

***CITY OF DECATUR, ILLINOIS***

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended April 30, 2006

Prepared and Issued by  
The Financial Management Department

**RON E. NEUFELD**  
Director of Financial Management

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October 27, 2006

Honorable Mayor and City Council  
City of Decatur  
Decatur, Illinois 62523

The Comprehensive Annual Financial Report of the City of Decatur, Illinois for the year ended April 30, 2006, is hereby submitted. This report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2005-06 and the financial condition of the various funds at April 30, 2006. This report was prepared by the City's Department of Financial Management. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all the disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials, and the most recent Certificate of Achievement. The financial section, which includes the independent auditor's opinion, Management's Discussion and Analysis, basic financial statements, required supplementary information, and combining and individual fund financial statements. The statistical section, showing expenditures by function, revenues by source, and pertinent ten-year historical information for the City of Decatur and its surrounding area. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act (SAA) and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal expenditures of federal awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

The financial reporting entity includes all of the funds of the primary government (the City of Decatur as legally defined), as well as all of its component units. We have addressed all potential component units. We have determined that DCDF, Inc. although a legally separate entity is part of the City's operations and should be included as part of the primary government. Accordingly, DCDF, Inc. is reported as an enterprise fund of the City. We have determined that the Civic Center Authority is fiscally dependent upon the City and is discretely presented in the financial statements. See Note 1-A for a more detailed explanation of the blended and discretely presented component units.

The City of Decatur was incorporated in 1836, and since 1971 has operated as a home rule unit of local government pursuant to the Illinois Constitution. The City has a managerial form of government, under which the elected Mayor and City Council discharge the legislative function and establish municipal policy, and an appointed City Manager is responsible for all administrative functions. The City provides the full range of municipal services contemplated, by state or character. This includes police, fire, water, streets, public improvements, planning, zoning, and general administrative services.

## ECONOMIC CONDITION AND OUTLOOK

### Unemployment Figures

	<u>April 2002</u>	<u>April 2003</u>	<u>April 2004</u>	<u>April 2005</u>	<u>April 2006</u>
Decatur Metro Area	7.6%	7.1%	6.8%	6.0%	6.1%
State	6.5%	6.3%	6.1%	5.8%	5.0%
National	5.7%	5.8%	5.4%	5.2%	4.7%

There is a strong sense of optimism in the community. As can be seen above the unemployment rate increased slightly in 2006, but it is 1.5 percent lower than it was four years ago. While Decatur is slightly above the state and national average, the improvement in Decatur has been more significant. Decatur has several projects ongoing that will improve the quality of life and/or the overall economy. Many of these projects will become reality even though the overall economy could be stronger. Because of the efforts that have been made, good things continue to happen.

During fiscal year 2002-03, the City Council passed four new taxes for the General Fund. The four new taxes were the 2 percent food and beverage tax, a 1.25 percent utility tax, a 6 percent telecommunications tax, and a .25 percent increase to the local sales tax. It was estimated that these new taxes would generate an additional \$6,200,000. Actual collections during this fiscal year exceeded that number by about \$3,200,000.

The City Council voted to reconfigure the enterprise zone which expired during 2003. The enterprise zone has been an effective economic tool, and the Council felt strongly that it should be retained with modest changes to the zone. The majority of the community's growth in the enterprise zone for the next few years is anticipated to be business retention and expansion. When the original enterprise zone was closed out the City realized a substantial increase in Equalized Assessed Value (EAV). The City Council and administration continue to believe that the enterprise zone is a vital economic development tool.

Real estate sales continue to be strong. According to the National Association of Realtors, single family home prices for the first quarter of 2006 rose 14.3 percent. Lower interest rates have afforded many families the opportunity to upgrade to better homes. Decatur is blessed with beautiful neighborhoods in all parts of the City.

The City of Decatur has committed nearly \$15,000,000 to purchase equipment and dredge Lake Decatur over the next several years. When the project is complete the capacity of the lake will increase by about 15 percent. From an economic development perspective, this will be huge. The lake is one of the city's greatest treasures. Recognizing that fact the Decatur Park District has spent substantial dollars to improve the park areas that are adjacent to the lake, thereby improving the quality of life for those who use the lake. The City is looking into other ways to increase capacity of the lake to continue to provide quality water and encourage further economic development.

Wabash Crossing had its official groundbreaking in October 2003. The Hope VI project has been in the development stage since 1999 when the federal government awarded the Decatur Housing Authority a \$35 million Hope VI grant. The City of Decatur has contributed millions of dollars to the project by purchasing over 400 blighted and neglected homes and demolishing them. The vacant land, in excess of 120 acres, has been contributed to the Wabash Crossing project. The City, Decatur Housing Authority and East Lake Management and Development Corp have entered into a three party agreement to build a multimillion Wabash Crossing housing development on the City's near north side. The vision is to rebuild the area using a combination of mixed income housing and retail businesses that will attract a diverse population.

The first phase, which is nearing completion, will consist of 249 new housing units. Eastlake Development and Management will own the rental units and will sell the privately owned homes. Upon the completion of the three phases of the project there will be 650 housing units including 246 public housing units, 123 privately owned houses for sale, and 281 duplex and condo units. The development plans are to offer a mix of low to moderate income and market rate housing units. The Wabash Crossing area will also include town center and new elementary school. Many of the units are already occupied. Phase II will soon be getting started.

Phase II is the continuation of redeveloping the Near North neighborhood with a mixed-use development including single, duplex, fourplex and multi-family units. The petitioner proposes to construct 202 dwelling units in 65 buildings on the site. Of the total units, 175 rental units will be located in 38 buildings and 27 owner-occupied units will house single-family residences.

The City Council approved a purchase agreement with Target Corporation in February 2003. Construction of a 125,000 square foot store began in June of 2004 and opened in March 2005. The City purchased the 19 acre site from the Decatur School District for \$5 million. While the City paid for the demolition of two schools on the site, Target paid for the construction of the store and other site work. A Starbucks retail store has been completed and a new Olive Garden restaurant is now being constructed. The remaining acreage at the site will be developed for other retail stores and restaurants.

The City Council just recently approved a downtown redevelopment project by Reynolds Development, LLC to build a new 75,000 square foot structure, which will be used for office/retail and commercial development. The proposed project is expected to exceed \$12.4 million. The City believes that this project will encourage new development in a downtown area currently filled with vacant buildings.

## MAJOR INITIATIVES

The City of Decatur continues to have a very aggressive capital improvement program. Some of the infrastructure projects and programs for 2005-06, which total more than \$11.8 million, include:

Street Repairs and Maintenance	\$ 4,400,000
General Capital Projects	700,000
Equipment Replacement	2,100,000
Sewer Repairs	600,000
Dredging Lake Decatur	830,000
Water Plant Improvements	2,800,000
Lake and Distribution Improvements	450,000

As can be seen, the City Council has dedicated substantial funds to maintain and improve its infrastructure, including water system improvements, street and road repairs, drainage improvements and sewer repairs. They have also been diligent to replace other equipment as needed.

## FINANCIAL INFORMATION

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of the funds is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and as applicable, expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities, in accordance with special regulations, restrictions, or limitations.

### Brief Overview of City Funds

Funds are arranged as follows:

- I. MAJOR GOVERNMENTAL FUNDS
  - A. General Fund
  - B. Library Fund
  - C. Debt Service Fund
  - D. 2004 Bond Capital Fund
  
- II. NON-MAJOR GOVERNMENTAL FUNDS
  - A. Special Revenue Funds
  - B. Debt Service Funds
  - C. Capital Projects Funds
  
- III. MAJOR PROPRIETARY FUNDS
  - A. Water Fund
  - B. Mass Transit Fund

#### IV. NON-MAJOR PROPRIETARY FUNDS

#### V. INTERNAL SERVICE FUNDS

#### VI. FIDUCIARY FUNDS

#### VII. COMPONENT UNIT

##### A. Civic Center Authority

This is the third year the City has prepared financial statements following GASB Statement 34. This statement creates new basic financial statements for reporting on the City's financial activities as follows:

City-wide financial statements - These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by most businesses.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the City-wide financial statements. Proprietary and Fiduciary funds use the accrual basis of accounting.

As a part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2006 and a comparison, where available, to performance in 2005, a description of significant capital asset and long-term debt activity during the year and analysis of resources available for the future.

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

#### Single Audit

As a recipient of federal and state financial assistance, we are responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. The internal control structure is subject to periodic evaluation by management and internal audit.

As a part of the City's single audit, which was described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City complied with applicable laws and regulations. The results of the single audit for fiscal year ending April 30, 2006 disclosed no instances of material weakness in the internal control structure or material violations of applicable laws and regulations. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general, special revenue, capital projects, internal service, and enterprise funds except for the Task Force X Fund, special assessments, DCDF Inc., and debt service funds are included in the annual appropriated budget. Supplemental appropriations recommended by staff must be approved by the Council. The level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated amount) is by department, therefore, expenditures within a fund can not legally exceed appropriations on a departmental level. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Estimated purchase amounts are first compared to the available appropriations prior to the release of purchase orders to vendors and outstanding purchase orders are subtracted from the available appropriations on the monthly report. All unexpended encumbrances lapse at year end and must be re-appropriated in the subsequent year's budget. As demonstrated by the statements and schedules included in the financial section of the report, the City continues to meet its responsibility for sound financial management.

### **CASH MANAGEMENT**

As of April 30, 2006 approximately 100 percent of the idle but obligated funds were invested to interest-bearing securities. The City has adopted formal investment policies and procedures as required by state statutes and approved by the City Council. The City's investment policy also established maximum limits for investments in non-collateralized certificates of deposit, and money market accounts. The City has also entered into joint custody agreements with the three largest banks in the City. These institutions have agreed to place a specified amount of U.S. government securities as collateral for the City's bank deposits at the Federal Reserve banks in Chicago and St. Louis, and are in the City's name. The participating banks may not reduce the pledged investments in these accounts without written approval of the City. The City's investment policy provides for the limited investment in commercial paper in only the top rated commercial paper issued by major corporations.

The City operates a pooled cash and investment program where similar funds are recorded in one bank account, which allows for larger investments with slightly longer maturities. This results in higher investment earnings for those funds with relatively small average cash balances. Monthly

interest income earned by each pool is distributed to the individual funds based upon its average daily cash balance.

## **RISK MANAGEMENT**

Decatur is self insured for comprehensive general liability, employee dishonesty, automotive, property damage, workers compensation, medical and unemployment compensation. The self insurance fund is used by the City to pay the costs of the self insurance program. Resources accumulate in this fund for payment of claims. In addition, various safety and risk control techniques including accident and prevention training have been implemented during the year to help minimize accident related losses.

