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State Auditor & Inspector

**THE CITY OF COLLINSVILLE,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

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**CPAs &
Advisors**

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Collinsville, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of the City of Collinsville, Oklahoma as of and for the year ended June 30, 2010, 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 basic 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 1.B., the City of Collinsville, Oklahoma prepares its financial statements on the modified cash basis, 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-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Oklahoma as of June 30, 2010, and the respective changes in financial position-modified cash basis and cash flows-modified cash basis, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.B..

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2011 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 is important in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension fund progress on pages 7 through 13 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the City of Collinsville, Oklahoma's financial statements as a whole. The combining non-major enterprise fund schedules-modified cash basis, the schedule of expenditures of federal and state awards-modified cash basis, and debt coverage information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major enterprise fund schedules-modified cash basis, the schedule of expenditures of federal and state awards-modified cash basis, and the debt coverage information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1.B..

HBC CPAs & Advisors

July 7, 2011

**CITY OF COLLINSVILLE, OKLAHOMA
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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, 2010. 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 increased by \$7,037,331, and the assets of the City exceed its liabilities at June 30, 2010, by \$9,588,784 (net assets). \$6,152,470 of this amount is restricted for various purposes. The remaining \$3,436,314 is available to meet the government's ongoing needs.
- At June 30, 2010, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$1,447,222.
- The City's business-type activities reported an increase in net assets of \$7,161,790 or a 731% increase from the prior year. The increase is primarily due to proceeds of long-term debt of \$8,579,579 of which the majority remains unspent as of June 30, 2010.

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.

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- **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 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.

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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 24-39 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 the 1999 Sales Tax Fund.

THE CITY AS A WHOLE

For the year ended June 30, 2010, net assets on a modified cash basis for the governmental and business-type activities increased \$7,037,331.

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**Net Assets (Modified Cash Basis)
June 30, 2010**

	Governmental Activities	Business-type Activities	Total
Beginning net assets	\$ 1,571,681	\$ 979,772	\$ 2,551,453
Increase/(Decrease)	(124,459)	7,161,790	7,037,331
Ending net assets	\$ 1,447,222	\$ 8,141,562	\$ 9,588,784

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

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	(Restated)						(Restated)		
	2010	2009		2010	2009		2010	2009	
Assets:									
Current and other assets	\$ 1,451,811	\$ 1,577,183	-8%	\$ 8,507,371	\$ 1,324,371	542%	\$ 9,959,182	\$ 2,901,554	243%
Total assets	1,451,811	1,577,183	-8%	8,507,371	1,324,371	542%	9,959,182	2,901,554	243%
Liabilities:									
Current and other liabilities	4,589	5,502	-17%	365,809	344,599	6%	370,398	350,101	6%
Total liabilities	4,589	5,502	-17%	365,809	344,599	6%	370,398	350,101	6%
Net assets:									
Restricted	97,533	87,813	-	6,054,937	42,966	13992%	6,152,470	130,779	4604%
Unrestricted	1,349,689	1,483,868	-9%	2,086,625	936,806	123%	3,436,314	2,420,674	42%
Total net assets	\$ 1,447,222	\$ 1,571,681	-8%	\$ 8,141,562	\$ 979,772	731%	\$ 9,588,784	\$ 2,551,453	276%

The City's governmental activities had a decrease in net assets of \$124,459. The business-type activities had an increase in net assets of \$7,161,790.

Business-type activities' current and other assets increased significantly in the current year due to the issuance of the 2009 and 2010 Sales Tax Revenue Bonds. Construction funds remaining unspent at year-end make up the majority of the increase. This is the same explanation for the large increase in restricted net assets.

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Revenues, Expenses and Changes in Net Assets (Modified Cash Basis)
Year Ended June 30, 2010

	Governmental Activities		% Inc.	Business-type Activities		% Inc.	Total Primary Government		% Inc.
	(Restated)		(Dec.)	(Restated)		(Dec.)	(Restated)		(Dec.)
	2010	2009		2010	2009		2010	2009	
Revenues:									
Program revenues:									
Charges for Services	\$ 819,595	\$ 826,406	-1%	\$ 6,312,264	\$ 5,748,497	10%	\$ 7,131,859	\$ 6,574,903	8%
Grants & Contributions	75,113	2,013,283	-96%	-	413,159	-100%	75,113	2,426,442	-97%
Capital Grants, Contributions & Debt Proceeds	5,037,792	4,546	100%	3,759,857	119,854	3037%	8,797,649	124,400	6972%
General Revenues:									
Sales Tax	1,201,442	1,103,215	9%	-	-	-	1,201,442	1,103,215	9%
Other Taxes	167,205	176,009	-5%	-	-	-	167,205	176,009	-5%
Other General Revenues	98,713	87,234	13%	19,842	111,768	-82%	118,555	199,002	-40%
Total Revenues	7,999,860	4,210,693	76%	10,091,963	6,393,278	58%	17,491,823	10,603,971	65%
Program Expenses:									
General Government	36,152	47,443	-24%	-	-	-	36,152	47,443	-24%
Public Safety	2,177,943	1,899,148	15%	-	-	-	2,177,943	1,899,148	15%
Highways and Streets	714,264	146,470	388%	-	-	-	714,264	146,470	388%
Cemetery	57,357	56,359	2%	-	-	-	57,357	56,359	2%
Culture and Recreation	1,141,728	60,788	1778%	-	-	-	1,141,728	60,788	1778%
Electric	-	-	-	3,738,970	4,636,667	-19%	3,738,970	4,636,667	-19%
Sanitation	-	-	-	469,443	361,133	30%	469,443	361,133	30%
Water	-	-	-	674,881	908,932	-26%	674,881	908,932	-26%
Sewer	-	-	-	1,314,224	611,547	115%	1,314,224	611,547	115%
Interest on long-term debt	129,530	12,392	945%	-	-	-	129,530	12,392	945%
Total Expenses	4,256,974	2,222,600	92%	6,197,518	6,518,279	-5%	10,454,492	8,740,879	20%
Excess (Deficiency)	3,142,886	1,988,093	58%	3,894,445	(125,001)	-3216%	7,037,331	1,863,092	278%
Net Transfers	(3,267,345)	(713,776)	358%	3,267,345	713,776	358%	-	-	-
Increase/(Decrease) Net Assets	\$ (124,459)	\$ 1,274,317	-110%	\$ 7,161,790	\$ 588,775	1116%	\$ 7,037,331	\$ 1,863,092	278%
Beginning Net Assets	1,571,681	297,364	429%	979,772	390,997	151%	2,551,453	688,361	271%
Ending Net Assets	\$ 1,447,222	\$ 1,571,681	-8%	\$ 8,141,562	\$ 979,772	731%	\$ 9,588,784	\$ 2,551,453	276%

