

**THE CITY OF COLLINSVILLE,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

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TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-6
Management’s Discussion and Analysis	7-12
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets (Modified Cash Basis).....	14
Statement of Activities (Modified Cash Basis).....	15
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	17
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	18
Proprietary Funds Financial Statements:	
Statement of Net Assets (Modified Cash Basis)	20
Statement of Revenues, Expenses and Changes in Net Assets (Modified Cash Basis).....	21
Statement of Cash Flows (Modified Cash Basis).....	22
Footnotes to the Basic Financial Statements	23-38
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	40
Budgetary Comparison Schedule (Modified Cash Basis) – Cemetery Care Fund.....	41
Footnotes to Budgetary Comparison Schedules.....	41
Supplementary Information:	
Combining Non-Major Governmental Fund Schedules	
Combining Balance Sheet (Modified Cash Basis).....	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	43

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

TABLE OF CONTENTS

Combining Fund Schedules – Collinsville Municipal Authority

Combining Schedule of Net Asset Accounts (Modified Cash Basis).....	44
Combining Statement of Revenues, Expenses and Changes in Net Assets (Modified Cash Basis).....	45

Debt Service Coverage Information

Debt Service Coverage Schedule	46
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Single Audit and Internal Control and Compliance Information

Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance with Government Auditing Standards.....	49-50
Independent Auditor’s Report on Internal Control and Compliance in Accordance with OMB Circular A-133.....	51-52
Schedule of Expenditures of Federal Awards.....	53
Notes to Schedule of Expenditures of Federal Awards.....	54
Schedule of Findings and Question Costs.....	55
Schedule of Prior Year Audit Findings.....	56



INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Oklahoma as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements of the City's reporting entity, as listed in the table of contents. These financial statements are the responsibility of City of Collinsville, Oklahoma's management. Our responsibility is to express opinions 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

As discussed in Note B, the City of Collinsville, Oklahoma prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Collinsville, Oklahoma as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note B.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2009 on our consideration of the City of Collinsville, Oklahoma reporting entity's 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. 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 City of Collinsville, Oklahoma's basic financial statements. The combining non-major governmental funds schedules, combining funds schedules, the debt service coverage information and the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Collinsville, Oklahoma. The combining non-major governmental funds schedules, combining funds schedules, the debt service coverage information and the accompanying 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, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.



August 25, 2009

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

The management of the City of Collinsville is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2008. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net assets decreased by \$120,452, and the assets of the City exceed its liabilities at June 30, 2008, by \$688,362 (net assets). This entire amount is available to meet the government's ongoing needs.
- At June 30, 2008, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$297,365.
- The City's business-type activities reported a decrease in net assets of \$135,550 or a 26% decrease from the prior year.

ABOUT THE CITY

The City of Collinsville is an incorporated municipality with a population of approximately 4,077 located in Tulsa County in northeastern Oklahoma. The City is a Commission/Manager form of government and operates under the charter that provides for three branches of government.

- Legislative – the City Commission is a five-member governing body elected by respective wards and the mayor is elected at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commission

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and through its Municipal Authority, certain utility services including electric, water, wastewater, and sanitation.

The City's Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City's financial reporting entity includes two separate legal entities reported as the primary government.

- **The City of Collinsville** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

- **The Collinsville Municipal Authority (CMA)** – public trust created pursuant to 60 O.S. § 176 that operates the electric, water, wastewater, and sanitation services of the City, governed by trustees comprised of the entire City Commissioners – *considered part of the primary government presentation for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Commissioners. This is considered sufficient imposition of will to include the trust within the City’s financial reporting entity. The public trust does not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Collinsville (the “City”) and the Collinsville Municipal Authority (the “Municipal Authority”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the current financial resources measurement focus using the modified cash basis of accounting. They present governmental activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds.

Reporting the City as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City’s basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City’s electric, water, sewer, and sanitation utilities are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Commissioners may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental and proprietary* – account for different types of activities.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting and current financial resources measurement focus. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary funds - When the City, through the Municipal Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. In this report proprietary funds are reported on the modified cash basis of accounting and a current financial resource measurement focus. The City's proprietary fund is the Collinsville Municipal Authority that accounts for the operation of the electric, water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 23-39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General and Cemetery Care Fund.

THE CITY AS A WHOLE

For the year ended June 30, 2008, net assets on a modified cash basis for the governmental and business-type activities decreased \$120,452.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

**Net Assets (Modified Cash Basis)
June 30, 2008**

	Governmental Activities	Business-type Activities	Total
Beginning net assets, restated	\$ 282,267	\$ 526,547	\$ 808,814
Increase/(Decrease)	15,098	(135,550)	(120,452)
Ending net assets	\$ 297,365	\$ 390,997	\$ 688,362

Following is a summary of net assets reported on a modified cash basis for the City of Collinsville:

	Governmental Activities	Business-type Activities	Total
	2008	2008	2008
Assets:			
Current and other assets	\$ 317,534	\$ 747,614	\$ 1,065,148
Total assets	317,534	747,614	1,065,148
Liabilities:			
Current and other liabilities	20,169	356,617	376,786
Total liabilities	20,169	356,617	376,786
Net assets:			
Restricted	-	42,930	42,930
Unrestricted	297,365	348,067	645,432
Total net assets	\$ 297,365	\$ 390,997	\$ 688,362

Note: Due to a change in basis of accounting and statement presentation from the prior year, a comparison to the prior year is not included because amounts would not be comparable. However, in future years, management plans to include such comparison.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