## **OTHER INFORMATION**

### Independent Audit

State statutes require an audit by independent certified public accountants. The audit was performed by Clifton Gunderson LLP. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act and the related U.S. Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the Single Audit section of this report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2005. This was the thirty-second consecutive year that the City of Decatur has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Use of the Report

The GFOA reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with past practices will send a copy of the report to the City's elected officials, City senior management personnel, bond rating agencies, bond depositories, the City's library, and other agencies, such as, financial institutions and governmental agencies which have expressed an interest in Decatur's financial affairs.

In addition to the vast amount of financial information presented, there is included herein a Statistical Section containing comprehensive data which relates to the financial condition of the entire governmental structure of Decatur. There is also a section referred to as Management's Discussion and Analysis which provides additional information about the past year in the city. While it is not filled with detailed financial statements, it does give a clearer picture of what has taken place over the past year. Use of this report by the elected officials and department directors of the City is encouraged when furnishing information in a uniform manner on a nationwide level, making this report more valuable to those desiring information on the financial and operational abilities of the city.

## Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Management Department. We would like to express our appreciation to all members of the department who assisted and contributed. A special thank you is to be given to Patricia Hansen, Comptroller, and Donna Rollins, Auditor, for their work with the auditors to ensure that the financial information was received in a timely manner. We would also like to thank the members of the City Council for their interest and support in the planning and conduct of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Steve Garman  
City Manager

  
\_\_\_\_\_  
Ron E. Neufeld  
Director of Financial Management

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur,  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Egan*

Executive Director

## OFFICERS AND OFFICIALS

### Mayor

Paul Osborne (2003-2007)

### Council

Michael T. Carrigan (2003-2007)

Patrick S. Laegeler (2003-2007)

Dan Caulkins (2005-2009)

Mike McElroy (2003-2007)

Shad L. Edwards (2005-2009)

Betsy Stockard (2005-2009)

### City Staff

Steve Garman  
City Manager

Ron E. Neufeld, Director  
Financial Management Department

Gerard J. Bauer  
Assistant City Manager/Director of Management Services

Matthew J. Sekosky, Chief  
Fire Department

Dane C. Bragg  
Assistant City Manager/Economic & Urban Development

Wendy L. Morthland, Corporation Counsel  
Legal Department

Billy Tyus  
Assistant City Manager/Public Information

Lee Ann Fisher, Librarian  
Library

John A. Smith  
Assistant City Manager/Public Service

James A. Anderson, Chief  
Police Department

Matthew C. Newell, Acting Director  
Engineering and Infrastructure Department

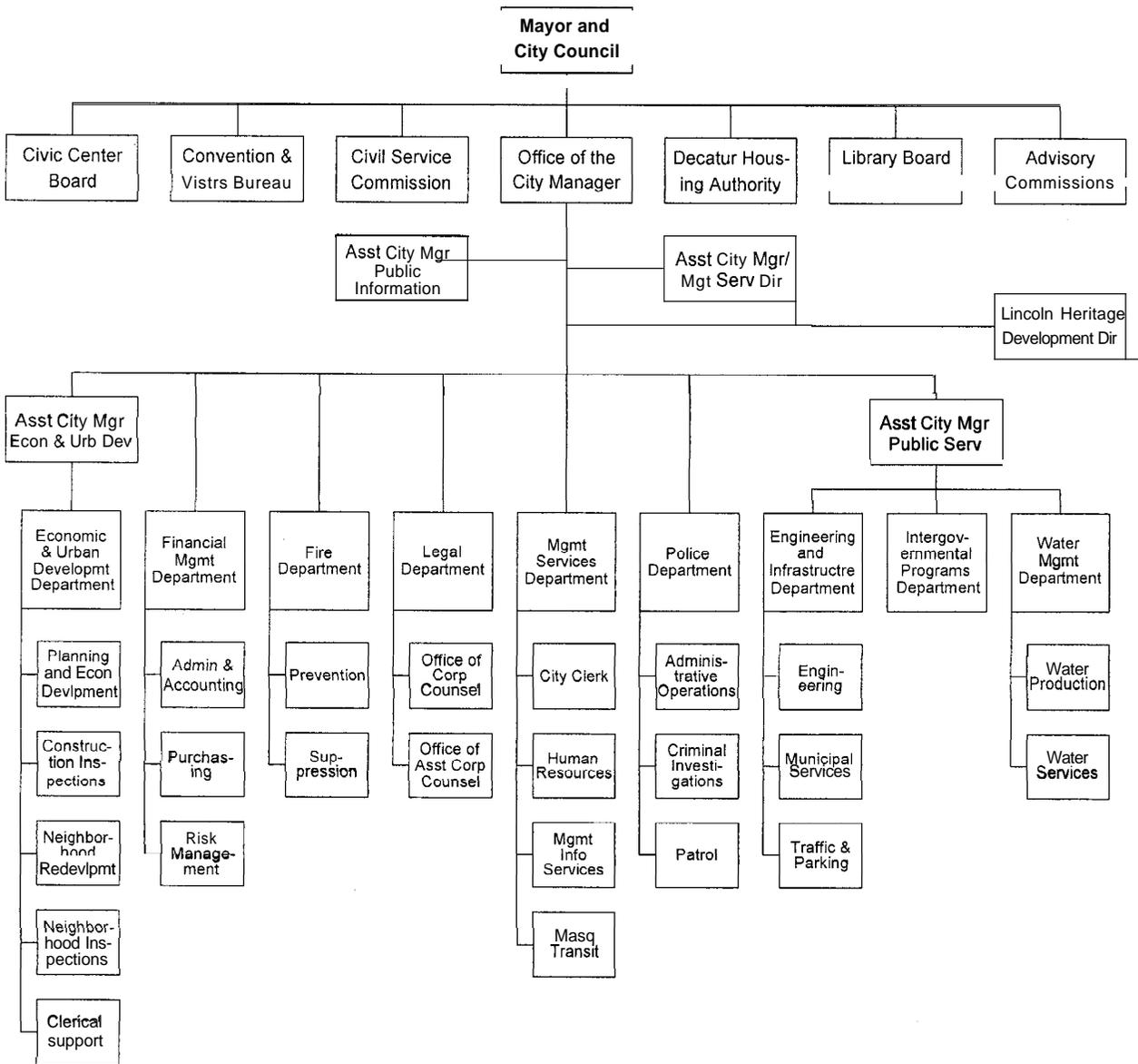
Keith D. Alexander, Director  
Water Management Department

Celeste F. Harris  
City Clerk

Ron E. Neufeld  
Treasurer

# City of Decatur, Illinois

## Table of Organization





## Independent Auditor's Report

The Mayor and City Council  
City of Decatur, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois (City) as of and for the year ended April 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Civic Center Authority, which is included as a discretely presented component unit. These financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of April 30, 2006 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 7, 2006, on our consideration of the City of Decatur, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, budgetary comparison information, schedule of funding progress for Illinois Municipal Retirement Fund, and schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

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

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Danville, Illinois  
July 7, 2006

**CITY OF DECATUR, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2006**

As management of the City of Decatur ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2006. Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements.

**Financial Highlights**

The City has seen an increase in total assets in the General Fund due to an increase in beginning cash and investments, as well as additional revenue from major revenues. This, along with lower than anticipated expenses, has resulted in an increase in fund balance.

Wabash Crossing had its groundbreaking in October 2003. Wabash Crossing is a Hope VI Project, awarded by the Federal Government, for \$35 million. The City of Decatur has made a significant contribution to the project by purchasing over 400 blighted homes and demolishing them. The resulting vacant land has been donated to the project. Phase I is nearing completion and many of the units are already occupied. Phase II, which will be starting soon, is the continuation of the project which will see the construction of 202 dwelling units in 65 buildings. 175 will be rental units and 27 will be owner occupied.

The City of Decatur over the past couple of years has made significant investments in equipment and personnel to begin dredging operations at Lake Decatur. The result will be increased water capacity, an improvement to the recreational quality of life, and the ability to attract more businesses to the community.

A new Target store opened in March of 2005 and it is anticipated that the City will realize additional sales tax and increased Equalized Assessed Value resulting from the new developments. A new Starbucks has now opened and a new Olive Garden is also being built. More development at this corner is expected.

The City Council has recently approved a downtown redevelopment project to build a 75,000 square foot structure, to be used for office/retail and commercial development. The proposed project is expected to cost \$12.4 million. The City believes the project will encourage more downtown development.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The Governmental Activities reflect the City's basic services, including administration, public safety, highways and streets and culture and recreation. Property taxes, shared state taxes and local utility taxes finance the majority of these services. The Business-Type Activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operations, including depreciation.

### Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Library Fund, Debt Service Fund and the 2004 Bond Capital Fund, each of which is considered to be a major fund. Information from the City's 15 other governmental funds is combined into a single column

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presentation. Individual fund information for these non-major governmental funds is provided elsewhere in the report.

The City maintains two types of proprietary funds (enterprise and internal service funds). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, parking, mass transit, various housing programs, waste removal and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet maintenance, self-insurance, management information services and equipment replacement. Because each of these services predominantly benefits governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the Water Fund and the Mass Transit Fund, both of which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements this report also includes certain required supplementary information related to budgetary information and the City's progress in funding its obligation to provide pension benefits to its employees. Non-major fund information can be found immediately following the required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Assets**

The following chart reflects the condensed Statement of Net Assets (in millions):

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	<u>Governmental</u> <u>Activities</u> <u>2006</u>	<u>Business-Type</u> <u>Activities</u> <u>2006</u>	<u>Total</u> <u>Primary</u> <u>Government</u> <u>2006</u>
<b>Assets:</b>			
Current & other assets	\$ 44.6	\$ 33.1	\$ 77.7
Capital assets	30.6	66.5	97.1
<b>Total assets</b>	<b>75.2</b>	<b>99.6</b>	<b>174.8</b>
<b>Liabilities:</b>			
Current liabilities	17.6	1.8	19.4
Long-term liabilities	55.7	6.2	61.9
<b>Total liabilities</b>	<b>73.3</b>	<b>8.0</b>	<b>81.3</b>
<b>Net Assets:</b>			
Invested in capital assets, net,	20.2	60.3	80.5
Restricted	4.0	0.0	4.0
Unrestricted	(22.3)	31.3	9.0
<b>Total Net Assets</b>	<b>\$ 1.9</b>	<b>\$ 91.6</b>	<b>\$ 93.5</b>

	<u>Governmental</u> <u>Activities</u> <u>2005</u>	<u>Business-Type</u> <u>Activities</u> <u>2005</u>	<u>Total</u> <u>Primary</u> <u>Government</u> <u>2005</u>
<b>Assets:</b>			
Current & other assets	\$ 45.3	\$ 38.2	\$ 83.5
Capital assets	31.9	70.1	102.0
<b>Total assets</b>	<b>77.2</b>	<b>108.3</b>	<b>185.5</b>
<b>Liabilities:</b>			
Current liabilities	16.2	1.4	17.6
Long-term liabilities	57.8	6.5	64.3
<b>Total liabilities</b>	<b>74.0</b>	<b>7.9</b>	<b>81.9</b>
<b>Net Assets:</b>			
Invested in capital assets, net,	20.7	63.6	84.3
Restricted	9.5	0.0	9.5
Unrestricted	(27.0)	36.8	9.8
<b>Total Net Assets</b>	<b>\$ 3.2</b>	<b>\$ 100.4</b>	<b>\$ 103.6</b>

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By far, the largest portion of the City of Decatur's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The City of Decatur uses these capital assets to provide services; consequently they are not available for future spending. 86.1 percent of the net assets are invested in capital assets.