Capital grants, contributions and debt proceeds increased by \$8,673,249 from the prior year. This is mainly due to the issuance of two new revenue bonds totaling \$7,920,000. The activity related to these revenue bonds were split between both the governmental activities and the business-type activities. The 2009 bonds' purposes were for governmental activities, while the 2010 bonds' purposes were business-type in nature. This also explains the significant increases in certain expenses of both the governmental and business-type activities, along with the changes in net transfers.

Governmental Activities

Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc.	Net Revenue (Expense) of Services		% Inc.
	(Restated)		(Dec.)	(Restated)		(Dec.)
	2010	2009		2010	2009	
General government	\$ 36	\$ 47	-23%	\$22	\$10	120%
Public safety	2,178	1,899	15%	(687)	(1,208)	-43%
Streets	714	146	389%	1,650	1,871	-12%
Culture, parks and recreation	1,142	61	1772%	824	(61)	-1451%
Cemetery	57	56	2%	(4)	22	-118%
Interest on long-term debt	130	12	983%	(130)	(12)	983%
Total	\$ 4,257	\$ 2,221	92%	\$ 1,675	\$ 622	169%

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Business-type Activities

**Net Revenue (Expense) of Business-Type Activities
(In Thousands)**

	<u>Total Expense</u>		<u>% Inc. Dec.</u>	<u>Net Revenue</u>		<u>% Inc. Dec.</u>		
	<u>of Services</u>			<u>(Expense)</u>			<u>of Services</u>	
	(Restated)			(Restated)				
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>			
Electric	\$ 3,739	\$ 4,637	-19%	\$ 858	\$ (97)	-985%		
Sanitation	469	361	30%	165	72	129%		
Water	675	909	-26%	324	(149)	-317%		
Sewer	1,314	612	115%	2,528	(63)	-4113%		
Total	\$ 6,197	\$ 6,519	-5%	\$ 3,875	\$ (237)	-1735%		

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2010 fiscal year, the governmental funds reported a combined fund balance of \$1,447,222.

Other fund highlights include:

- For the year ended June 30, 2010, the General Fund's total fund balance decreased by \$123,239.

Budgetary Highlights

For the year ended June 30, 2010, the General Fund reported actual budgetary basis revenues under final estimates by \$102,493 or a 4.4% negative variance. General Fund actual expenditures were under final appropriations by \$161,003 or a 6.6% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2011 budget is consistent to prior years.
- Water, sewer and garbage rates will increase over a three-year period with the first increase effective July 1, 2009.

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
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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET ASSETS AND ACTIVITIES

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Statement of Net Assets (Modified Cash Basis) – June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,302,488	\$ 8,173,887	\$ 9,476,375
Investments	180,998	294,813	475,811
Due from vendor	-	6,996	6,996
Internal Balances	(31,675)	31,675	-
Total Assets	<u>1,451,811</u>	<u>8,507,371</u>	<u>9,959,182</u>
LIABILITIES			
Due to other governments	1,449	18,519	19,968
Due to depositors	3,140	347,290	350,430
Total liabilities	<u>4,589</u>	<u>365,809</u>	<u>370,398</u>
NET ASSETS			
Restricted for cemetery	97,533	-	97,533
Restricted for capital projects	-	5,065,893	5,065,893
Restricted for debt service	-	989,044	989,044
Unrestricted	1,349,689	2,086,625	3,436,314
Total net assets	<u>\$ 1,447,222</u>	<u>\$ 8,141,562</u>	<u>\$ 9,588,784</u>

See accompanying notes to these financial statements.