**Revenues, Expenses and Changes in Net Assets (Modified Cash Basis)
Year Ended June 30, 2008**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for Services	\$ 801,011	\$ 5,038,622	\$ 5,839,633
Grants & Contributions	26,864	549,076	575,940
Capital Grants, Contributions & Debt Proceeds	-	2,390,937	2,390,937
General Revenues:			
Sales Tax	1,064,595	-	1,064,595
Other Taxes	183,374	-	183,374
Other General Revenues	80,116	20,472	100,588
Total Revenues	2,155,960	7,999,107	10,155,067
Program Expenses:			
General Government	\$ 23,686	-	23,686
Public Safety	1,646,715	-	1,646,715
Highways and Streets	158,081	-	158,081
Cemetery	7,138	-	7,138
Culture and Recreation	148,890	-	148,890
Administration	-	1,331,549	1,331,549
Electric	-	4,363,344	4,363,344
Sanitation	-	580,422	580,422
Water	-	1,251,252	1,251,252
Sewer	-	752,267	752,267
Interest on long-term debt	12,175	-	12,175
Total Expenses	1,996,685	8,278,834	10,275,519
Excess (Deficiency)	159,275	(279,727)	(120,452)
Net Transfers	(144,177)	144,177	-
Increase/(Decrease) Net Assets	\$ 15,098	\$ (135,550)	\$ (120,452)
Beginning Net Assets, Restated	282,267	526,547	808,814
Ending Net Assets	\$ 297,365	\$ 390,997	\$ 688,362

Governmental Activities

The City's governmental activities had an increase in net assets of \$15,098.

Business-type Activities

The business-type activities had a decrease in net assets of \$135,550. In reviewing the departmental net (expense)/revenue, increased departmental expenses were the main reason for the decrease.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2008 fiscal year, the governmental funds reported a combined fund balance of \$297,365.

Other fund highlights include:

- For the year ended June 30, 2008, the General Fund's total fund balance increased by \$1,750, however the General Fund ended the year with a fund balance deficit of \$(3,450).

Budgetary Highlights

For the year ended June 30, 2008, the General Fund reported actual budgetary basis revenues under final estimates by \$34,616 or a 1.7% negative variance. General Fund actual expenditures were under final appropriations by \$33,356 or a 1.6% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2009 budget is consistent to prior years.
- Water, sewer, garbage and electric rates will increase over a three-year period with the first increase effective July 1, 2009.
- Effective July 2009, a $\frac{3}{4}$ cent voter-restricted sales tax was passed for capital improvements.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 730, Collinsville, Oklahoma 74021 or telephone at 918-371-1010.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET ASSETS AND ACTIVITIES

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Statement of Net Assets (Modified Cash Basis) – June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$146,260	\$444,465	\$590,725
Investments	144,722	278,967	423,689
Internal balances	15,209	(15,209)	-
Total Assets	<u>306,191</u>	<u>708,223</u>	<u>1,014,414</u>
LIABILITIES			
Due to other governments	3,086	10,337	13,423
Deposits subject to refund	5,740	306,889	312,629
Total Liabilities	<u>8,826</u>	<u>317,226</u>	<u>326,052</u>
NET ASSETS			
Restricted for debt service	-	42,930	42,930
Unrestricted	297,365	348,067	645,432
Total Net Assets	<u>\$297,365</u>	<u>\$390,997</u>	<u>\$688,362</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions & Debt Proceeds	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General Government	\$ 23,686	\$ 77,277	\$ -	\$ -	\$ 53,591	\$ -	\$ 53,591
Public Safety	1,646,715	665,529	16,887	-	(964,299)	-	(964,299)
Streets and Highways	158,081	-	9,977	-	(148,104)	-	(148,104)
Cemetery	7,138	58,205	-	-	51,067	-	51,067
Culture and Recreation	148,890	-	-	-	(148,890)	-	(148,890)
Interest on long-term debt	12,175	-	-	-	(12,175)	-	(12,175)
Total governmental activities	<u>1,996,685</u>	<u>801,011</u>	<u>26,864</u>	<u>-</u>	<u>(1,168,810)</u>	<u>-</u>	<u>(1,168,810)</u>
Business-type activities:							
Administration	1,331,549	-	157,131	-	-	(\$1,174,418)	(1,174,418)
Electric	4,363,344	3,653,900	375,244	800,815	-	466,615	466,615
Sanitation	580,422	396,929	-	280,185	-	96,692	96,692
Water	1,251,252	604,136	8,351	37,799	-	(600,966)	(600,966)
Sewer	752,267	383,657	8,350	1,272,138	-	911,878	911,878
Total business-type activities	<u>8,278,834</u>	<u>5,038,622</u>	<u>549,076</u>	<u>2,390,937</u>	<u>-</u>	<u>(300,199)</u>	<u>(300,199)</u>
Total primary government	<u>\$ 10,275,519</u>	<u>\$ 5,839,633</u>	<u>\$ 575,940</u>	<u>\$ 2,390,937</u>	<u>(1,168,810)</u>	<u>(300,199)</u>	<u>(1,469,009)</u>
General revenues:							
Taxes:							
Sales and use tax					1,064,595	-	1,064,595
Franchise and public service taxes					92,460	-	92,460
E911 tax					33,633	-	33,633
Intergovernmental revenue not restricted to specific programs					57,281	-	57,281
Investment income					7,944	15,922	23,866
Miscellaneous					72,172	4,550	76,722
Transfers - Internal activity					(144,177)	144,177	-
Total general revenues and transfers					<u>1,183,908</u>	<u>164,649</u>	<u>1,348,557</u>
Change in net assets					15,098	(135,550)	(120,452)
Net assets - beginning, restated (Note 3.)					282,267	526,547	808,814
Net assets - ending					<u>\$ 297,365</u>	<u>\$ 390,997</u>	<u>\$ 688,362</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2008