An additional portion of the net assets (\$4.0 million) represents resources that are subject to external restrictions on how they may be used. This may be used to meet the government's on-going obligations to citizens and creditors.

The following chart reflects the condensed Statement of Activities (in millions):

	<u>Governmental Activities</u> <u>2006</u>	<u>Business-type Activities</u> <u>2006</u>	<u>Total Government</u> <u>2006</u>
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 2.0	\$ 15.9	\$ 17.9
Oper. Grants/Contrib.	4.8	2.4	7.2
General Revenues:			
Property Taxes	11.3	0.2	11.5
Sales Taxes	21.8	0.0	21.8
Other	19.3	0.0	19.3
<b>Total Revenues</b>	<b>59.2</b>	<b>18.5</b>	<b>77.7</b>
<b>EXPENSES</b>			
General Government	12.4	0.0	12.4
Public Safety	31.0	0.0	31.0
Public Works	17.4	0.0	17.4
Culture and Recreation	3.8	0.0	3.8
Interest on Debt	3.0	0.0	3.0
Water	0.0	13.0	13.0
Parking	0.0	0.7	0.7
Mass Transit	0.0	5.0	5.0
Housing Programs	0.0	0.0	0.0
Waste Removal	0.0	0.5	0.5
Sewer	0.0	0.8	0.8
<b>Total Expenses</b>	<b>67.6</b>	<b>20.0</b>	<b>87.6</b>
Deficiency of			
Revenues over expenses	(8.4)	(1.5)	(9.9)
Transfers	7.3	(7.3)	0.0
<b>Change in Net Assets</b>	<b>\$ (1.1)</b>	<b>\$ (8.8)</b>	<b>\$ (9.9)</b>

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	<u>Governmental</u> <u>Activities</u> <u>2005</u>	<u>Business-type</u> <u>Activities</u> <u>2005</u>	<u>Total</u> <u>Government</u> <u>2005</u>
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 2.1	\$ 17.6	\$ 19.7
Oper. Grants/Contrib.	3.5	3.3	6.8
General Revenues:			
Property Taxes	10.6	0.2	10.8
Sales Taxes	21.9	0.0	21.9
Other	17.4	0.5	17.9
<b>Total Revenues</b>	<b>55.5</b>	<b>21.6</b>	<b>77.1</b>
<b>EXPENSES</b>			
General Government	11.2	0.0	11.2
Public Safety	29.9	0.0	29.9
Public Works	14.8	0.0	14.8
Culture and Recreation	3.6	0.0	3.6
Interest on Debt	3.0	0.0	3.0
Water	0.0	11.4	11.4
Parking	0.0	0.7	0.7
Mass Transit	0.0	4.7	4.7
Housing Programs	0.0	0.3	0.3
Waste Removal	0.0	0.5	0.5
Sewer	0.0	0.9	0.9
<b>Total Expenses</b>	<b>62.5</b>	<b>18.5</b>	<b>81.0</b>
Excess (Deficiency) of			
Revenues over expenses	(7.0)	3.1	(3.9)
Transfers	4.9	(4.9)	0.0
<b>Change in Net Assets</b>	<b>\$ (2.1)</b>	<b>\$ (1.8)</b>	<b>\$ (3.9)</b>

For the most part expenses closely paralleled the growth in demand for services. In previous years the revenues have not kept up with the increase in expenses. However, with the new revenues imposed in 2002-2003 that has not been the case this year.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental Funds**

The focus of the City's governmental funds is to provide information on the near-term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve

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as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$20.6 million, a decrease of approximately \$5.2 million over the prior year. This decrease is primarily attributable to a reduction in fund balance for the 2004 Bond Capital Fund, which was the money used to purchase the property at Mound and 51.

**Governmental Funds**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
(in millions)

	<u>Maior Governmental Funds</u>					
	<u>General</u>	<u>Library</u>	<u>Debt</u>	<u>2004</u>	<u>Nonmajor</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Service</u>	<u>Bond</u>	<u>Governmental</u>	<u>Total</u>
			<u>Fund</u>	<u>Capital</u>	<u>Funds</u>	
				<u>Fund</u>		
Revenues	\$43.2	\$ 3.6	\$ 1.9	\$ 0.0	\$ 9.7	\$ 58.4
Expenditures	<u>45.5</u>	<u>3.5</u>	<u>10.2</u>	<u>5.3</u>	<u>10.0</u>	<u>74.5</u>
Excess (Deficiency)						
Of Revenues						
Over Expenditures	(2.3)	0.1	(8.3)	(5.3)	(0.3)	(16.1)
Other Financing Sources	<u>3.1</u>	<u>0.0</u>	<u>8.3</u>	<u>0.1</u>	<u>(0.6)</u>	<u>10.9</u>
<b>Net Change in Fund</b>						
<b>Balances</b>	<b>0.8</b>	<b>0.1</b>	<b>0.0</b>	<b>(5.2)</b>	<b>(0.9)</b>	<b>(5.2)</b>
<b>Fund Balance at</b>						
<b>Beginning of Year</b>	<u>13.0</u>	<u>0.3</u>	<u>0.9</u>	<u>5.5</u>	<u>6.1</u>	<u>25.8</u>
<b>Fund Balance at</b>						
<b>End of Year</b>	<u>\$13.8</u>	<u>\$ 0.4</u>	<u>\$ 0.9</u>	<u>\$ 0.3</u>	<u>\$ 5.2</u>	<u>\$ 20.6</u>

As indicated earlier the total assets in the General Fund showed an increase this fiscal year. This was due primarily to a stronger cash balance, as well as higher receivables due to the increased taxes. Cash was up \$0.5 million, and receivables were up \$1.3 million due primarily to increases in taxes. Total assets in the General Fund were up \$1.8 million. Total fund balance is \$13.8 million.

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Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

There was an operating loss of \$0.8 million in the Water Fund this year. Last year there was an operating income of \$3.0 million. That is a difference of \$3.8 million over the previous year. The difference for the most part was the amount of money spent for capital improvements and lower water sales. Total net assets in the Water Fund are \$78.9 million.

Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Assets  
(in millions)

	<u>Maior</u> <u>Enterprise Funds</u>		Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Funds</u>
	<u>Water</u> <u>Fund</u>	Mass Transit <u>Fund</u>			
Operating Revenues	\$12.2	\$ 0.5	\$ 3.1	\$15.8	\$ 15.3
Operating Expenses	<u>13.0</u>	<u>5.0</u>	<u>2.1</u>	<u>20.1</u>	<u>13.1</u>
Operating Income (Loss)	(0.8)	(4.5)	1.0	(4.3)	2.2
Nonoperating Revenues (Expenses)	<u>0.3</u>	<u>2.7</u>	<u>(0.5)</u>	<u>2.5</u>	<u>0.3</u>
Income (Loss) Before Transfers	(0.5)	(1.8)	0.5	(1.8)	2.5
Net Transfers	<u>(6.6)</u>	<u>(0.1)</u>	<u>(0.6)</u>	<u>(7.3)</u>	<u>1.5</u>
Change In Net Assets	<b>(7.1)</b>	<b>(1.9)</b>	<b>(0.1)</b>	<b>(9.1)</b>	<b>4.0</b>
Net Assets, Beginning of Year	<u>86.0</u>	<u>8.1</u>	<u>6.2</u>	<u>100.3</u>	<u>2.8</u>
Net Assets, End of Year	<u><b>\$78.9</b></u>	<u><b>\$ 6.2</b></u>	<u><b>\$ 6.1</b></u>	<u><b>\$ 91.2</b></u>	<u><b>\$ 6.8</b></u>

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Of the four Internal Service Funds, all had a positive change in total assets. Total assets in the Self-Insurance Fund went up by \$1.2 million, Fleet Maintenance went up by \$0.6 million, Management Information Services went up by \$0.2 million, and Equipment Replacement went up by \$2.1 million. In total, the Internal Service Funds saw an increase of \$4.1 million in total assets.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original and final budget were significant. Total revenues were \$1.0 million higher than budget while expenses were \$3.2 million less than the budget.

The following chart reflects the condensed Budgetary Comparison Schedule (in millions):

<b>General Fund:</b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
Revenues:		
Taxes	\$ 13.9	\$ 14.3
Intergovernmental	25.8	26.2
Other	<u>2.0</u>	<u>2.2</u>
Total Revenues	<u>41.7</u>	<u>42.7</u>
Expenditures:		
Expenditures	<u>48.6</u>	<u>45.4</u>
Other Financing Sources (Uses):	<u>2.9</u>	<u>3.2</u>
Change in Fund Balance	<u><u>\$ (4.0)</u></u>	<u><u>\$ 0.5</u></u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2006, amounts to \$97.1 million (net of accumulated depreciation). Capital assets used in governmental activities decreased by \$1.1 million or 3.3 percent. Capital assets used in business-type activities decreased by \$3.6 million or 5.1 percent.