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Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2010

Functions/Programs	Program Revenue				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
Primary government							
Governmental Activities							
General Government	\$ 36,152	\$ 54,956	\$ -	\$ 3,500	\$ 22,304	\$ -	\$ 22,304
Public Safety	2,177,943	644,349	21,460	824,646	(687,488)	-	(687,488)
Highways and streets	714,264	66,715	53,653	2,243,646	1,649,750	-	1,649,750
Cemetery	57,357	53,575	-	-	(3,782)	-	(3,782)
Culture and Recreation	1,141,728	-	-	1,966,000	824,272	-	824,272
Interest on Long-term debt	129,530	-	-	-	(129,530)	-	(129,530)
Total governmental activities	4,256,974	819,595	75,113	5,037,792	1,675,526	-	1,675,526
Business-type activities:							
Electric	3,738,970	4,337,136	-	259,368	-	857,534	857,534
Water	674,881	892,712	-	106,578	-	324,409	324,409
Sewer	1,314,224	571,876	-	3,270,000	-	2,527,652	2,527,652
Sanitation	469,443	510,540	-	123,911	-	165,008	165,008
Total business-type activities	6,197,518	6,312,264	-	3,759,857	-	3,874,603	3,874,603
Total primary government	10,454,492	7,131,859	75,113	8,797,649	1,675,526	3,874,603	5,550,129
General revenues:							
Taxes:							
Sales and use tax					\$ 1,201,442	\$ -	\$ 1,201,442
Franchise taxes and public service taxes					126,648	-	126,648
E-911 taxes					40,557	-	40,557
Intergovernmental revenue not restricted to specific programs					21,892	-	21,892
Unrestricted investment earnings					11,014	16,542	27,556
Miscellaneous					65,807	3,300	69,107
Transfers					(3,267,345)	3,267,345	-
Total general revenues and transfers					(1,799,985)	3,287,187	1,487,202
Change in net assets					(124,459)	7,161,790	7,037,331
Net assets - beginning					1,571,681	979,772	2,551,453
Net assets - ending					\$ 1,447,222	\$ 8,141,562	\$ 9,588,784

See accompanying notes to these financial statements.

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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2010

	<u>General Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,162,703	\$ -	\$ 139,785	\$ -	\$ 1,302,488
Investments	-	-	85,983	95,015	180,998
Due from other funds	-	-	-	2,518	2,518
Total assets	<u>1,162,703</u>	<u>-</u>	<u>225,768</u>	<u>97,533</u>	<u>1,486,004</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	1,449	-	-	-	1,449
Due to other funds	34,193	-	-	-	34,193
Refundable deposits	3,140	-	-	-	3,140
Total liabilities	<u>38,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,782</u>
Fund balances:					
Unreserved	1,123,921	-	-	-	1,123,921
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	97,533	97,533
Capital projects funds	-	-	225,768	-	225,768
Total fund balances	<u>1,123,921</u>	<u>-</u>	<u>225,768</u>	<u>97,533</u>	<u>1,447,222</u>
Total liabilities and fund balances	<u>\$ 1,162,703</u>	<u>\$ -</u>	<u>\$ 225,768</u>	<u>\$ 97,533</u>	<u>\$ 1,486,004</u>

See accompanying notes to these financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2010**

	<u>General Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 562,454	\$ 503,087	\$ -	\$ 303,106	\$ 1,368,647
Intergovernmental	187,901	-	-	-	187,901
Charges for services	558,984	-	-	8,036	567,020
Fines and forfeitures	197,619	-	-	-	197,619
Licenses and permits	54,956	-	-	-	54,956
Investment income	7,810	-	1,520	1,684	11,014
Miscellaneous	65,807	-	-	-	65,807
Total revenues	<u>1,635,531</u>	<u>503,087</u>	<u>1,520</u>	<u>312,826</u>	<u>2,452,964</u>
EXPENDITURES					
Current:					
General government	36,152	-	-	-	36,152
Public safety	1,998,366	-	-	-	1,998,366
Highways and streets	123,591	-	-	-	123,591
Culture and recreation	79,339	-	-	-	79,339
Cemetery	57,357	-	-	-	57,357
Capital Outlay	100,072	-	-	-	100,072
Debt Service:					
Principal	35,296	-	-	-	35,296
Interest and other charges	9,316	-	-	-	9,316
Total Expenditures	<u>2,439,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,439,489</u>
Excess (deficiency) of revenues over expenditures	<u>(803,958)</u>	<u>503,087</u>	<u>1,520</u>	<u>312,826</u>	<u>13,475</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	680,719	12,496	-	-	693,215
Transfers out	-	(528,043)	-	(303,106)	(831,149)
Total other financing sources and uses	<u>680,719</u>	<u>(515,547)</u>	<u>-</u>	<u>(303,106)</u>	<u>(137,934)</u>
Net change in fund balances	(123,239)	(12,460)	1,520	9,720	(124,459)
Fund balances - beginning	1,247,160	12,460	224,248	87,813	1,571,681
Fund balances - ending	<u>\$ 1,123,921</u>	<u>\$ -</u>	<u>\$ 225,768</u>	<u>\$ 97,533</u>	<u>\$ 1,447,222</u>

See accompanying notes to these financial statements.