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Cemetery Care Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$1,510	\$139,785	-	\$4,965	\$146,260
Investments	-	82,578	\$62,144	-	144,722
Due from other funds	39,391	-	11,343	-	50,734
Total Assets	<u>\$40,901</u>	<u>\$222,363</u>	<u>\$73,487</u>	<u>\$4,965</u>	<u>\$341,716</u>
LIABILITIES AND FUND BALANCES					
Refundable deposits	5,740	-	-	-	5,740
Due to other governments	3,086	-	-	-	3,086
Due to other funds	35,525	-	-	-	35,525
Total Liabilities	<u>44,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,351</u>
Fund Balances:					
Unreserved	(3,450)	-	-	-	(3,450)
Unreserved, reported in nonmajor capital project funds	-	222,363	-	-	222,363
special revenue funds	-	-	73,487	4,965	78,452
Total Fund Balances	<u>(3,450)</u>	<u>222,363</u>	<u>73,487</u>	<u>4,965</u>	<u>297,365</u>
Total Liabilities and Fund Balances	<u>\$32,075</u>	<u>\$222,363</u>	<u>\$73,487</u>	<u>\$4,965</u>	<u>\$332,890</u>

See accompanying notes to these financial statements.

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2008

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Cemetery Care Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$539,394	\$ -	\$ -	\$651,294	\$1,190,688
Intergovernmental	84,145	-	-	-	84,145
Charges for services	480,734	-	8,731	-	489,465
Fines and forfeitures	234,849	-	-	-	234,849
Licenses and permits	76,697	-	-	-	76,697
Investment income	1,154	4,101	2,689	-	7,944
Miscellaneous	72,172	-	-	-	72,172
Total Revenues	<u>1,489,145</u>	<u>4,101</u>	<u>11,420</u>	<u>651,294</u>	<u>2,155,960</u>
Expenditures:					
Current:					
General government	23,686	-	-	-	23,686
Public safety	1,564,051	-	-	-	1,564,051
Highways and streets	97,860	-	-	-	97,860
Culture and recreation	148,890	-	-	-	148,890
Capital outlay	108,944	-	7,138	-	116,082
Debt service:					
Principal retirement	33,941	-	-	-	33,941
Interest expense	12,175	-	-	-	12,175
Total Expenditures	<u>1,989,547</u>	<u>-</u>	<u>7,138</u>	<u>-</u>	<u>1,996,685</u>
Excess (deficiency) of revenues over expenditures	(500,402)	4,101	4,282	651,294	159,275
Other Financing Sources (Uses):					
Transfers in	505,412	-	-	6,280	511,692
Transfers out	(3,260)	-	-	(652,609)	(655,869)
Total Other Financing Sources (Uses)	<u>502,152</u>	<u>-</u>	<u>-</u>	<u>(646,329)</u>	<u>(144,177)</u>
Net change in fund balances	1,750	4,101	4,282	4,965	15,098
Fund balances - beginning, restated (Note 5.)	(5,200)	218,262	69,205	-	282,267
Fund balances - ending	<u>(\$3,450)</u>	<u>\$222,363</u>	<u>\$73,487</u>	<u>\$4,965</u>	<u>\$297,365</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Proprietary Fund Statement of Net Assets (Modified Cash Basis) – June 30, 2008

	<u>Collinsville Municipal Authority</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ 322,646
Investments	50,967
Noncurrent:	
Restricted cash and cash equivalents	121,819
Restricted investments	228,000
Due from other funds	24,182
Total Assets	<u>747,614</u>
 LIABILITIES	
Due to other governments	10,337
Due to other funds	39,391
Meter deposit liability	306,889
Total Liabilities	<u>356,617</u>
 NET ASSETS	
Restricted for debt service	42,930
Unrestricted	348,067
Total net assets	<u>\$ 390,997</u>

See accompanying notes to these financial statements

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Assets (Modified Cash Basis) – Year Ended June 30, 2008

	Collinsville Municipal Authority
Operating Revenues:	
Charges for services:	
Electric	\$ 3,365,448
Water	556,445
Sewer	353,388
Sanitation	365,586
Penalties	84,364
Planning Fees	2,300
Administration fees	233,378
Miscellaneous	515,016
Total Operating Revenues	5,475,925
Operating Expenses:	
General government	1,319,447
Electric	4,095,417
Sanitation	254,484
Water	325,613
Sewer	206,783
Total Operating Expenses	6,201,744
Operating Income (Loss)	(725,819)
Non-Operating Revenues (Expenses):	
Investment income	15,922
Miscellaneous	116,323
Capital outlay	(1,581,619)
Debt service:	
Principal retirement	(293,979)
Interest expense and fees	(201,492)
Total Non-Operating Revenues (Expenses)	(1,944,845)
Net Income Before Transfers	(2,670,664)
Proceeds from long-term debt	2,390,937
Transfers in	655,868
Transfers out	(511,691)
Change in net assets	(135,550)
Total net assets - beginning, restated	526,547
Total net assets - ending	\$ 390,997

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2008

	<u>Collinsville Municipal Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,482,531
Payments to suppliers	(5,269,903)
Payments to employees	(941,728)
Payments to other funds	15,122
Receipts from other funds	(24,182)
Receipts of customer utility deposits	77,937
Refunds of customer utility deposits	(68,281)
	(728,504)
Net Cash Provided by (Used in) Operating Activities	(728,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	655,868
Transfers to other funds	(511,691)
	144,177
Net Cash Provided by (Used in) Noncapital Financing Activities	144,177
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,581,619)
Proceeds on capital debt	2,390,937
Principal paid on capital debt	(293,979)
Interest paid on capital debt	(201,492)
Receipts from capital grants	109,717
	423,564
Net Cash Provided by (Used in) Capital and Related Financing Activities	423,564
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	15,922
Purchase of investments	(12,469)
	3,453
Net Cash Provided by (Used in) Investing Activities	3,453
Net Increase (Decrease) in Cash and Cash Equivalents	(157,310)
Balance - beginning of the year	601,775
Balance - end of the year	\$ 444,465
Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	\$ 322,646
Restricted cash and cash equivalents	121,819
	444,465
Total cash and cash equivalents	\$ 444,465
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (725,819)
Miscellaneous income	6,606
Change in assets and liabilities:	
Due to other funds	15,122
Due from other funds	(24,182)
Accounts payable and accrued liabilities	(9,887)
Meter deposit liability	9,656
	9,656
Net cash provided by operating activities	\$ (728,504)