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**Governmental Activities**  
**Change in Capital Assets**  
(in millions)

	<b>Restated Balance <u>April 30, 2005</u></b>	<b>Net Additions1 <u>Deletions</u></b>	<b>Balance <u>April 30,2006</u></b>
<b>Non-Depreciable Assets:</b>			
Land/CIP	\$ 2.2	\$ 0.1	\$ 2.3
<b>Other Capital Assets:</b>			
Infrastructure	8.3	0.0	8.3
Buildings & Improvements	24.5	0.3	24.8
Vehicles	12.3	(1.2)	11.1
Office Equipment	4.7	(2.8)	1.9
Other Equipment	14.8	(5.9)	8.9
Accum. Depreciation on Capital Assets	<u>(35.1)</u>	<u>8.5</u>	<u>(26.6)</u>
<b>Totals</b>	<b><u>\$ 31.7</u></b>	<b><u>\$ (1.0)</u></b>	<b><u>\$ 30.7</u></b>

**Business-Type Activities**  
**Change in Capital Assets**  
(in millions)

	<b>Restated Balance <u>April 30, 2005</u></b>	<b>Net Additions1 <u>Deletions</u></b>	<b>Balance <u>April 30, 2006</u></b>
<b>Non-Depreciable Assets:</b>			
Land	\$ 6.4	\$ 0.0	\$ 6.4
<b>Other Capital Assets:</b>			
Infrastructure	0.3	0.0	0.3
Buildings & Improvements	111.6	(3.8)	107.8
Vehicles	7.9	(0.5)	7.4
Office Equipment	0.1	(0.1)	0.0
Other Equipment	5.5	(0.4)	5.1
Accum. Depreciation on Capital Assets	<u>(61.7)</u>	<u>1.3</u>	<u>(60.4)</u>
<b>Totals</b>	<b><u>\$ 70.1</u></b>	<b><u>\$ (3.5)</u></b>	<b><u>\$ 66.6</u></b>

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**Debt Administration**

At April 30,2006, the City had outstanding debt as follows:

	<b>Obligations Outstanding <u>May 1,2006</u></b>	<b>Due Within <u>One Year</u></b>
Governmental Activities:		
General Obligation Bonds:		
Series of 1991	\$ 2,606,090	\$ 519,580
Series of 1998	3,120,000	260,000
Series of 2004A	11,390,000	435,000
Series of 2004B	27,030,000	1,050,000
Series of 2005	4,705,000	0
Notes Payable:		
Series 2005	50,000	0
Series 2005A	50,000	0
HUD Section 108, 1999-A	940,000	100,000
HUD Section 108,2002-A	2,880,000	125,000
DHA Wabash Crossing Loans	<u>3,369,809</u>	<u>3,369,809</u>
Total Governmental Activities	<u>\$ 56,140.899</u>	<u>\$5,859,389</u>
Business-type Activities:		
Notes Payable:		
2001 IEPA Loan	<u>\$ 6,238,954</u>	<u>\$ 305,317</u>
Total Business-type Activities	<u>\$ 6,238,954</u>	<u>\$ 305,317</u>

There was no change in credit ratings and/or debt limitations. In 2005 the 1995 Series General Obligation Bond was refinanced. Additional information on long-term debt activity can be found in Note 8 to the financial statements.

**ECONOMIC FACTORS**

The unemployment rate for the City of Decatur metro area is currently 6.1 percent. That is up 0.1 percent from the year before. While the rate is not as low as the state rate of 5.0 percent or the national rate of 4.7 percent, Decatur has shown a great deal of improvement for the past four years. During that period of time Decatur saw their unemployment rate drop from 7.6 percent in 2002 to 6.1 percent in 2006, which is 1.5 percent. The economy is definitely on the upswing.

As indicated earlier there is a feeling of optimism in the air. Local businesses are expanding and new ones are looking closely at Decatur. Those involved in economic development are encouraged by what they are seeing.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Financial Management, City of Decatur, #1 Gary K. Anderson Plaza, Decatur, Illinois, 62523.

**CITY OF DECATUR, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**April 30,2006**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and equivalents	\$ 22,329,258	\$ 2,871,430	\$ 25,200,688	\$ 110,840
Investments	-	24,979,739	24,979,739	-
Receivables:				
Property taxes, net	10,207,261	216,437	10,423,698	
Illinois municipal sales tax	5,406,836		5,406,836	
Other taxes	3,609,826		3,609,826	-
Due from other governments	416,868	-	416,868	-
Accounts receivable	175,166	3,007,057	3,182,223	21,485
Notes receivable	1,399,157	347,210	1,746,367	
Other	878,028	61,551	939,579	
Internal balances	(584,583)	584,583	-	
Prepaid items	38,387	361,200	399,587	4,428
Deferred charges	337,966		337,966	
Due from component unit	224,624		224,624	
Inventories	180,665	503,925	684,590	9,479
Assets held for resale		73,278	73,278	-
Restricted investments		-	-	40,440
Capital assets not being depreciated	2,305,013	6,420,432	8,725,445	3,130,762
Capital assets being depreciated, net	28,313,047	60,123,589	88,436,636	4,533,236
<b>TOTAL ASSETS</b>	<b>\$ 75,237,519</b>	<b>\$ 99,550,431</b>	<b>\$ 174,787,950</b>	<b>\$ 7,850,670</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 614,490	\$ 1,022,551	\$ 1,637,041	\$ 34,401
Contracts payable	42,562	133,810	176,372	-
Interest payable	968,035	75,518	1,043,553	59,643
Claims payable	2,617,271	-	2,617,271	-
Other liabilities	1,736,758	521,057	2,257,815	38,146
Unearned revenue	11,596,658	-	11,596,658	34,036
Long-term obligations, due within one year:				
Bonds payable	2,264,580	-	2,264,580	-
Notes payable	3,594,809	305,317	3,900,126	-
Due to primary government			-	18,331
Compensated absences	2,147,669		2,147,669	
Long-term obligations, due in more than one year:				
Bonds payable	43,618,012		43,618,012	
Notes payable	3,695,000	5,933,637	9,628,637	
Due to primary government				206,293
Deferred compensation plan				40,440
Compensated absences	418,753		418,753	
<b>Total liabilities</b>	<b>73,314,597</b>	<b>7,991,890</b>	<b>81,306,487</b>	<b>431,290</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	20,186,970	60,305,067	80,492,037	7,439,374
Restricted for capital purposes	3,979,821		3,979,821	
Unrestricted net assets (deficit)	(22,243,869)	31,253,474	9,009,605	(19,994)
<b>Total net assets</b>	<b>1,922,922</b>	<b>91,558,541</b>	<b>93,481,463</b>	<b>7,419,380</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 75,237,519</b>	<b>\$ 99,550,431</b>	<b>\$ 174,787,950</b>	<b>\$ 7,850,670</b>

These financial statements should be read only in  
connection with the accompanying notes to financial statements

**CITY OF DECATUR, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
Year Ended April 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 12,355,329	\$ 1,626,091	\$ 2,225,323	\$ -	\$ (8,503,915)	\$ -	\$ (8,503,915)	
Public safety	30,901,106	219,965	-	-	(30,681,141)	-	(30,681,141)	
Public works	17,390,666	15,807	2,422,231	-	(14,952,628)	-	(14,952,628)	
Culture and recreation	3,749,474	114,676	112,469	-	(3,522,329)	-	(3,522,329)	
Interest and other charges	3,078,850	-	-	-	(3,078,850)	-	(3,078,850)	
Total government activities	<u>67,475,425</u>	<u>1,976,539</u>	<u>4,760,023</u>	<u>-</u>	<u>(60,738,863)</u>	<u>-</u>	<u>(60,738,863)</u>	
Business-type activities:								
Water	12,977,816	12,252,193	-	-	-	(725,623)	(725,623)	
Parking	746,042	509,280	-	-	-	(236,762)	(236,762)	
Mass Transit	4,947,093	482,096	2,423,190	-	-	(2,041,807)	(2,041,807)	
Housing programs	42,466	238,060	-	-	-	193,594	193,594	
Waste removal	496,095	468,993	-	-	-	(27,102)	(27,102)	
Sewer	780,498	1,944,005	-	-	-	1,163,507	1,163,507	
Total business-type activities	<u>19,990,010</u>	<u>15,892,627</u>	<u>2,423,190</u>	<u>-</u>	<u>-</u>	<u>(1,674,193)</u>	<u>(1,674,193)</u>	
Total primary government	<u>\$ 87,465,435</u>	<u>\$ 17,869,166</u>	<u>\$ 7,183,213</u>	<u>\$ -</u>	<u>(60,738,863)</u>	<u>(1,674,193)</u>	<u>(62,413,056)</u>	
Component unit								
Civic Center Authority	<u>\$ 1,218,907</u>	<u>\$ 619,625</u>	<u>\$ -</u>	<u>\$ 466,713</u>				<u>\$ (132,569)</u>
General revenues:								
Taxes:								
Property taxes					11,258,757	217,322	11,476,079	-
Sales and use taxes					21,814,347	-	21,814,347	-
Income taxes					6,465,031	-	6,465,031	-
Utility taxes					5,924,807	-	5,924,807	-
Food and beverage taxes					2,665,731	-	2,665,731	-
Hotel and motel taxes					661,629	-	661,629	-
Other taxes					1,444,728	-	1,444,728	-
Investment earnings					713,716	1,023,657	1,737,373	-
Gain on sale of assets					471,356	(1,024,431)	(553,075)	-
Other general revenues					914,670	-	914,670	21,519
Transfers					<u>7,349,755</u>	<u>(7,349,755)</u>		
Total general revenues and transfers					<u>59,684,527</u>	<u>(7,133,207)</u>	<u>52,551,320</u>	<u>21,519</u>
Change in net assets					(1,054,336)	(8,807,400)	(9,861,736)	(111,050)
Net assets, May 1, 2005, restated					<u>2,977,258</u>	<u>100,365,941</u>	<u>103,343,199</u>	<u>7,530,430</u>
Net assets, April 30, 2006					<u>\$ 1,922,922</u>	<u>\$ 91,558,541</u>	<u>\$ 93,481,463</u>	<u>\$7,419,380</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

CITY OF DECATUR, ILLINOIS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
April 30, 2006