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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Proprietary Fund Statement of Net Assets (Modified Cash Basis) – June 30, 2010

	Collinsville Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,999,660
Restricted cash and cash equivalents	5,431,538
Investments	66,813
Restricted investments	228,000
Due from other funds	31,675
Due from vendor	6,996
Total current assets	7,764,682
Non-current assets:	
Restricted cash and cash equivalents	742,689
Total non-current assets	742,689
Total assets	8,507,371
 LIABILITIES	
Current liabilities:	
Due to other governments	18,519
Deposits subject to refund	347,290
Total liabilities	365,809
 NET ASSETS	
Restricted for capital projects	5,065,893
Restricted for debt service	989,044
Unrestricted	2,086,625
Total net assets	\$ 8,141,562

See accompanying notes to these financial statements

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Assets (Modified Cash Basis) – Year Ended June 30, 2010

	Collinsville Municipal Authority
Operating Revenues:	
Electric	\$ 4,028,700
Water	829,238
Sewer	531,206
Sanitation	474,224
Penalties	139,716
Planning fees	2,337
Administration fees	255,572
Miscellaneous	51,271
Total operating revenues	6,312,264
Operating Expenses:	
General government	1,193,053
Electric	2,468,504
Water and sewer distribution	187,050
Water and sewer treatment	374,087
Sanitation	185,464
Total Operating Expenses	4,408,158
Operating income (loss)	1,904,106
Non-Operating Revenues (Expenses):	
Investment income	16,542
Miscellaneous	3,300
Grant revenue	127,174
Capital outlay	(2,321,225)
Bond issuance costs	(344,062)
Debt service:	
Principal retirement	(608,770)
Interest expense and fees	(332,788)
Total non-operating revenue (expenses)	(3,459,829)
Income (loss) before transfers and other sources	(1,555,723)
Transfers and other financing sources:	
Proceeds from long-term debt	8,579,579
Transfers in	831,149
Transfers out	(693,215)
Change in net assets	7,161,790
Total net assets - beginning	979,772
Total net assets - ending	\$ 8,141,562

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2010

	<u>Collinsville Municipal Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 6,308,568
Payments to suppliers	(3,316,271)
Payments to employees	(1,087,665)
Interfund receipts/payments	(5,911)
Receipts of customer meter deposits	124,405
Refunds of customer meter deposits	(107,417)
Net cash provided by (used in) operating activities	<u>1,915,709</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	831,149
Transfers to other funds	(693,215)
Net cash provided by (used in) noncapital financing activities	<u>137,934</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(2,321,225)
Proceeds of grant	127,174
Proceeds on capital debt	8,579,579
Principal paid on debt	(608,770)
Note issue costs	(344,062)
Interest and fiscal agent fees paid on debt	(332,788)
Net cash provided by (used in) capital and related financing activities	<u>5,099,908</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(6,239)
Interest and dividends	16,542
Net cash provided by (used in) investing activities	<u>10,303</u>
Net increase (decrease) in cash and cash equivalents	7,163,854
Balances - beginning of year	<u>1,010,033</u>
Balances - end of year	<u>\$ 8,173,887</u>
Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	1,999,660
Restricted cash and cash equivalents - Current	5,431,538
Restricted cash and cash equivalents - Non-current	742,689
Total cash and cash equivalents, end of year	<u>8,173,887</u>
	(Continued)
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,904,106
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Miscellaneous revenue	3,300
Change in assets and liabilities:	
Due from vendor	(6,996)
Due to other governments	4,222
Due from other funds	(5,911)
Deposits subject to refund	16,988
Net cash provided by (used in) operating activities	<u>\$ 1,915,709</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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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

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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 (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
- Cemetery: Cemetery lot sales and openings/closings

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
- 1999 Sales Tax Fund – accounts for contributions and specific revenues and expenditures for various capital projects
- Capital Improvement Fund – accounts for contributions and specific revenues and expenditures for various capital projects

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
- Cemetery Care Fund – accounts for 15% of cemetery revenue restricted by State law for cemetery capital improvements.

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.

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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

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, 2010, 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.

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, 2010, the City recognized \$27,556 of investment income. At June 30, 2010, the primary government held the following deposits and investments:

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<u>Type</u>		<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 3,421,438
Time deposit		475,811
		<u>\$ 3,897,249</u>
Investments:		
JP Morgan Treasury Plus MMkt Investor Fund	AAAm	\$ 42,901
Federated Government Obligations	AAAm	6,012,036
		<u>6,054,937</u>
Total deposits and investments		<u><u>\$ 9,952,186</u></u>
 Reconciliation to Statement of Net Assets:		
Cash and cash equivalents		\$ 9,476,375
Investments		475,811
		<u><u>\$ 9,952,186</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, 2010, 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, 2010 consisted of \$6,054,937 in money market funds invested in U.S. Treasury securities with a credit rating of AAA by Standard and Poors.

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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, 2010, the investments were 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, 2010, 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, 2010 are as follows:

	Current		Noncurrent
	Cash and cash equivalents	Investments	Cash and cash equivalents
Utility Deposits	\$ 119,290	\$ 228,000	\$ -
Bond Trustee Accounts	5,312,248	-	742,689
Total	\$ 5,431,538	\$ 228,000	\$ 742,689

3. Sales Tax Revenue

Sales tax revenue represents a 3.75 cent local tax on each dollar of taxable sales within the City, of which 1 3/4 cent is restricted for debt service and recorded in the 1999 Sales Tax Fund per voter approval of Ordinance #826 effective on and after July 2009; 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.