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Statement of Net Assets and Activities:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*” that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City’s financial reporting entity includes two separate legal entities reported as the primary government

- **The City of Collinsville** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*
- **The Collinsville Municipal Authority (CMA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the City, with the City Commissioners serving as the governing body of the trust – *considered part of the primary government presentation for reporting purposes*

For the above public trust, the City of Collinsville is the beneficiary of the trust and the City Commissioners either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Commissioners. This is considered sufficient imposition of will to include the trust within the City’s financial reporting entity. The public trust does not issue separate annual financial statements.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The statement of net assets and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

(such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits
- Public safety: Fine revenue and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as they apply to the modified cash basis, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Capital Improvement Fund – accounts for contributions and specific revenues and expenditures for various capital projects
- Cemetery Care Fund – accounts for 15% of cemetery revenue restricted by State law for cemetery capital improvements.

Non-Major Funds (Reported as Other Governmental Funds):

- Sales Tax Reserve Fund – accounts for the dedicated sales tax to be used for capital improvements and water operations
- 1999 Sales Tax Fund – accounts for contributions and specific revenues and expenditures for various capital projects

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period. The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

Proprietary Fund:

The City's proprietary fund is comprised of the following:

- Collinsville Municipal Authority (CMA) – accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

The proprietary fund is reported on a modified cash basis and the current financial resources measurement focus, as defined above. Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

For purposes of the statement of revenues, expenses and changes in fund net assets, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

Investments consist of long-term certificates of deposits, reported at cost, and shares of a government obligation mutual fund reported at the current fund share price, which also represents its fair value.

D. Capital Assets and Depreciation

Due to the use of the modified cash basis accounting, capital assets and related depreciation are not reported in the financial statements.

E. Long-Term Debt

Due to the use of the modified cash basis accounting, long term debt obligations are not reported in the financial statements. However the amount of long term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 9.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 9.

G. Fund Balances and Net Assets

Fund Balances:

Fund balances generally reported in the governmental funds financial statements are displayed in two components:

a. Reserved – Consists of fund balances that are either legally restricted as to use (such as voter-restricted sales taxes), or fund balances that are not available for expenditure in the subsequent year (such as encumbrances).

b. Unreserved – All other fund balances not classified as “reserved”.

At June 30, 2008, there were no governmental fund balance reserves.

Net assets are displayed in two components:

a. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets - All other net assets that do not meet the definition of “restricted.”

It is the City’s policy to first use restricted net assets prior to the use of unrestricted net assets when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available.

Because of the change in the basis of accounting and presentation for the year ended June 30, 2008, the City has restated its beginning net assets to implement this modified cash basis of accounting and presentation at the start of the year.

H. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statement of activities and net assets to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2008, the City recognized \$23,866 of investment income. At June 30, 2008, the primary government held the following deposits and investments:

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

<u>Deposits</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Demand Deposits			\$ 547,795
Time Deposits			423,689
			<u>\$ 971,484</u>
 <u>Investments</u>			
CMA - JPM US Treasury Plus MMkt Investor Fund	N/A	Aaa	42,930
 Total Deposits and Investments			 <u><u>\$ 1,014,414</u></u>
 Reconciliation to the Statement of Net Assets:			
Cash and cash equivalents			\$ 590,725
Investments			423,689
			<u><u>\$ 1,014,414</u></u>

Custodial Credit Risk

Exposure to custodial credit related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2008, the City had adequate collateral to cover all bank balances.

Investment Credit Risk

The City limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The City's only marketable investments at June 30, 2008 consisted of \$42,930 in money market funds invested in U.S. Treasury securities with a credit rating of Aaa by Standard and Poors.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's has no investment policy that limits based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2008, the investments were

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

limited to a time deposits and shares of money market funds invested in U.S. Treasury securities not exposed to interest rate risk.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At June 30, 2008, the City had no concentration of credit risk as defined above.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net assets are comprised of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2008 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Current Investments</u>
Utility Deposits	\$ 78,889	\$ 228,000
Debt Service Fund Commitment	42,930	-
	<hr/>	<hr/>
Total Restricted Assets	<u>\$ 121,819</u>	<u>\$ 228,000</u>

3. Net Assets and Fund Balances

Restatement of Beginning Equity

Because of the change in the basis of accounting and presentation for the year ended June 30, 2008, the City has restated its beginning fund balances and net assets (previously reported on a budgetary basis) to implement the modified cash basis of accounting and presentation at the start of the year.

	<u>Fund Level</u>			<u>Government-Wide</u>	
	<u>General Fund</u>	<u>Cemetery Care Fund</u>	<u>CMA</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning fund balance/net assets, as previously reported	(\$93,600)	\$0	\$98,803	\$ 124,662	\$ 98,803
Adjustment to correct to modified cash basis	88,400	69,205	427,744	157,605	427,744
Beginning fund balance/net assets, restated	<u>(\$5,200)</u>	<u>\$69,205</u>	<u>\$526,547</u>	<u>\$282,267</u>	<u>\$526,547</u>

4. Sales Tax Revenue

Sales tax revenue represents a 3 cent local tax on each dollar of taxable sales within the City, of which 1 cent is restricted for debt service and recorded in the 1999 Sales Tax Fund per voter approval of Ordinance #684 effective on and after May 1999; and 1 cent is restricted for capital outlay and/or water operations and recorded in the Sales Tax Reserve Fund per voter approval of Ordinance #442 effective on and after July 1977. The remaining 1 cent is received and recorded in the General Fund.