	Major Governmental Funds				Nonmajor Governmental Funds	Total
	General Fund	Library Fund	Debt Service Fund	2004 Bond Capital Fund		
<b>ASSETS</b>						
Cash and Investments	\$ 8,629,159	\$ 541,944	\$ 782,426	\$ 355,639	\$ 3,769,797	\$ 14,078,965
Receivables:						
Property taxes, net	5,052,790	3,085,541	1,240,903		828,027	10,207,261
Illinois municipal sales tax	5,009,280	-	78,806		318,750	5,406,836
Other taxes	3,111,678	40,417	-		457,731	3,609,826
Due from other governments	49,604				367,264	416,868
Due from component unit	224,624				-	224,624
Due from other funds	94,533	-	-		1,240	95,773
Accounts receivable	77,524	-	20,155		76,249	173,928
Notes receivable					1,399,157	1,399,157
Other	41,013	-	434		832,676	874,123
Prepaid items	38,387					38,387
Inventories	20,076	-	-	-		20,076
<b>TOTAL ASSETS</b>	<b><u>\$ 22,348,668</u></b>	<b><u>\$ 3,667,902</u></b>	<b><u>\$ 2,122,724</u></b>	<b><u>\$ 355,639</u></b>	<b><u>\$ 8,050,891</u></b>	<b><u>\$ 36,545,824</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 283,214	\$ 30,102	\$ -	\$ -	\$ 32,603	\$ 345,919
Contracts payable					42,562	42,562
Due to other funds		65,625			316,544	382,169
Other accrued liabilities	1,244,293	102,946			313,163	1,660,402
Deferred revenue	7,029,475	3,092,403	1,261,057		2,142,022	13,524,957
Total liabilities	<u>8,556,982</u>	<u>3,291,076</u>	<u>1,261,057</u>		<u>2,846,894</u>	<u>15,956,009</u>
Fund Balances:						
Reserved for						
Inventories and prepaid items	58,463					58,463
Amounts due from component unit	224,624					224,624
Notes receivable	-				(46,964)	(46,964)
Debt service			861,667		6,370	868,037
Capital projects	-	-	-	314,890	100	314,990
Encumbrances	182,412	1,935			195,912	380,259
Unreserved, as reported in:						
General	13,326,187	-				13,326,187
Special revenue	-	374,891			3,195,842	3,570,733
Capital projects	-	-		40,749	1,852,737	1,893,486
Total fund balances	<u>13,791,686</u>	<u>376,826</u>	<u>861,667</u>	<u>355,639</u>	<u>5,203,997</u>	<u>20,589,815</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 22,348,668</u></b>	<b><u>\$ 3,667,902</u></b>	<b><u>\$ 2,122,724</u></b>	<b><u>\$ 355,639</u></b>	<b><u>\$ 8,050,891</u></b>	<b><u>\$ 36,545,824</u></b>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**CITY OF DECATUR, ILLINOIS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO STATEMENT OF NET ASSETS**  
**April 30,2006**

Total fund balances – Governmental funds \$ 20,589,815

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets	\$ 57,267,623	
Accumulated depreciation	<u>(26,649,563)</u>	
Net capital assets		30,618,060

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Taxes receivable	1,935,306
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Internal service funds are used by the City to charge the costs of certain activities to individual funds. Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets

5,148,633

Costs related to the issuance of long-term debt are recorded as expenditures when incurred in governmental funds, but are capitalized and amortized over the life of the debt issue in the statement of net assets

337,966

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due

(968,035)

Some liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:

Compensated absences payable	(2,566,422)	
General obligation bonds payable	(45,882,592)	
Notes payable	<u>(7,289,809)</u>	
Total long-term liabilities		<u>(55,738,823)</u>

**Net assets of governmental activities** **\$ 1,922,922**

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CITY OF DECATUR, ILLINOIS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
Year Ended April 30, 2006**

	General Fund	Library Fund	Debt Service Fund	2004 Bond Capital Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 14,153,566	\$ 3,006,164	\$ 1,692,136	\$ -	\$ 1,659,058	\$ 20,510,924
Charges for service	163,721	-	-	-	-	163,721
Investment income and net increase in fair value of investments	293,806	32,980	39,364	40,749	107,481	514,380
Intergovernmental	2,767,086	410,914	-	-	7,342,731	10,520,731
Licenses and permits	786,276	-	-	-	-	786,276
Fines and fees	756,479	114,676	-	-	155,387	1,026,542
Other revenue	245,505	38,433	145,281	79,394	406,057	914,670
Total revenues	<u>43,166,439</u>	<u>3,603,167</u>	<u>1,876,781</u>	<u>120,143</u>	<u>9,670,714</u>	<u>58,437,244</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	7,117,707	-	515,197	-	4,715,181	12,348,085
Public safety	30,663,631	-	-	-	335,663	30,999,294
Culture and recreation	-	3,544,865	-	-	75,705	3,620,570
Highways and streets	7,730,203	-	-	5,277,622	4,430,069	17,437,894
<b>Debt service:</b>						
Principal retirement	-	-	6,925,078	-	210,000	7,135,078
Interest and fiscal charges	-	-	2,790,404	-	213,661	3,004,065
Total expenditures	<u>45,511,541</u>	<u>3,544,865</u>	<u>10,230,679</u>	<u>5,277,622</u>	<u>9,980,279</u>	<u>74,544,986</u>
Excess (deficiency) of revenues over expenditures	<u>(2,345,102)</u>	<u>58,302</u>	<u>(8,353,898)</u>	<u>(5,157,479)</u>	<u>(309,565)</u>	<u>(16,107,742)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt proceeds	-	-	4,705,000	-	100,000	4,805,000
Sale of assets	5,850	-	-	-	325,630	331,480
Transfers in	4,714,671	-	3,663,588	-	782,990	9,161,249
Transfers out	(1,572,100)	(1,200)	-	-	(1,771,991)	(3,345,291)
Total other financing sources (uses)	<u>3,148,421</u>	<u>(1,200)</u>	<u>8,368,588</u>	<u>-</u>	<u>(563,371)</u>	<u>10,952,438</u>
Net change in fund balance	<u>83,319</u>	<u>57,102</u>	<u>14,609</u>	<u>(5,157,479)</u>	<u>(872,936)</u>	<u>(5,155,304)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,988,367</u>	<u>319,724</u>	<u>846,977</u>	<u>5,513,118</u>	<u>6,076,933</u>	<u>25,745,119</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 13,791,686</u>	<u>\$ 376,826</u>	<u>\$ 861,667</u>	<u>\$ 355,639</u>	<u>\$ 5,203,997</u>	<u>\$ 20,589,815</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**CITY OF DECATUR, ILLINOIS  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
Year Ended April 30,2006**

Net change in total fund balances		\$ (5,155,304)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds. The change from fiscal year 2005 to 2006 consists of:		
Taxes received from the State of Illinois		(36,602)
In governmental funds, debt is not reported as a liability. In the current period, proceeds were received in the amount of		(4,805,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds.		
Increase in long-term compensated absences	\$ (143,223)	
Increase in accrued interest on debt	<u>(56,998)</u>	
Total expenses of non-current resources		(200,221)
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital expenditures	1,033,801	
Depreciation	<u>(2,601,885)</u>	
Capital expenditures in excess of depreciation		(1,568,084)
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities on the Statement of Activities		3,749,821
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		7,135,078

STATEMENT 6

Bond issuances costs and discounts on issuance were reported in the governmental funds. However, these amounts have been deferred and amortized in the Statement of Net Assets

Deferred bond discount	\$	156,237	
Deferred bond issuance costs		<u>17,787</u>	
Total deferred costs			<u>(174,024)</u>

**Change in Net Assets of Governmental Activities** \$ (1,054,336)

These financial statements should be read only in connection with the accompanying notes to financial statements.

CITY OF DECATUR, ILLINOIS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 April 30, 2006

	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water Fund	Mass Transit Fund			
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 292,198	\$ 648,119	\$ 1,931,113	\$ 2,871,430	\$ 8,250,293
Investments	24,896,251	83,488		24,979,739	
Receivables:					
Property taxes, net		216,437		216,437	
Accounts receivable	2,368,078	199,000	439,979	3,007,057	1,238
Other	61,476		75	61,551	3,905
Due from other funds		-	295,831	295,831	-
Inventories	370,836	133,089		503,925	160,589
Assets held for sale			73,278	73,278	-
Prepaid expenses, current			50,400	50,400	
Total current assets	<u>27,988,839</u>	<u>1,280,133</u>	<u>2,790,676</u>	<u>32,059,648</u>	<u>8,416,025</u>
Noncurrent Assets:					
Prepaid expense, net of current	<u>310,800</u>		-	<u>310,800</u>	-
Notes receivable		-	347,210	347,210	
Property, plant and equipment					
Land	3,318,478	899,399	2,202,555	6,420,432	
Buildings	43,402,518	4,036,423	5,505,994	52,944,935	
Improvements other than buildings	54,784,127	135,956	291,003	55,211,086	
Machinery and equipment	<u>5,735,818</u>	<u>6,087,720</u>	<u>570,596</u>	<u>12,394,134</u>	<u>2,159,275</u>
	107,240,941	11,159,498	8,570,148	126,970,587	2,159,275
Less accumulated depreciation	<u>49,059,734</u>	<u>5,911,123</u>	<u>5,455,709</u>	<u>60,426,566</u>	<u>742,316</u>
Total property, plant and equipment	<u>58,181,207</u>	<u>5,248,375</u>	<u>3,114,439</u>	<u>66,544,021</u>	<u>1,416,959</u>
Total noncurrent assets	<u>58,492,007</u>	<u>5,248,375</u>	<u>3,461,649</u>	<u>67,202,031</u>	<u>1,416,959</u>
<b>TOTAL ASSETS</b>	<u>\$ 86,480,846</u>	<u>\$ 6,528,508</u>	<u>\$ 6,252,325</u>	<u>\$ 99,261,679</u>	<u>\$ 9,832,984</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 863,014	\$ 104,554	\$ 54,983	\$ 1,022,551	\$ 268,571
Contracts payable	133,810		-	133,810	-
Claims payable				-	2,617,271
Interest payable	75,518			75,518	-
Other accrued liabilities	294,421	201,461	25,175	521,057	76,356
Unearned revenue	-	-	-		7,007
Note payable	305,317			305,317	-
Due to other funds			9,435	9,435	
Total current liabilities	<u>1,672,080</u>	<u>306,015</u>	<u>89,593</u>	<u>2,067,688</u>	<u>2,969,205</u>
Long-term liabilities:					
Note payable	<u>5,933,637</u>			<u>5,933,637</u>	
Total liabilities	<u>7,605,717</u>	<u>306,015</u>	<u>89,593</u>	<u>8,001,325</u>	<u>2,969,205</u>
Net Assets:					
Invested in capital assets, net of related debt	51,942,253	5,248,375	3,114,439	60,305,067	1,416,959
Unrestricted	<u>26,932,876</u>	<u>974,118</u>	<u>3,048,293</u>	<u>30,955,287</u>	<u>5,446,820</u>
Total net assets	<u>\$ 78,875,129</u>	<u>\$ 6,222,493</u>	<u>\$ 6,162,732</u>	<u>91,260,354</u>	<u>\$ 6,863,779</u>

Some amounts reported for business-type activities in the statements of net assets are different because certain Internal Service Fund assets and liabilities are included with business-type activities