4. 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.

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5. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2010 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CMA	\$ 31,675	Expenses paid out of wrong fund
General Fund	Cemetery Care Fund	2,518	Cemetery Care Revenue
Total		<u>\$ 34,193</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 2,518	\$ (34,193)	\$ (31,675)
Proprietary Funds	31,675	-	31,675
Total	<u>\$ 34,193</u>	<u>\$ (34,193)</u>	<u>\$ -</u>

Transfers between legal entities and funds netted to \$1,524,364 and are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
CMA	General Fund	\$ 377,613	Operational purposes
CMA	General Fund	303,106	Sales tax transfer
CMA	1999 Sales Tax Fund	12,496	Operational purposes
Sales Tax Reserve Fund	CMA	303,106	Sales tax transfer
1999 Sales Tax Fund	Debt Service Fund	528,043	Debt service payments
Total		<u>\$ 1,524,364</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 693,215	\$ (831,149)	\$ (137,934)
Proprietary Funds	831,149	(693,215)	137,934
	<u>\$ 1,524,364</u>	<u>\$ (1,524,364)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (137,934)
Reclassification and transfer of governmental activities out of enterprise funds	\$ (3,129,411)
Total Transfers - Internal Activity	<u>\$ (3,267,345)</u>

6. 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.

7. 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>
2008	\$31,649	\$31,649
2009	\$62,474	\$62,474
2010	\$69,203	\$69,203

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.

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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>
2008	\$41,285	\$41,285
2009	\$46,204	\$46,204
2010	\$46,305	\$46,305

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. JPMorgan Chase of Oklahoma City acts as administrator and securities custodian.

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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	8.85% 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 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement with 7 years of service -Marital death benefit with 7 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	2.625% 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.

The OMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2008	\$67,243	\$67,243
2009	\$67,442	\$67,442
2010	\$95,845	\$95,845

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Actuarial Valuation Information

As of July 1, 2010, the funded status of the OMRF agent multiple employer defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$2,842,392
Actuarial value of plan assets	<u>2,381,375</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$461,018</u>
Funded ratio (actuarial value of plan assets/AAL)	83.8%
Annual covered payroll (active plan members)	1,062,954
UAAL as a percentage of covered payroll	43.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 assumptions used in the valuation included the following:

For Plan Year July 1, 2010 (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

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, 2010, the City contributed \$11,675 to the plan, while the employee contributions totaled \$7,185.

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

8. Postemployment Healthcare Plan

Plan Description:

The City of Collinsville Employees Healthcare Plan (CCEHP) is a single-employer defined benefit healthcare plan administered by the City's health insurance carrier. The obligation for payment of benefits has been effectively transferred from the City to the insurance company, and the City has not guaranteed benefits in the event of the insurance company's insolvency. CCEHP provides medical and dental insurance benefits to eligible retirees and their spouses through the plan. Article IX, Section 6 of the City Code assigns the authority to establish and amend benefit provisions to the City Council. The CCEHP does not issue a separate publicly available financial report.

Funding Policy and Contributions Made:

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, in the form of insurance premiums paid to the insurance company. The City does not provide any additional amount to prefund benefits nor does the plan have an actuarial valuation. The City requires plan members to contribute 100% of a premium amount established by the insurance company and approved by the City Council for all employees and retirees. While, in regards to retirees, this amount contains an implied rate subsidy by the City through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy. Because, the retiree insurance premium established is paid entirely by retiree contributions, there is no net cash outflow by the City related to these benefits. Therefore, there is no cash-basis expenditures reported for the City in regards to the plan benefits. For the year ended June 30, 2010, the City had no retirees participating in the plan's insurance coverage. For fiscal year 2010, the plan member contributed \$0 in the form of insurance premium payments.

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Commitments and Contingencies

Long-term Debt Commitments:

Governmental activities had the following long-term debt payable from taxes and other general revenues for June 30, 2010:

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	\$ 1,385
\$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.	33,106
Total Capital Leases Payable	\$ 34,491

Notes Payable:

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.	\$ 108,220
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.	10,332
Total Notes Payable	\$ 118,552

Business-type activities long-term debt payable from net revenues generated by the utility resources or pledged to the debt include 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 July 2011.	\$ 13,431
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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.	\$ 2,530,000
2009 Sales Tax and Utility Revenue Note, original amount of \$4,915,000, payable in semi-annual installments, interest rate ranging from 4.65% to 5.0%, final payment due August 1, 2029	4,915,000
2010 Sales Tax and Utility Revenue Note, original amount of \$3,005,000, payable in semi-annual installments, interest rate ranging from 3.0% to 5.0%, final payment due March 1, 2040.	3,005,000
Total Revenue Bonds Payable	\$ 10,450,000