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

5. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

6. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2008 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Cemetery Care Fund	General Fund	\$11,343	15% of cemetery revenue
General Fund	CMA	39,391	Expense paid out of wrong fund
General Fund	CMA	24,182	Negative cash in General Fund
		<u>\$74,916</u>	

Reconciliation to Statement of Net Assets:

	<u>Due From</u>	<u>Due To</u>	<u>Net Transfers</u>
Governmental	\$50,734	(\$35,525)	\$15,209
Business-Type	24,182	(39,391)	(15,209)
Total	<u>\$74,916</u>	<u>(\$74,916)</u>	<u>\$ -</u>

Transfers between legal entities netted to \$144,177 and are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
CMA	General Fund	\$446,821	Operating subsidy
CMA	General Fund	58,591	Debt activity reclassifications
CMA	1999 Sales Tax	6,280	To fund blance of debt service
General Fund	CMA	3,260	Debt activity reclassifications
Sales Tax Reserve	CMA	325,647	Sales tax transfer
1999 Sales Tax	Debt Service	326,962	Debt service payments
		<u>\$1,167,561</u>	

Reconciliation to Statement of Changes in Net Assets:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental	\$511,692	(655,869)	(\$144,177)
Business-Type	655,869	(511,692)	\$144,177
Total	<u>\$1,167,561</u>	<u>(\$1,167,561)</u>	<u>\$ -</u>

7. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

The City of Collinsville participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) – an agent multiple-employer defined benefit plan
- OMRF Defined Contribution – an agent multiple-employer defined contribution plan

Firefighter Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members are required to contribute 8% to the plan. The City is required by state law to contribute 13% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2006	\$22,099	\$22,099
2007	\$23,542	\$23,542
2008	\$31,649	\$31,649

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Police Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of full-time police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

Funding Policy. OPPRS plan members are required to contribute 8% to the plan. The City is required by state law to contribute 13% per year of covered payroll for each police officer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2006	\$36,859	\$36,859
2007	\$36,993	\$36,993
2008	\$41,285	\$41,285

OMRF Defined Benefit Plan

The City contributes to the City of Collinsville Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Commissioners. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. Bank One Trust Company of Oklahoma City acts as administrator and securities custodian.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	6.52% of covered payroll
-Employee Rate	4% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	1.875% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

For the year ended June 30, 2008, the City's employer contribution to the plan was \$66,211 which was equal to the actuarial required contribution.

Actuarial Valuation Information

The most recent actuarial valuation dated July 1, 2008 reported actuarial value of plan assets of \$2,337,754 and an actuarial accrued plan liability of \$2,492,018, resulting in an unfunded liability of \$154,265 or a 93.8% funded ratio.

Actuarial assumptions used in the valuation included the following:

For Plan Year July 1, 2006 (Date of Last Actuarial Valuation)

a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Rates by age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	UP 94 mortality
g. Asset Valuation Method	Actuarial method

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

OMRF Defined Contribution Plan

The City has also provided a defined contribution plan and trust known as the City of Collinsville Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee may contribute to the Plan an amount up to 3% of their gross wages. The City as employer, contributes per ordinance, an amount up to 100% of the employee contribution. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the City's current-period contribution requirements. The authority to establish and amend the provisions of the plan rests with the City Commissioners. For the year ended June 30, 2008, the City contributed \$9,279 to the plan, while the employee contributions totaled \$5,710.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway Oklahoma City, Oklahoma, 73102.

9. Commitments and Contingencies

Long-term Debt Commitments:

At June 30, 2008, in addition to vendor and employee obligations due and payable, the statement of net assets reported the following as compensation obligations as defined in Note 1.

City of Collinsville Capital Lease Agreements:

\$35,467 capital lease agreement with RCB Bank for purchase of two new police cars, payable in monthly installments of \$834, final payment due August 2010.	\$20,211
\$82,932 capital lease agreement with RCB Bank for purchase of an ambulance, payable in monthly installments of \$1,378, final payment due August 2012.	<u>59,561</u>
Total Capital Leases	<u>\$79,772</u>

Collinsville Municipal Authority:

Long-term obligations payable from revenues generated by or pledged to CMA includes the following:

Capital Lease Agreement:

\$37,195 capital lease agreement with Catepillar Finance for purchase of an excavator, payable in monthly installments of \$1,033, final payment due June 2011.	<u>\$37,195</u>
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CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

Revenue Bonds Payable:

2006 Sales Tax and Utility Revenue Note, original amount of \$3,300,000, payable in monthly installments, interest rate ranging from 4.49%, final payment due October 1, 2019. \$2,947,800

Water Contract Obligations:

Obligation payable to the U.S. Army Corps of Engineer, original amount of \$229,232, for the use of water facility, payable in annual installments of \$9,159, final maturity in March 2032. \$144,647

Notes Payable:

2001 OWRB note payable for wastewater improvements, original amount of \$897,424, payable in 40 semi-annual installments with an annual interest rate of 2.561%, final payment due December 2021. \$683,558

2002 note payable to Hoover/Kirkhart for a building for police department, original amount of \$150,900, payable in monthly installments of \$996 with an annual interest rate of 5%, final payment due August 2022. Repayment being made by the General Fund. 120,641

2006 note payable to RCB bank for a passenger van for inmate transport, original amount of \$13,400, payable in monthly installments of \$408 with an annual interest rate of 6%, final payment due May 2, 2009. 4,355

2006 note payable to RCB Bank for land purchase, original amount of \$87,000, payable in monthly installments of \$598 with an annual interest rate of 5.49%, final payment of \$79,787 due November 2009. 82,898

2007 note payable to American Bank for a 1999 ambulance, original amount of \$25,144, payable in monthly installments of \$490 with an annual interest rate of 6.25%, final payment due May 2012. 20,283

2007 OWRB note payable for wastewater improvements, original amount of \$1,370,000, payable in 40 semi-annual installments with an annual interest rate of 2.60%, final payment due July 2027. 1,234,339