298,187

Net assets of busness-type activities \$ 91,558,541

**CITY OF DECATUR, ILLINOIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
Year Ended April 30,2006

	<u>Major Enterprise Funds</u>			Total Enterprise Funds	Internal Service Funds
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 12,194,503	\$ 479,198	\$ 2,921,478	\$ 15,595,179	\$ 13,726,993
Payroll deductions/retiree contributions				-	1,383,245
Other revenue	<u>57,690</u>	<u>2,898</u>	<u>236,860</u>	<u>297,448</u>	<u>181,684</u>
Total operating revenues	<u>12,252,193</u>	<u>482,096</u>	<u>3,158,338</u>	<u>15,892,627</u>	<u>15,291,922</u>
<b>OPERATING EXPENSES</b>					
Personnel services	3,599,235	2,963,246	302,008	6,864,489	1,501,478
Contractual services	3,085,365	415,765	954,040	4,455,170	740,018
Commodities	1,874,106	706,639	24,480	2,605,225	916,053
Other charges	742,541	266,237	579,046	1,587,824	9,705,532
Depreciation and amortization	<u>3,766,708</u>	<u>603,409</u>	<u>232,760</u>	<u>4,602,877</u>	<u>242,324</u>
Total operating expenses	<u>13,067,955</u>	<u>4,955,296</u>	<u>2,092,334</u>	<u>20,115,585</u>	<u>13,105,405</u>
Operating income (loss)	<u>(815,762)</u>	<u>(4,473,200)</u>	<u>1,066,004</u>	<u>(4,222,958)</u>	<u>2,186,517</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Property taxes		217,322		217,322	-
Investment income and net increase in fair value of investments	938,757	40,593	44,307	1,023,657	199,336
Intergovernmental revenue		2,423,190		2,423,190	-
Interest expense	(184,130)			(184,130)	-
Gain (loss) on disposal of city property	<u>(493,245)</u>	<u>4,027</u>	<u>(535,213)</u>	<u>(1,024,431)</u>	<u>139,876</u>
Total nonoperating revenues (expenses)	<u>261,382</u>	<u>2,685,132</u>	<u>(490,906)</u>	<u>2,455,608</u>	<u>339,212</u>
Income (loss) before transfers	<u>(554,380)</u>	<u>(1,788,068)</u>	<u>575,098</u>	<u>(1,767,350)</u>	<u>2,525,729</u>
<b>TRANSFERS</b>					
Transfers in	-	-	67,100	67,100	3,007,511
Transfers out	<u>(6,586,458)</u>	<u>(120,378)</u>	<u>(710,019)</u>	<u>(7,416,855)</u>	<u>(1,473,714)</u>
Net transfers	<u>(6,586,458)</u>	<u>(120,378)</u>	<u>(642,919)</u>	<u>(7,349,755)</u>	<u>1,533,797</u>
Change in net assets	(7,140,838)	(1,908,446)	(67,821)	(9,117,105)	4,059,526
NET ASSETS, BEGINNING OF YEAR	<u>86,015,967</u>	<u>8,130,939</u>	<u>6,230,553</u>		<u>2,804,253</u>
NET ASSETS, END OF YEAR	<u>\$ 78,875,129</u>	<u>\$ 6,222,493</u>	<u>\$ 6,162,732</u>		<u>\$ 6,863,779</u>
Reconciliation to Statement of Activities					
Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities				<u>309,705</u>	
Net Business-type Activities				<u>\$ (8,807,400)</u>	

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**CITY OF DECATUR, ILLINOIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
Year Ended April 30,2006

	Water Fund	Mass Transit Fund	Nonmajor Enterprise Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 11,842,243	\$ 479,198	\$ 3,220,782	\$ 15,542,223	\$ 15,290,721
Cash paid to suppliers for goods and services	(5,418,604)	(1,380,620)	(1,660,289)	(8,459,513)	(11,436,679)
Cash paid to employees	(3,545,327)	(2,953,566)	(286,356)	(6,785,249)	(1,501,356)
Net cash provided by (used in) operating activities	<u>2,878,312</u>	<u>(3,854,988)</u>	<u>1,274,137</u>	<u>297,461</u>	<u>2,352,686</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental revenue	-	3,489,448	-	3,489,448	-
Interfund borrowings	797,103	-	10,636	807,739	(789,337)
Transfers in	-	-	67,100	67,100	3,007,511
Transfers out	(6,586,458)	(120,378)	(710,019)	(7,416,855)	(1,473,714)
Property taxes	-	150,704	-	150,704	-
Net cash provided by (used in) noncapital financing activities	<u>(5,789,355)</u>	<u>3,519,774</u>	<u>(632,283)</u>	<u>(2,901,864)</u>	<u>744,460</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of property, plant and equipment	(1,750,965)	-	(51,925)	(1,802,890)	(781,116)
Proceeds on sale of city property	10,065	-	36,337	46,402	166,545
Principal payments - loan	(296,638)	-	-	(296,638)	-
Interest payments	(187,720)	-	-	(187,720)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,225,258)</u>	<u>-</u>	<u>(15,588)</u>	<u>(2,240,846)</u>	<u>(614,571)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	938,757	40,593	44,307	1,023,657	199,336
Purchase/sale of investments	4,090,201	(3,053)	-	4,087,148	-
Net cash provided by investing activities	<u>5,028,958</u>	<u>37,540</u>	<u>44,307</u>	<u>5,110,805</u>	<u>199,336</u>
NET INCREASE (DECREASE) IN CASH	(107,343)	(297,674)	670,573	265,556	2,681,911
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>399,541</u>	<u>945,793</u>	<u>1,260,540</u>	<u>2,605,874</u>	<u>5,568,382</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 292,198</u>	<u>\$ 648,119</u>	<u>\$ 1,931,113</u>	<u>\$ 2,871,430</u>	<u>\$ 8,250,293</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (815,762)	\$ (4,473,200)	\$ 1,066,004	\$ (4,222,958)	\$ 2,186,517
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciaun	3,766,708	603,409	232,760	4,602,877	242,324
Effects of changes in operating assets and liabilities					
Receivables	(372,570)	-	(16,861)	(389,431)	395,504
Inventories	(64,087)	(27,803)	-	(91,890)	8,182
Prepaid items	25,900	-	4,200	30,100	-
Accounts payable	162,436	32,927	(17,645)	177,718	(91,023)
Contracts payable	125,647	-	(10,034)	115,613	-
Other liabilities	50,040	9,679	15,713	75,432	122
Unearned revenue	-	-	-	-	(388,940)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,878,312</u>	<u>\$ (3,854,988)</u>	<u>\$ 1,274,137</u>	<u>\$ 297,461</u>	<u>\$ 2,352,686</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**CITY OF DECATUR, ILLINOIS**  
**PENSION AND PRIVATE PURPOSE TRUST FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**April 30, 2006**

	<u>Pension Trust Funds</u>	<u>Decatur Public Library Private Purpose Fund</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 18,565,837	\$ 370,198
Accrued interest	<u>478,314</u>	
Long-term investments, at fair value		
U.S. Government obligations	46,911,651	-
Mutual funds	16,205,832	-
Common stock	<u>23,689,382</u>	<u>-</u>
Total long-term investments	<u>86,806,865</u>	
<b>TOTAL ASSETS</b>	<u>\$ 105,851,016</u>	<u>\$ 370,198</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 105,851,016</u>	<u>\$ 370,198</u>

These financial statements should be read only in connection with the  
accompanying notes to the financial statements.

**CITY OF DECATUR, ILLINOIS**  
**PENSION AND PRIVATE PURPOSE TRUST FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year Ended April 30, 2006**

	<b><u>Pension Trust Funds</u></b>	<b><u>Decatur Public Library Private Purpose Trust</u></b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 4,458,738	\$ -
Plan member	1,568,323	-
Other	<u>-</u>	<u>13,495</u>
 Total contributions	 <u>6,027,061</u>	 <u>13,495</u>
 Investment income	 7,319,587	 14,621
Less: Investment expense	<u>361,321</u>	<u>-</u>
 Net investment income	 <u>6,958,266</u>	 <u>14,621</u>
 Total additions	 <u>12,985,327</u>	 <u>28,116</u>
<b>DEDUCTIONS</b>		
Benefits and refunds	7,069,534	-
Administrative expense	75,176	-
Educational expenses	<u>-</u>	<u>33,061</u>
 Total deductions	 <u>7,144,710</u>	 <u>33,061</u>
 Net increase (decrease)	 5,840,617	 (4,945)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>100,010,399</u>	 <u>375,143</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 105,851,016</u>	 <u>\$ 370,198</u>

These financial statements should be read only in connection  
with the accompanying financial statements.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

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

The financial statements of the City of Decatur have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to governments as promulgated by the Governmental Accounting Standards Board (GASB). The more significant of these accounting policies are as follows:

**A. THE FINANCIAL REPORTING ENTITY**

The City of Decatur is a municipal corporation with a council/manager form of government. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, income, and motor fuel taxes), charges for services performed and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of entitlements at the State and Federal Government level. Taxable industry within the area is primarily manufacturing and retail. The surrounding area has a substantial agricultural base.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The City's reporting entity includes the City's governing board and all related organizations for which the City is financially accountable.

The City is not aware of any entity which would be financially accountable to the City to the extent that they would be considered a component unit of the entity.

**Blended Component Units:**

DCDF, Inc. is a not-for-profit corporation which finances and subsidizes housing rehabilitation activities within the City. DCDF, Inc. members are comprised entirely of the City Council and the Mayor. The members, who are the governing body of DCDF, Inc., appoint a six member advisory board. The members retain ultimate control over DCDF, Inc. Therefore, DCDF, Inc. is reported as if it were part of the primary government. DCDF, Inc. is the vehicle through which a portion of the City's redevelopment efforts are conducted. All of DCDF, Inc.'s activities are directed entirely by the City. In addition, the City's employees are responsible for the day-to-day administrative and financial management of DCDF, Inc., and grant funds used by DCDF, Inc. are in the City's name. DCDF, Inc. is included as an enterprise fund in the City's financial statements. Separate financial statements are not issued for this component unit.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. THE FINANCIAL REPORTING ENTITY (CONTINUED)**

Discretely Presented Component Unit:

The Decatur Metropolitan Exposition, Auditorium and Office Building Authority (Civic Center Authority) was made possible by Act 265 of the Illinois Compiled Statutes (70ILCS265/1 et seq). Its primary purpose is to provide office space and administrative services for various meeting and entertainment functions. The Mayor of the City appoints the board of directors. The Civic Center Authority imposes a financial burden upon the City due to an intergovernmental cooperation agreement in which the City agreed to pay all cash operating deficits of the Civic Center Authority. The Civic Center Authority does not have a legally adopted budget. The Civic Center Authority is presented as a proprietary fund type.