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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.	<u>\$ 135,478</u>
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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.	\$ 602,935
2009 note payable to RCB Bank for land purchase, original amount of \$79,914, payable in monthly installments of \$601 with an annual interest rate of 5.5%, final payment due February 2027.	77,534
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.	1,208,936
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.	176,249
2007 note payable to RCB Bank for a backhoe, original amount of \$75,598, payable in monthly installments of \$1,762 with an annual interest rate of 5.53%, final payment due November 2011.	28,104
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.	119,310
2009 note payable to RCB Bank for a 2009 Ford F550 Truck, original amount of \$92,083, payable in monthly installments of \$1,709, final payment due July 2014.	76,616
2009 note payable to RCB Bank for a 2007 International 4300 Truck & Equipment, original amount of \$112,376, payable in monthly installments of \$2,086, final payment due July 2014	91,321
2009 OWRB note payable for wastewater improvements, original amount of \$550,000, payable in 40 semi-annual installments with an annual interest rate of 2.74%, final payment due March 2030.	162,482
2010 note payable to RCB Bank for a 2010 International Freightliner M2, original amount of \$117,446, payable in monthly installments of \$2,681 with an annual interest rate of 4.5%, final payment due February 2014.	108,586
Total Notes Payable	<u><u>\$ 2,652,073</u></u>

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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, 2010, is summarized as follows:

CMA – accrued compensated absences	\$113,797
General Fund – accrued compensated absences	<u>99,054</u>
Total	\$212,851

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, 2010 is \$135,478. 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.

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.

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Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one and three-quarters cents (or 46.67%) of future sales tax revenues and net utility revenues to repay the \$3,300,000 Series 2006 Sales Tax and Utility Revenue Bonds, the \$4,915,000 Series 2009 Sales Tax and Utility Revenue Bonds, the \$3,005,000 Series 2010 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, 2029, and 2040, respectively, while the notes are payable through 2021 and 2027. Pledged sales taxes received in the current year were \$503,087 and net utility revenues were \$2,359,503, for a total of net pledged revenues of \$2,862,590. Debt service payments of \$603,332, related to the above debt issues, for the current fiscal year are 21.1% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 255% of annual average debt service of \$1,122,796.

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.

Federal and State Award Programs:

The City of Collinsville participates in various federal or state grant/loan programs from year to year. In 2010, 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.

9. 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, 2010, the City of Collinsville's 1999 Sales Tax Fund had expenditures and obligations exceeding fund/departmental appropriations by \$29,293.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COLLINSVILLE, OKLAHOMA
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Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2010

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,247,160	\$ 1,247,160	\$ 1,247,160	\$ -
Resources (Inflows):				
Taxes	606,884	555,884	562,454	6,570
Intergovernmental	249,231	265,350	187,901	(77,449)
Charges for services	565,329	565,329	558,984	(6,345)
Fines and forfeitures	211,150	211,150	197,619	(13,531)
Licenses and permits	51,138	51,138	54,956	3,818
Investment income	3,629	3,629	7,810	4,181
Miscellaneous	108,213	103,650	65,807	(37,843)
Transfers In	696,595	662,613	680,719	18,106
Total Resources (Inflows)	<u>2,492,169</u>	<u>2,418,743</u>	<u>2,316,250</u>	<u>(102,493)</u>
Charges to Appropriations (Outflows):				
Non-departmental	68,725	20,018	4,156	15,862
Municipal Court	87,289	87,815	66,646	21,169
Police	1,008,767	1,049,142	1,001,453	47,689
Animal warden	51,713	52,905	35,882	17,023
Fire	874,753	977,162	966,734	10,428
Street	231,939	232,153	188,470	43,683
Vehicle maintenance	29,009	32,236	31,996	240
Park/Swim pool	81,850	90,669	86,795	3,874
Cemetery	58,124	58,392	57,357	1,035
Total Charges to Appropriations	<u>2,492,169</u>	<u>2,600,492</u>	<u>2,439,489</u>	<u>161,003</u>
Ending Budgetary Fund Balance	<u>\$ 1,247,160</u>	<u>\$ 1,065,411</u>	<u>\$ 1,123,921</u>	<u>\$ 58,510</u>

	1999 SALES TAX FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,460	\$ 12,460
Resources (Inflows):				
Taxes	336,000	498,750	503,087	4,337
Transfers In	-	-	12,496	12,496
Total Resources (Inflows)	<u>336,000</u>	<u>498,750</u>	<u>515,583</u>	<u>16,833</u>
Amounts available for appropriation	<u>\$ 336,000</u>	<u>\$ 498,750</u>	<u>\$ 528,043</u>	<u>\$ 29,293</u>
Charges to Appropriations (Outflows):				
Transfers out	336,000	498,750	528,043	(29,293)
Total Charges to Appropriations	<u>336,000</u>	<u>498,750</u>	<u>528,043</u>	<u>(29,293)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF COLLINSVILLE, OKLAHOMA
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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.
3. In the 1999 Sales Tax Fund, the City had a negative variance in the "Transfers Out" category in the amount of \$29,293.