2007 note payable to RCB Bank for sanitation equipment, original amount of \$280,185, payable in monthly installments of \$4,078 with an annual interest rate of 5.79%, final payment due July 2014. 249,946

2008 note payable to Bank of the Lakes for Federal State Disaster Aid, original amount of \$1,500,000, payable in quarterly interest payments with an annual interest rate of 4.228%, final balloon payment due February 2010. 664,461

2007 note payable to RCB Bank for a backhoe, original amount of

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

\$75,598, payable in monthly installments of \$1,762 with an annual interest rate of 5.53%, final payment due November 2011.	65,528
2007 note payable to ODOC for a CDBG loan, original amount of \$136,354, payable in quarterly installments of \$1,704, final payment due September 2027.	<u>127,832</u>
Total Notes Payable	<u>\$3,253,841</u>

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2008, is summarized as follows:

CMA – accrued compensated absences \$93,693
General Fund – accrued compensated absences \$95,454

Water Rights Contract:

The Collinsville Municipal Authority (CMA) entered into an agreement with the United States of America for water storage space in Oologah Lake. In consideration of the right to utilize the aforesaid storage space in the Project for municipal and industrial supply purposes, the CMA agreed to pay costs in the amount of \$229,232, along with maintenance and operations costs on an annual basis. This agreement was activated in April 1985, payable in annual installments of \$9,159. The total water right obligation balance at June 30, 2008 is \$144,647. Due to the long-term nature of this agreement and infinite economic life of the water rights, the CMA's investment in the water rights contract is not being amortized.

Defeased Bonds Outstanding:

The City, through its various public trusts, has in substance defeased a number of outstanding bond issues by placing deposits in irrevocable trusts, escrow accounts, for the purchase of U.S. Government Securities to pay principal and interest on the refunded bonds as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year end, the remaining outstanding defeased debt issues were as follows:

1999 Series Sales Tax and Utility System Revenue Bonds – Defeased	\$1,315,000
2000 Series Sales Tax and Utility System Revenue Bonds - Defeased	<u>1,535,000</u>
Total Defeased Bonds Outstanding	<u>\$ 2,850,000</u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Vision 2025 Capital Improvements Agreement:

On March 15, 2004, a capital improvement agreement was made and entered into by and among the Tulsa County Industrial Authority, the Board of County Commissioners of Tulsa County, and the City of Collinsville. On September 9, 2003, the duly qualified electors of Tulsa County approved the levy and collection of a county sales tax for the purpose of capital improvements for community enrichment within Tulsa County. The following capital projects were agreed to be provided for the City of Collinsville:

- Downtown/Neighborhoods improvements – mainly on Collinsville main street (Highway 20).
- \$2.3 million (\$1.1 million for Fire/EMS building and \$1.2 million for City Hall) from Vision 2025 is to rebuild the historic 1913 City Hall/Fire Station destroyed by fire in December 2001. The original building has been rebuilt. There is a large multi-purpose room for city commission meetings, city boards and authorities, city court and community functions. The fire and emergency medical services were re-located in the summer of 2005 to a new structure adjacent to the City Hall building to create a campus for city operations in downtown Collinsville. Police operations that were conducted out of the destroyed building were relocated in 2003 a few blocks away and were not a part of the Vision 2025 funding.

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one cent (or 66.67%) of future sales tax revenues and net utility revenues to repay the \$3,300,000 Series 2006 Sales Tax and Utility Revenue Bonds, the \$897,424 Series 2001 OWRB Promissory Notes and the \$1,370,000 2007 CWSRF OWRB Promissory Note. Proceeds from the bonds provided refunding of bonds issued for capital assets while proceeds from the notes provided for the purchase or construction of capital assets. The bonds and notes are payable from pledged sales tax revenues and net utility revenues. The bonds are payable through 2019 while the notes are payable through 2021 and 2027. The total principal and interest payable for the remainder of the life of these bonds and notes are \$6,347,070. Pledged sales taxes received in the current year were \$325,647 and net utility revenues were \$55,492, for a total of pledged revenues of \$381,139. Debt service payments of \$394,907 for the current fiscal year are 104% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 86% of annual average debt service of \$442,114.

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Federal and State Award Programs:

The City of Collinsville participates in various federal or state grant/loan programs from year to year. In 2008, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

10. Expenditures Exceeding Appropriations

The City is required to adopt appropriations for all funds of the City of Collinsville legal entity. The level at which expenditures and legal obligations should not exceed appropriations is the department level with a fund as provided by the Municipal Budget Act. Transfers of appropriation may be approved by the City management; however, supplemental appropriations must be approved by the City Commissioners and subsequently filed with the Oklahoma State Auditor's Office. For the year ended June 30, 2008, the City of Collinsville's expenditures and obligations exceeded fund/departmental appropriations as follows:

Fund/Department	Budget	Actual	Variance
General Fund/Police	\$861,756	\$886,920	\$(25,164)
General Fund/Animal Warden	15,888	29,821	(13,933)
General Fund/Vehicle Maint.	23,235	23,685	(450)
General Fund/Park/Swim pool	72,138	74,271	(2,133)
General Fund/EMS	243,143	277,763	(34,620)
Cemetery Care/Capital Outlay	-0-	7,138	(7,138)