Complete financial statements for the Civic Center Authority may be obtained at: #1 Gary K. Anderson Plaza, Decatur, Illinois 62523.

Related Organizations:

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments.

Joint Venture:

The City is a participant with Macon County, Illinois (the County) in a non-equity joint venture to provide financial support for the Decatur Macon County Law Enforcement Center. The Decatur Public Building Commission (DPBC), a separate legal entity, owns and operates the Law Enforcement Center. The DPBC is governed by a five member board composed of three appointees from the City and two from the County. See Note 12 for information about the City's transactions with the DPBC during the year. Complete financial statements for the DPBC can be obtained from the DPBC's administrative office at 333 South Franklin, Decatur, Illinois 62523.

**B. BASIS OF PRESENTATION**

The City's basic financial statements consist of City-wide statements, including a statement of net assets and a statement of activities, and fund-financial statements, which provide a more detailed level of financial information. The City-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

*City-wide Financial Statements* – The statement of net assets and the statement of activities display information about the City as a whole. In the City-wide statement of net assets, both the governmental and business-type activities columns are presented on a consolidated basis by column. These statements include the financial activities of the primary government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City-wide statement of activities reflects both the direct expenses and net cost of each function of the City's governmental activities and business-type activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the City.

*Fund Financial Statements* – The financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

*City-wide Financial Statements* – The City-wide financial statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City applies all GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City has reported three categories of program revenues in the statement of activities (1) fees, fines and charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources; they reduce the net cost of each function to be financed from the City's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net assets to remove the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns for amounts reported in the individual funds as interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities. Amounts reported in the governmental or proprietary funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net assets as accounts receivable or payable to external parties.

***Fund Financial Statements*** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes and income taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Nonexchange transactions, in which the City receives value without directly giving equal value in return, include taxes, grants, and donations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Deferred revenue is reported on the governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria. Deferred revenues also arise when resources are received prior to the government having a legal claim to them. In a subsequent period, when both recognition criteria are met, or when the government has a legal claim to the resources, the liability is removed and the revenue is recognized.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital financing activities and investing activities.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to apply restricted resources first, then unrestricted resources as needed.

Differences occur from the manner in which the governmental activities and the City-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the City-wide statements and the statements for governmental funds.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all of the general revenues of the City which are not specifically levied or collected for other City funds, and for expenditures related to public works, public safety, and other general governmental activities of the City.

Decatur Public Library Fund – This fund accounts for revenues designated to finance the City's Public Library and expenditures of such fund.

Debt Service Fund – This fund accounts for revenues, including transfers from other funds, and expenditures for the purpose of servicing general obligation debt issued to finance the improvements of streets, the dredging of Faries Park Basin of Lake Decatur, and the purchase of communication equipment.

2004 Bond Capital Fund – This fund accounts for capital improvements that are financed by the proceeds of the 2004A General Obligation Bonds.

Proprietary Funds

Proprietary funds are used to account for those City activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

The City reports the following major proprietary funds:

Water Fund – This fund accounts for the construction, operation, and maintenance of the City owned water treatment and distribution system. Revenues are generated through charges to users based upon water consumption.

Mass Transit Fund – This fund accounts for the operation and maintenance of the City owned public transit system.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments, or other funds. These include the following fund types: Pension Trust and Private-Purpose Trust.

In addition to the major funds mentioned above, the City uses the following fund types:

Governmental Fund Types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – Debt Service Funds are used to account for the City's accumulation of resources for, and the payment of, general long-term debt, principal, interest and related costs.

Capital Projects Funds – The Capital Projects Funds are used to account for the City's purchase or construction of major capital facilities, which are not financed by other funds.

Proprietary Fund Types:

Enterprise Funds – The Enterprise Funds operations are financed similar to a private business enterprise; the intent is that the cost of the service is financed by user charges, and the activities be measured on a net income basis.

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency or other departments or agencies of the government, on a cost-reimbursement basis.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. POOLED CASH AND INVESTMENTS**

The City maintains pooled cash accounts for different fund groups which are used to account for all cash and investment transactions of that group. Monthly interest income of each pool is distributed to the individual funds based on their average cash balance in the pool during that period.

Investments are stated at fair value. Fair value for the investment in Illinois Funds is the same as the value of the pool shares. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act.

**E. INVENTORIES**

The only material inventories are those of supplies and parts in the Water Fund, Mass Transit Fund, and Fleet Maintenance Fund which are valued at the lower of cost or market, with cost determined on a first-in first-out basis. A perpetual inventory system is used which is adjusted annually based on a physical count. Cost is recorded at the time of purchase and is charged to the appropriate activity when consumed.

**F. FUND EQUITY/NET ASSETS**

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

Net assets represent the differences between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction of improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**G. LONG-TERM DEBT**

In the City-wide financial statements and in the proprietary fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. CAPITAL ASSETS**

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, alleys and similar items), are reported in the applicable governmental or business-type activities columns in the City-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$20,000 and a useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to land and buildings are capitalized. Interest expense incurred during construction of capital improvements has not been capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Category of Assets</u>	<u>Estimated Useful Life</u>
Building and other improvements	20 – 50 years
Infrastructure – roads	50 years
Office furniture	5 years
Office equipment	5 years
Water treatment equipment	10 years
Automobiles	2 – 7 years
Trucks	8 years
Buses	10 years
Other vehicles	10 years
Other machinery and equipment	5 years

Capital assets consisting of infrastructure, including roads and streets, have also been capitalized. Such assets are normally immovable and of value only to the City. However, the City has elected to not capitalize the infrastructure acquired prior to fiscal year 2004. Rather, the City will add these assets to the Statement of Net Assets by fiscal year 2008.

**I. PROPERTY TAXES**

The City's property tax is levied each year by the second Tuesday of December on all taxable real property located in the City. A lien on all taxable real property is effective on January 1 of the tax year.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. PROPERTY TAXES (CONTINUED)**

The City is a home rule community under the 1970 Illinois Constitution and accordingly does not have a statutory tax rate limit.

Property in Macon County, the county in which the City resides, is assessed by the Macon County Assessor. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Macon County Clerk computes the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Macon County Collector.

Property taxes are collected by the Macon County Collector who remits to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments during the following year. The first installment is due no later than June 1<sup>st</sup> and the second installment is due no later than September 1<sup>st</sup>.

Based on collection histories, the City has provided at April 30, 2006 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy.

Real property tax revenues are recognized when earned in proprietary funds and pension funds. Since property taxes are measurable but not available to finance current period obligations, the receivable is recorded and deferred in the governmental funds.

**J. COMPENSATED ABSENCES**

City employees receive vacation and sick pay in varying amounts based upon their employment anniversary dates. The City reimburses employees for accumulated vacation days upon their termination or retirement. Employees must take vacation accrued during the year of the accrual. Management and general service employees, fire, and police, may accumulate up to 240,240, and 150 days of sick leave, respectively, to be paid upon death or retirement. The City pays no accumulated sick leave upon termination.

The liability for compensated absences (unused vacation time) of the City relating to employees of the governmental activities at April 30, 2006 of \$2,566,422 is recorded in the City-wide financial statements. The long-term portion of compensated absences will be paid from the fund from which the employee is paid.

The accumulated vacation time liability of employees charged to the Proprietary Fund Types is reported as an expense and as a liability of those funds as the benefits accrue to the employees.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. INTERFUND TRANSACTIONS/TRANSFERS**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the City-wide financial statements and "internal balances". All receivables are shown net of an allowance for uncollectibles.

**L. CLAIMS AND JUDGMENTS**

When a probable claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss under its self-insurance program. The claim liability includes claims incurred but not reported (IBNR), based on historical data pursuant to the self-funded workmen's compensation, comprehensive general liability, employee dishonesty, property damage, medical, dental, and unemployment compensation programs.

**M. USE OF ESTIMATES**

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, but the City believes that the differences will be insignificant.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. An appropriated budget is legally adopted through the budgetary process on an annual fiscal year basis for the General Fund; special revenue funds; debt service funds except for the Special Assessment Fund; the capital projects funds except for the 2004 Bond Capital Fund; enterprise funds; and internal service funds.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING (Continued)**

2. The process is initiated in December of each year, with the departmental requests presented in February to the Budget Review Committee composed of the City Manager, Deputy City Manager, and Director of Financial Management.
3. The City Manager's proposed and balanced executive budget is presented to the City Council during March with a public hearing and final adoption taking place prior to April 30<sup>th</sup> of each year.
4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of July of each year. The Appropriation Ordinance includes changes from the approved budget and is adopted after an additional public hearing.
5. Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis – non GAAP. The Budget to Actual schedules include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General and major Special Revenue Funds.
6. The level of budgetary control is by department and therefore, expenditures within a fund cannot legally exceed appropriations on a departmental basis. The City's departments are comprised of the following: Legislative, Executive, Management Services, Legal, Financial Management, Police, Fire, Economic and Urban Development, Neighborhood Services, Public Works, and Other Non-Departmental Charges.
7. Anytime after six months of the fiscal year have elapsed, the appropriated budgets can be amended by the City Manager to reflect transfers within departments. Budgeted amounts reflected in the accompanying appropriated budget and actual comparisons are as amended by the year-end budget revisions.
8. Supplemental appropriation ordinances may be passed by the Council should a new unanticipated source of revenue develop for a specific purpose.
9. All unexpended appropriations lapse at year-end requiring reappropriation the following year.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There were no funds that had actual expenditures/expenses in excess of the appropriated amount for the year ended April 30,2006:

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2006**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The City has adopted formal investment policies and procedures as recommended by a citizens' investment advisory committee and approved by the City Manager, all within the guidelines established for the investment of public funds in accordance with the Illinois Compiled Statutes. The City is authorized by statute and policy to make deposits or investments in obligations of the United States Government; obligations of states or their political subdivisions; savings accounts, time deposits, certificates of deposit, or other investments which are direct obligations of banks as defined by the Illinois Banking Act; credit union shares; repurchase agreements; commercial paper rated within the three highest classifications by at least two standard rating services; the Illinois Public Treasurer's Investment Pool; and funds managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivision, stocks, mutual funds, and Illinois insurance companies' general and separate accounts. The City's investment policy also has established maximum limits for investments in uncollateralized certificates of deposit, money market accounts, and banker's acceptances for specific financial institutions as approved by the City Council, and has limited the City's investment in commercial paper to only the top rated. The City's deposits including certificates of deposit were fully insured or collateralized as required by state statutes at April 30, 2006. At year end the carrying value of the City's deposits, including certificates of deposit was \$2,984,520 and the respective bank balances totaled \$3,522,569, not including cash on hand of \$682. Included in the bank balances are certificates of deposit totaling \$500,000.