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Schedule of Retirement Plan Contributions – OMRF Defined Benefit Plan

OMRF Agent Multiple Employer Defined Pension Plan - Schedule of Funding Progress

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	(1) Covered Payroll	AAL as a Percentage of Covered Payroll
1/1/04	\$1,721,419	\$1,654,807	(\$66,612)	104.0%	\$1,071,019	(6.2%)
1/1/05	\$1,863,448	\$1,756,495	(\$106,954)	106.1%	\$1,061,450	(10.1%)
1/1/06	\$2,007,998	\$2,152,006	\$144,009	93.3%	\$1,033,403	13.9%
1/1/07	\$2,167,340	\$2,305,735	\$138,395	94.0%	\$1,000,499	13.8%
1/1/08	\$2,337,754	\$2,492,018	\$154,265	93.8%	\$1,007,920	15.3%
1/1/09	\$2,259,329	\$2,631,233	\$371,903	85.9%	\$1,032,914	36.0%
1/1/10	\$2,381,375	\$2,842,392	\$461,018	83.8%	\$1,062,954	43.4%

(1) Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

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SUPPLEMENTARY INFORMATION

**CITY OF COLLINSVILLE, OKLAHOMA
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NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2010

	Sales Tax Reserve Fund	Cemetery Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	95,015	95,015
Due from other funds	-	2,518	2,518
Total assets	<u>-</u>	<u>97,533</u>	<u>97,533</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Unreserved, reported in non-major: Special revenue funds	-	97,533	97,533
Total fund balances	<u>-</u>	<u>97,533</u>	<u>97,533</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 97,533</u>	<u>\$ 97,533</u>

NonMajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2010

	Sales Tax Reserve Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES			
Taxes	\$ 303,106	\$ -	\$ 303,106
Charges for services	-	8,036	8,036
Investment earnings	-	1,684	1,684
Miscellaneous	-	-	-
Total revenues	<u>303,106</u>	<u>9,720</u>	<u>312,826</u>
EXPENDITURES			
Current:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>303,106</u>	<u>9,720</u>	<u>312,826</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(303,106)	-	(303,106)
Total other financing sources and uses	<u>(303,106)</u>	<u>-</u>	<u>(303,106)</u>
Net change in fund balances	-	9,720	9,720
Fund balances - beginning	-	87,813	87,813
Fund balances - ending	<u>\$ -</u>	<u>\$ 97,533</u>	<u>\$ 97,533</u>

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Combining Schedule of Net Asset Accounts – Collinsville Municipal Authority (Modified Cash Basis) – June 30, 2010

	<u>Collinsville Municipal Authority Accounts</u>			<u>Total</u>
	<u>CMA Operating Account</u>	<u>Meter Deposit Account</u>	<u>Debt Service Account</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,999,660	\$ -	\$ -	\$ 1,999,660
Restricted cash and cash equivalents	-	119,290	5,312,248	5,431,538
Investments	66,813	-	-	66,813
Restricted Investments	-	228,000	-	228,000
Due from other funds	31,675	-	-	31,675
Due from vendor	6,996	-	-	6,996
Total current assets	<u>2,105,144</u>	<u>347,290</u>	<u>5,312,248</u>	<u>7,764,682</u>
Non-current assets:				
Restricted cash and cash equivalents	-	-	742,689	742,689
Total assets	<u>2,105,144</u>	<u>347,290</u>	<u>6,054,937</u>	<u>8,507,371</u>
LIABILITIES				
Current Liabilities:				
Due to other governments	18,519	-	-	18,519
Deposits subject to refund	-	347,290	-	347,290
Total liabilities	<u>18,519</u>	<u>347,290</u>	<u>-</u>	<u>365,809</u>
NET ASSETS				
Restricted for capital projects	-	-	5,065,893	5,065,893
Restricted for debt service	-	-	989,044	989,044
Unrestricted	2,086,625	-	-	2,086,625
Total net assets	<u>\$ 2,086,625</u>	<u>\$ -</u>	<u>\$ 6,054,937</u>	<u>\$ 8,141,562</u>

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Combining Schedule of Revenues, Expenses and Changes in Net Assets – Collinsville Municipal Authority (Modified Cash Basis) – Year Ended June 30, 2010

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
Operating Revenues:				
Electric	\$ 4,028,700	\$ -	\$ -	\$ 4,028,700
Water	829,238	-	-	829,238
Sewer	531,206	-	-	531,206
Sanitation	474,224	-	-	474,224
Penalties	139,716	-	-	139,716
Planning fees	2,337	-	-	2,337
Administration fees	255,572	-	-	255,572
Miscellaneous	51,271	-	-	51,271
Total operating revenues	<u>6,312,264</u>	<u>-</u>	<u>-</u>	<u>6,312,264</u>
Operating Expenses:				
General government	1,193,053	-	-	1,193,053
Electric	2,468,504	-	-	2,468,504
Water and sewer distribution	187,050	-	-	187,050
Water and sewer treatment	374,087	-	-	374,087
Sanitation	185,464	-	-	185,464
Total Operating Expenses	<u>4,408,158</u>	<u>-</u>	<u>-</u>	<u>4,408,158</u>
Operating income (loss)	<u>1,904,106</u>	<u>-</u>	<u>-</u>	<u>1,904,106</u>
Non-Operating Revenues (Expenses):				
Investment income	15,810	-	732	16,542
Miscellaneous	3,300	-	-	3,300
Grant revenue	127,174	-	-	127,174
Capital outlay	(681,126)	-	(1,640,099)	(2,321,225)
Bond issuance costs	-	-	(344,062)	(344,062)
Debt service:				
Principal retirement	(395,170)	-	(213,600)	(608,770)
Interest expense and fees	(93,745)	-	(239,043)	(332,788)
Total non-operating revenue (expenses)	<u>(1,023,757)</u>	<u>-</u>	<u>(2,436,072)</u>	<u>(3,459,829)</u>
Income (loss) before transfers and other sources	<u>880,349</u>	<u>-</u>	<u>(2,436,072)</u>	<u>(1,555,723)</u>
Transfers and other financing sources:				
Proceeds from long-term debt	659,579	-	7,920,000	8,579,579
Transfers in	303,106	-	528,043	831,149
Transfers out	(693,215)	-	-	(693,215)
Change in net assets	1,149,819	-	6,011,971	7,161,790
Total net assets - beginning	936,806	-	42,966	979,772
Total net assets - ending	<u>\$ 2,086,625</u>	<u>\$ -</u>	<u>\$ 6,054,937</u>	<u>\$ 8,141,562</u>