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2008

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ (5,200)	\$ (5,200)
Resources (Inflows):				
Taxes	445,000	445,000	427,242	(17,758)
Intergovernmental	258,400	258,400	169,433	(88,967)
Charges for services	577,300	577,300	557,431	(19,869)
Fines and Forfeitures	206,200	206,200	234,849	28,649
Grants	-	41,360	26,864	(14,496)
Miscellaneous	61,541	128,931	73,326	(55,605)
Transfers In	363,522	363,522	502,152	138,630
Total Resources (Inflows)	<u>1,911,963</u>	<u>2,020,713</u>	<u>1,991,297</u>	<u>(29,416)</u>
Amounts available for appropriation	<u>\$ 1,911,963</u>	<u>\$ 2,020,713</u>	<u>\$ 1,986,097</u>	<u>\$ (34,616)</u>
Charges to Appropriations (Outflows):				
Non-departmental	500	500	-	500
Municipal Court	80,951	80,951	55,980	24,971
Police	836,058	861,756	886,920	(25,164)
Animal warden	15,888	15,888	29,821	(13,933)
Fire	308,317	428,497	408,406	20,091
Street	146,912	208,693	158,082	50,611
Vehicle maintenance	23,235	23,235	23,685	(450)
Park/Swim pool	61,972	72,138	74,271	(2,133)
Cemetery	81,327	88,102	74,619	13,483
EMS	356,803	243,143	277,763	(34,620)
Total Charges to Appropriations	<u>1,911,963</u>	<u>2,022,903</u>	<u>1,989,547</u>	<u>33,356</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ (2,190)</u>	<u>\$ (3,450)</u>	<u>\$ (1,260)</u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2008

	CEMETERY CARE FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 69,205	\$ 69,205
Resources (Inflows):				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	8,731	8,731
Fines and Forfeitures	-	-	-	-
Licenses and Permits	-	-	-	-
Investment Income	-	-	2,689	2,689
Miscellaneous	-	-	-	-
Transfers In	-	-	-	-
Total Resources (Inflows)	<u>-</u>	<u>-</u>	<u>11,420</u>	<u>11,420</u>
Amounts available for appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,625</u>	<u>\$ 80,625</u>
Charges to Appropriations (Outflows):				
General Government	-	-	-	-
Cemetery	-	-	7,138	(7,138)
Transfers Out	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>7,138</u>	<u>(7,138)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,487</u>	<u>\$ 73,487</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriations within a fund require City Manager's approval, while supplemental appropriations require City Commission approval.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

SUPPLEMENTARY INFORMATION

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2008

	<u>Sales Tax Reserve Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 4,965	\$ 4,965
Investments	-	-	-
Due from other funds	-	-	-
Total Assets	<u>-</u>	<u>4,965</u>	<u>4,965</u>
LIABILITIES AND FUND BALANCES			
Liabilities	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Unreserved	-	4,965	4,965
Total Fund Balances	<u>-</u>	<u>4,965</u>	<u>4,965</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,965</u>	<u>\$ 4,965</u>

NonMajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2008

	<u>Sales Tax Reserve Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 325,647	\$ 325,647	\$ 651,294
Total Revenues	<u>325,647</u>	<u>325,647</u>	<u>651,294</u>
Expenditures:			
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	325,647	325,647	651,294
Other Financing Sources (Uses):			
Transfers in	-	6,280	6,280
Transfers out	(325,647)	(326,962)	(652,609)
Total Other Financing Sources (Uses)	<u>(325,647)</u>	<u>(320,682)</u>	<u>(646,329)</u>
Net change in fund balances	-	4,965	4,965
Fund balances, beginning (restated)	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ 4,965</u>	<u>\$ 4,965</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

Combining Schedule of Net Asset Accounts – Collinsville Municipal Authority (Modified Cash Basis) – June 30, 2008

	<u>Operating Account</u>	<u>Meter Deposit Account</u>	<u>Debt Service Account</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 322,646	\$ -	\$ -	\$ 322,646
Restricted cash and cash equivalents	-	78,889	42,930	121,819
Investments	50,967	-	-	50,967
Restricted investments	-	228,000	-	228,000
Due from other funds	24,182	-	-	24,182
Total Assets	<u>397,795</u>	<u>306,889</u>	<u>42,930</u>	<u>747,614</u>
LIABILITIES				
Due to other governments	10,337	-	-	10,337
Due to other funds	39,391	-	-	39,391
Meter deposit liability	-	306,889	-	306,889
Total Liabilities	<u>49,728</u>	<u>306,889</u>	<u>-</u>	<u>356,617</u>
NET ASSETS				
Restricted for debt service	-	-	42,930	42,930
Unrestricted	348,067	-	-	348,067
Total net assets	<u>\$ 348,067</u>	<u>\$ -</u>	<u>\$ 42,930</u>	<u>\$ 390,997</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008

Combining Schedule of Revenues, Expenses and Changes in Net Assets – Collinsville Municipal Authority (Modified Cash Basis) – Year Ended June 30, 2008

	Operating Account	Meter Deposit Account	Debt Service Account	Totals
Operating Revenues:				
Charges for services:				
Electric	\$3,365,448	\$ -	\$ -	\$3,365,448
Water	556,445	-	-	556,445
Sewer	353,388	-	-	353,388
Sanitation	365,586	-	-	365,586
Penalties	84,364	-	-	84,364
Planning Fees	2,300	-	-	2,300
Administration fees	233,378	-	-	233,378
Miscellaneous	515,016	-	-	515,016
Total Operating Revenues	<u>5,475,925</u>	<u>-</u>	<u>-</u>	<u>5,475,925</u>
Operating Expenses:				
General government	1,319,447	-	-	1,319,447
Electric	4,095,417	-	-	4,095,417
Sanitation	254,484	-	-	254,484
Water	325,613	-	-	325,613
Sewer	206,783	-	-	206,783
Total Operating Expenses	<u>6,201,744</u>	<u>-</u>	<u>-</u>	<u>6,201,744</u>
Operating Income	(725,819)	-	-	(725,819)
Non-Operating Revenues (Expenses):				
Investment income	15,165	-	757	15,922
Miscellaneous	116,323	-	-	116,323
Capital outlay	(1,581,619)	-	-	(1,581,619)
Debt service:				
Principal retirement	(98,779)	-	(195,200)	(293,979)
Interest expense and fees	(64,356)	-	(137,136)	(201,492)
Total Non-Operating Revenues (Expenses)	<u>(1,613,266)</u>	<u>-</u>	<u>(331,579)</u>	<u>(1,944,845)</u>
Net Income Before Transfers	(2,339,085)	-	(331,579)	(2,670,664)
Proceeds from long-term debt	2,390,937	-	-	2,390,937
Transfers in	328,906	-	326,962	655,868
Transfers out	(511,691)	-	-	(511,691)
Change in net assets	(130,933)	-	(4,617)	(135,550)
Total net assets - beginning, restated	479,000	-	47,547	526,547
Total net assets - ending	<u>\$ 348,067</u>	<u>\$ -</u>	<u>\$ 42,930</u>	<u>\$ 390,997</u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

