuation):										
General Government	\$ 0.0759	\$ 0.0793	\$ 0.0800	\$ 0.0800	\$ 0.0796	\$ 0.0800	\$ 0.0770	\$ 0.0766	\$ 0.0762	\$ 0.0762
Fire Protection	0.0409	0.0427	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539	0.0534	0.0534
Police Protection	0.0422	0.0441	0.0563	0.0563	0.0558	0.0563	0.0543	0.0539	0.0534	0.0534
Garbage	0.1237	0.1292	0.1249	0.1296	0.1284	0.1340	0.1116	0.1109	0.0726	0.0726
Public Library	0.1500	0.1500	0.1500	0.1500	0.1492	0.1500	0.1557	0.1547	0.1557	0.1601
Retirement	0.0552	0.0577	0.0352	0.0366	0.0169	0.0177	0.0077	0.0077	0.0061	0.0061
Police Pension	0.0824	0.0861	0.0828	0.0859	0.0699	0.0729	0.0928	0.0923	0.1031	0.1031
Firefighters' Pension	0.0783	0.0818	0.0766	0.0795	0.0852	0.0889	0.0949	0.0943	0.1024	0.1024
Tort Liability	0.1517	0.1585	0.1212	0.1257	0.1344	0.1403	0.1373	0.1365	0.1443	0.1443
Social Security	0.0681	0.0711	0.0770	0.0799	0.0744	0.0776	0.0700	0.0696	0.0664	0.0664
Audit	0.0115	0.0120	0.0115	0.0120	0.0112	0.0117	0.0087	0.0086	0.0084	0.0084
Unemployment	0.0039	0.0040	0.0035	0.0037	0.0039	0.0041	0.0041	0.0040	0.0042	0.0042
Total Tax Rates	\$ 0.8838	\$ 0.9165	\$ 0.8753	\$ 0.8955	\$ 0.8647	\$ 0.8898	\$ 0.8684	\$ 0.8630	\$ 0.8462	\$ 0.8506
Tax Extensions:										
General Government	\$ 148,019	\$ 18,305	\$ 162,601	\$ 18,725	\$ 169,704	\$ 19,520	\$ 177,252	\$ 19,924	\$ 189,122	\$ 20,998
Fire Protection	79,763	9,856	114,430	13,177	118,963	13,736	124,997	14,019	132,534	14,715
Police Protection	82,298	10,179	114,430	13,177	118,963	13,736	124,997	14,019	132,534	14,715
Garbage	241,238	29,822	253,861	30,334	273,744	32,694	256,901	28,844	180,187	20,006
Public Library	292,528	34,624	304,877	35,109	318,088	36,598	358,418	40,236	386,435	44,118
Retirement	107,650	13,319	71,544	8,566	36,030	4,319	17,725	2,003	15,140	1,681
Police Pension	160,695	19,874	168,292	20,105	149,024	17,787	213,624	24,006	255,886	28,410
Firefighters' Pension	152,700	18,881	155,690	18,607	181,643	21,690	218,458	24,526	254,149	28,217
Tort Liability	295,843	36,586	246,341	29,421	286,535	34,231	316,062	35,502	358,141	39,764
Social Security	132,808	16,412	156,504	18,701	158,618	18,933	161,138	18,102	164,799	18,297
Audit	22,427	2,770	23,374	2,809	23,878	2,855	20,027	2,237	20,848	2,315
Unemployment	7,606	923	7,114	866	8,315	1,000	9,438	1,040	10,424	1,157
Total Tax Extensions	\$ 1,723,575	\$ 211,551	\$ 1,779,058	\$ 209,597	\$ 1,843,505	\$ 217,099	\$ 1,999,037	\$ 224,458	\$ 2,100,199	\$ 234,393
Total Tax Collections Through Fiscal Year End	\$ 1,710,808	\$ 209,978	\$ 1,767,353	\$ 209,403	\$ 1,838,481	\$ 210,373	\$ 1,971,345	\$ 200,615	\$ 2,097,812	\$ 232,953
Percent of Total Taxes Collected	99.26%	99.26%	99.34%	99.91%	99.73%	96.90%	98.61%	89.38%	99.89%	99.39%

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

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefeller
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, 2008, and have issued our report thereon dated April 15, 2009. 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

April 15, 2009

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

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

We have audited the financial statements of the 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, 2008, and have issued our report thereon dated April 15, 2009. 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.

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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. Schlosser & Company, LLC.

Certified Public Accountants

April 15, 2009



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

Honorable Mayor and Members
of the City Council
Collinsville, Illinois

Compliance

We have audited the compliance of the City of Collinsville, 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, 2008. 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, 2008.

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.

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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. Q. Schlosser & Company, L.L.C.
Certified Public Accountants

April 15, 2009

CITY OF COLLINSVILLE, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<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	13,537
	93.667	81XK004000	07/01/08 - 06/30/09	28,559	14,663
					<u>28,200</u>
Department of Justice:					
Byrne Formula Grant Program	16.579		10/01/07 - 09/30/08	467,598	317,598
Byrne Formula Grant Program	16.579		10/01/08 - 09/30/09	467,598	150,000
Supplemental Equipment	16.579		04/01/08 - 06/30/08	1,016	1,016
					<u>468,614</u>
Department of Transportation:					
Passed through Illinois Department of Transportation:					
Integrated Mini-Grant Enforcement Program	20.609	OP8-1205-053	10/01/07 - 09/30/08	32,283	31,596
	20.609	OP9-1205-174	10/01/08 - 09/30/09	35,364	3,085
					<u>34,681</u>
Department of Homeland Security:					
Citizens Corp Program	97.053		08/25/05 - 08/25/08	20,471	4,190
Total Federal Awards					<u>\$ 535,685</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF COLLINSVILLE, ILLINOIS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2008**

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, 2008.

Subrecipient Monitoring

The City had pass through revenue to subrecipients related to its federal funds during the year ended December 31, 2008. 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, 2008 was \$468,614.

CITY OF COLLINSVILLE, ILLINOIS

**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008**

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
- 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.

CITY OF COLLINSVILLE, ILLINOIS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008**

NONE