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Schedule of Expenditures of Federal and State Awards (Modified Cash Basis) – Year Ended June 30, 2010

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA#	Grant #	Award Amount	Federal Expenditures
<u>U. S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed Through Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.600	PT-10-03-08-03	\$ 20,000	\$ 14,433
State and Community Highway Safety	20.600	PT-09-03-08-02	14,000	2,492
Subtotal - CFDA 20.600			<u>34,000</u>	<u>16,925</u>
Passed Through Oklahoma Department of Transportation:				
Main Street Enhancement Project	20.200	STP-172E(472)JP26906(04)	407,061	64,260
Subtotal - CFDA 20,200			<u>407,061</u>	<u>64,260</u>
Total U. S. Department of Transportation			<u>441,061</u>	<u>81,185</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>				
Passed through Oklahoma Water Resources Board:				
Clean Water ARRA Funds	66.458	ORF-09-0009	169,840	95,278
Total Environmental Protection Agency			<u>169,840</u>	<u>95,278</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>				
Passed through Oklahoma Department of Civil Emergency Management:				
Roof Repair	97.036	FEMA-1876-DR-OK	1,558	1,558
Disaster Recovery	97.036	FEMA-1876-DR-OK	3,530	3,530
Total Federal Emergency Management Agency			<u>5,088</u>	<u>5,088</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Assistance to Firefighters Grant	97.044	EMW-2007-FF-00829	209,633	69,253
Total Department of Homeland Security			<u>209,633</u>	<u>69,253</u>
TOTAL FEDERAL AWARDS			<u>\$ 825,622</u>	<u>\$ 250,804</u>

**CITY OF COLLINSVILLE, OKLAHOMA
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**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<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>OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT</u>				
Disaster Recovery	N/A	FEMA-1876-DR-OK	\$ 588	\$ 588
Total OK Department of Emergency Management			588	588
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u>				
Forestry Services - Rural Fire Grant	N/A	N/A	5,100	5,100
Total Oklahoma Department of Agriculture			5,100	5,100
<u>OKLAHOMA DEPARTMENT OF COMMERCE</u>				
Community Expansion of Nutrition Assistance	N/A	FY 2010 CENA	3,500	3,500
Total Oklahoma Department of Commerce			3,500	3,500
<u>INCOG</u>				
REAP Grant	N/A	#290209	50,000	50,000
Total INCOG			50,000	50,000
<u>OKLAHOMA DEPARTMENT OF TRANSPORTATION</u>				
Relocation of Water lines	N/A	STP-072B	33,325	19,574
Relocation of Sewer lines	N/A	STP-072B	36,955	22,473
Total Department of Commerce			70,280	42,047
TOTAL STATE AWARDS			\$ 129,468	\$ 101,235

**CITY OF COLLINSVILLE, OKLAHOMA
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Debt Service Coverage Schedule – June 30, 2010

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$5,389,144
Sales tax revenue - restricted for debt service	<u>503,087</u>
 Total Gross Revenues Available	 5,892,231
 System Operating Expenses	 <u>3,029,641</u>
 Net Revenues Available for Debt Service	 <u><u>\$2,862,590</u></u>
 Debt Service Requirements:	
Average annual debt service - 2001 and 2007 OWRB promissory note, 2006 Revenue Note and 2009 & 2010 Sales Tax and Utility Revenue Bonds	 <u><u>\$1,122,796</u></u>
 Coverage	 <u><u>255%</u></u>
 Coverage Requirement	 <u><u>125%</u></u>

Debt Service Reserve Requirements – June 30, 2010

	<u>2009 REVENUE BOND SINKING RESERVE ACCOUNT</u>	<u>2010 REVENUE BOND SINKING RESERVE ACCOUNT</u>
Required Balance, June 30, 2010	<u>\$491,766</u>	<u>\$250,846</u>
 Balance in Reserve Accounts, June 30, 2010	 <u>491,838</u>	 <u>250,851</u>
 Excess of Account Balance over Required Balance	 <u><u>\$72</u></u>	 <u><u>\$5</u></u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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INTERNAL CONTROL AND COMPLIANCE INFORMATION



CPAs &
Advisors

**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**

To the City Council
City of Collinsville, Oklahoma

We have audited the modified cash basis financial statements of the governmental activities, the 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, 2010, which collectively comprise the City of Collinsville, Oklahoma's basic financial statements and have issued our report thereon dated July 7, 2011. The City of Collinsville, has prepared 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. 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 City of Collinsville, Oklahoma'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 City of Collinsville, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Collinsville, Oklahoma's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Collinsville, Oklahoma's modified cash basis 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 and use of management, City Council, others within the entity, 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.

HBC CPAs & Advisors

July 7, 2011