Debt Service Coverage Schedule – June 30, 2008

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$4,275,281
Sales tax transfer	325,647
	<hr/>

Total Gross Revenues Available	4,600,928
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System Operating Expenses	4,219,789
	<hr/>

Net Revenues Available for Debt Service	\$381,139
	<hr/> <hr/>

Debt Service Requirements:

Average annual debt service - 2001 and 2007 OWRB promissory note and 2006 Revenue Note	\$442,114
	<hr/> <hr/>

Coverage	86%
	<hr/> <hr/>

Coverage Requirement	125%
	<hr/> <hr/>

Extraordinary expenses related to major ice storm recovery costs are not included in the expenses above.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

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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**

The Honorable Mayor
and Members of the City Council
City of Collinsville, Oklahoma

We have audited the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Collinsville, Oklahoma as of and for the year ended June 30, 2008, which collectively comprise City of Collinsville, Oklahoma's basic financial statements and have issued our report thereon dated August 25, 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. Our report on the basic financial statements was unqualified but was modified because the City of Collinsville, Oklahoma prepares their basic financial statements using the modified cash basis of accounting, which differs from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Collinsville, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Collinsville, Oklahoma'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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
PAGE TWO

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 entity's internal control.

Our consideration of internal control over financial reporting 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and the City Council, and is not intended to be and should not be used by anyone other than these specified parties.



August 25, 2009



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

To the City Council
City of Collinsville, Oklahoma

Compliance

We have audited the compliance of City of Collinsville, Oklahoma (the "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 June 30, 2008. The City's major federal programs are identified in the Summary of Auditors' 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 non-compliance 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 of the City's compliance with those requirements.

In our opinion, the City of Collinsville, Oklahoma 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 June 30, 2008.

Internal Control Over Compliance

The management of the City of Collinsville, Oklahoma 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 audits, we considered the City's internal control over compliance with the 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.

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 entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 entity'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 and use of 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.

A handwritten signature in black ink that reads "HBC CPAs & Advisors". The signature is written in a cursive, slightly slanted style.

August 25, 2009

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2008**

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (REVISED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed Through Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	PT-07-03-08-01	\$ 12,000	\$ 6,977
State and Community Highway Safety	20.600	PT-08-03-32-00	3,000	3,000
Subtotal - CFDA 20.600			<u>15,000</u>	<u>9,977</u>
Passed Through Oklahoma Department of Transportation:				
Main Street Enhancement Project	20.200	STP-172E(289)EH	<u>407,061</u>	<u>229,100</u>
Total U. S. Department of Transportation			<u>422,061</u>	<u>239,077</u>
<u>U. S. DEPARTMENT OF JUSTICE:</u>				
State and Local Domestic Preparedness Equipment Support	16.007	OK-LETP #35.19	<u>69,469</u>	<u>10,987</u>
Total Department of Justice			<u>69,469</u>	<u>10,987</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>				
Passed through Oklahoma Department of Emergency Management:				
Disaster Recovery - Public Assistance Pilot Program	97.036	FEMA-1735-DR-OK	<u>440,441</u>	<u>440,441</u>
Total Federal Emergency Management Agency			<u>440,441</u>	<u>440,441</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
Community Development Block Grant - Non-entitlement	14.228	12217 CDBG ED 05	236,354	236,354
Community Development Block Grant - Non-entitlement	14.228	12427 CDC 06	<u>12,000</u>	<u>11,315</u>
Total U. S. Department of Housing and Urban Development			<u>248,354</u>	<u>247,669</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,180,325</u>	<u>\$ 938,175</u>

NOTE: This schedule has been prepared on the basis of accounting consistent with the definition of federal awards

CITY OF COLLINSVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008

I. Summary of Significant Accounting Policies

This schedule includes the federal awards activity of City of Collinsville, Oklahoma and is presented the basis of accounting consistent with the definition of federal awards expended as defined in paragraph 205 of OMB Circular A-133. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Expenditures

Expenditures represent the current year federal grant/contract portion only.

**CITY OF COLLINSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008**

Summary of Auditors' Reports

1. The independent auditors' report on the modified cash basis financial statements expressed an unqualified opinion.
2. No significant deficiencies were reported in the independent auditor's report on internal control over financial reporting.
3. No instance of noncompliance considered material to the financial statements of the City was disclosed during the audit.
4. No significant deficiencies in internal control over compliance with requirements applicable to major federal awards programs were reported in the independent auditors' report on internal control over compliance.
5. The independent auditor's report on compliance with requirements applicable to major federal awards programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The City's major programs were:

Program/Cluster	CFDA Number
Federal Emergency Management Agency Passed through Oklahoma Department of Emergency Management Disaster Recovery - Public Assistance Pilot Program	97.036
Passed through Oklahoma Department of Commerce Community Development Block Grant	14.228

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined by OMB Circular A-133.
9. The City did not qualify as a low risk auditee as that term is defined by OMB Circular A-133.

Findings Required to be Reported by *Government Auditing Standards*

No matters were reportable.

Findings Required to be Reported by OMB Circular A-133

No matters were reportable.

**CITY OF COLLINSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

No matters were reportable.