**Interest Rate Risk** – the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy states the portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated. In addition, the City shall maintain a diversity of investments to avoid unreasonable risks. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates.

**Credit Risk** – the risk that an issuer or other counter party to an investment will not fulfill its obligation. The standard of prudence to be used by the City shall be the "prudent person" standard which states:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the City's overall portfolio.

**Custodial Credit Risk** – the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City. As of April 30, 2006, the City's bank deposits were fully collateralized.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

As of April 30,2006, the City had the following investments:

	<u><b>Fair Value</b></u>
Cash and money market	\$ 31,059,787
U.S. Government obligations	59,047,157
Mutual funds	16,205,832
Common stock	<u>23,689,382</u>
<b>Total</b>	<b><u>\$ 130,002,158</u></b>

**Investments in The Illinois Funds**

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The City's investments in the Illinois funds are not required to be categorized because these are not securities. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At April 30, 2006, the City had \$22,935,968 in the Pool, which approximates fair value.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235.

At April 30, 2006, cash and cash equivalents for the Civic Center Authority are comprised of bank deposits totaling \$53,621 and deposits with the Illinois Funds of \$57,219. Bank deposits were fully covered by federal depository insurance. The Civic Center Authority's restricted investments are comprised of the following:

	<u><b>Carrying Amount</b></u>
Annuity contracts	\$ 14,674
Mutual funds	<u>25,766</u>
<b>Total investments</b>	<b><u>\$ 40,440</u></b>

**Reconciliation of notes to financial statements:**

	<u><b>Primary Government</b></u>
Carrying amount of bank deposits – per note above	\$ 2,984,520
Cash on hand – per note above	682
Investments – per note above (including Illinois Fund)	<u>152,938,126</u>
<b>Total</b>	<b><u>\$ 155,923,328</u></b>

**Statement 1**

Cash and equivalents	\$ 25,200,689
Investments	24,979,738

**Statement 10**

Cash and short-term investments	18,936,036
Long-term investments	<u>86,806,865</u>

<b>Total</b>	<b><u>\$ 155,923,328</u></b>
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**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of April 30,2006 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General	\$ 94,533	\$ -
Library	-	65,625
Nonmajor Governmental Funds	1,240	316,544
Nonmajor Enterprise Funds	295,831	9,435
<b>Total interfunds</b>	<u>\$ 391,604</u>	<u>\$ 391,604</u>

Interfund receivables and payables are primarily used to record:

- Interfund loans related to collection of revolving loan payments due to another fund.
- Interfund loans relating to negative cash balances.
- Interfund loans relating to loans between funds for various programs.

**NOTE 5 – TRANSFERS**

The following transfers were made during the fiscal year between funds within the primary government:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 4,714,671	\$ 1,572,100
Library	-	1,200
Debt service	3,663,588	-
Nonmajor Governmental Funds	782,990	1,771,991
Major Enterprise Funds:		
Water		6,586,458
Mass Transit	-	120,378
Nonmajor Enterprise Funds	67,100	710,019
Internal Service Funds	<u>3,007,511</u>	<u>1,473,714</u>
<b>Total interfunds</b>	<u>\$ 12,235,860</u>	<u>\$ 12,235,860</u>

The transfers represent both routine and non-routine items. Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers were made from the General Fund to the Equipment Replacement Fund of \$1,000,000 to assist in funding of equipment costs. Also, the TIF Fund transferred \$705,506 to the General Fund as repayment of funds borrowed in prior years.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended April 30,2006 was as follows:

**Primary government**

	<b>Restated Balance April 30,2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance April 30,2006</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,209,998	\$ 95,015	\$ -	\$ 2,305,013
Capital assets being depreciated:				
Infrastructure	8,256,377	-	-	8,256,377
Buildings and improvements	24,482,328	433,482	162,510	24,753,300
Vehicles	12,360,666	719,397	1,942,151	11,137,912
Office equipment	4,725,315	292,723	3,094,799	1,923,239
Other equipment	14,784,575	547,727	6,440,520	8,891,782
Subtotal	<u>64,609,261</u>	<u>1,993,329</u>	<u>11,639,980</u>	<u>54,962,610</u>
Less accumulated depreciation for:				
Infrastructure	(1,369,152)	(104,131)	-	(1,473,283)
Buildings and improvements	(8,525,336)	(731,591)	(162,166)	(9,094,761)
Vehicles	(7,844,923)	(1,224,449)	(1,869,058)	(7,200,314)
Office equipment	(3,826,654)	(266,757)	(3,088,622)	(1,004,789)
Other equipment	(13,579,173)	(517,281)	(6,220,038)	(7,876,416)
Total accumulated depreciation	<u>(35,145,238)</u>	<u>(2,844,209)</u>	<u>(11,339,884)</u>	<u>(26,649,563)</u>
Total capital assets being depreciated, net	<u>29,464,023</u>	<u>(850,880)</u>	<u>300,096</u>	<u>28,313,047</u>
<b>Total governmental activities capital assets, net</b>	<u>\$ 31,674,021</u>	<u>\$ (755,865)</u>	<u>\$ 300,096</u>	<u>\$30,618,060</u>

**Business-Type Activities:**

Capital assets not being depreciated:				
Land	\$ 6,409,687	\$ 59,250	\$ 48,505	\$ 6,420,432
Capital assets being depreciated:				
Infrastructure	326,148	-	-	326,148
Buildings and improvements	111,603,150	1,668,651	5,441,927	107,829,874
Vehicles	7,848,745	68,472	634,560	7,282,657
Office equipment	135,290	-	93,233	42,057
Other equipment	5,497,142	6,517	434,240	5,069,419
Subtotal	<u>125,410,475</u>	<u>1,743,640</u>	<u>6,603,960</u>	<u>120,550,155</u>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

	<b>Restated Balance April 30,2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance April 30,2006</b>
Less accumulated depreciation for:				
Infrastructure	\$ (9,784)	\$ (6,523)	\$ -	\$ (16,307)
Buildings and improvements	(55,015,937)	(3,788,839)	(4,821,472)	(53,983,304)
Vehicles	(4,925,339)	(565,695)	(554,298)	(4,936,736)
Office equipment	(116,277)	(4,736)	(88,725)	(32,288)
Other equipment	(1,632,327)	(237,084)	(411,480)	(1,457,931)
Total accumulated depreciation	<u>(61,699,664)</u>	<u>(4,602,877)</u>	<u>(5,875,975)</u>	<u>(60,426,566)</u>
 Total capital assets being depreciated, net	 <u>63,710,811</u>	 <u>(2,859,237)</u>	 <u>727,985</u>	 <u>60,123,589</u>
 <b>Total business-type activities capital assets, net</b>	 <b><u>\$ 70,120,498</u></b>	 <b><u>\$(2,799,987)</u></b>	 <b><u>\$ 776,490</u></b>	 <b><u>\$66,544,021</u></b>

Depreciation expense of \$2,844,209 and \$4,602,877 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

<b><u>Governmental Activities</u></b>	<b><u>Depreciation</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Depreciation</u></b>
General government	\$ 608,875	Water	\$ 3,766,708
Public safety	834,660	Parking	229,913
Public works	789,021	Mass Transit	603,409
Culture and recreation	<u>611,653</u>	Sewer	<u>2,847</u>
<b>Total</b>	<b><u>\$ 2,844,209</u></b>	<b>Total</b>	<b><u>\$ 4,602,877</u></b>

**Discretely Presented Component Unit**

Activity for the Civic Center Authority for the year ended April 30,2006, was as follows:

	<b><u>Balance 4/30/05</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance 4/30/06</u></b>
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	12,823,068	165,343	46,595	12,941,816
Less accumulated depreciation for:				
Buildings and equipment	<u>(8,135,463)</u>	<u>(319,712)</u>	<u>(46,595)</u>	<u>(8,408,580)</u>
 Total capital assets being depreciated, net	 <u>4,687,605</u>	 <u>(154,369)</u>	 <u>-</u>	 <u>4,533,236</u>
 <b>Civic Center capital assets, net</b>	 <b><u>\$ 7,818,367</u></b>	 <b><u>\$ (154,369)</u></b>	 <b><u>\$ -</u></b>	 <b><u>\$ 7,663,998</u></b>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 7 – RECEIVABLES**

The following is a summary of other taxes, due from other governments, accounts, notes, and other receivables by fund type at April 30,2006. Any uncollectible amount is not believed to be material.

**Governmental Activities:**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Assets</u>
Other taxes:						
Hotel and motel tax	\$ 89,963	\$ -	\$ -	\$ -	\$ -	\$ 89,963
Food and beverage tax	289,681	-	-	-	-	289,681
Cable TV tax	65,419	-	-	-	-	65,419
Utility tax	926,699	-	-	-	-	926,699
State income tax	1,739,916	-	-	432,558	-	2,172,474
State replacement tax		65,590			-	65,590
<b>Total other taxes</b>	<u>\$ 3,111,678</u>	<u>\$ 65,590</u>	<u>\$ -</u>	<u>\$ 432,558</u>	<u>\$ -</u>	<u>\$ 3,609,826</u>
Due from other governments:						
Grants	\$ 49,604	\$ -	\$ -	\$ -	\$ -	\$ 49,604
Allotments		367,264				367,264
<b>Total due from other governments</b>	<u>\$ 49,604</u>	<u>\$ 367,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,868</u>
Accounts receivable:						
General billings	\$ 26,154	\$ 58,829	\$ -	\$ 13,864	\$ 1,238	\$ 100,085
Boat licenses	51,370					51,370
Special assessments			23,711			23,711
<b>Total accounts receivable</b>	<u>\$ 77,524</u>	<u>\$ 58,829</u>	<u>\$ 23,711</u>	<u>\$ 13,864</u>	<u>\$ 1,238</u>	<u>\$ 175,166</u>
Notes receivable:						
Installment notes	\$ -	\$ 64,381	\$ -	\$ -	\$ -	\$ 64,381
Deferred notes		171,481				171,481
Locker rental rehab loans		33,177				33,177
Cardwell loan		1,130,118				1,130,118
<b>Total notes receivable</b>	<u>\$ -</u>	<u>\$ 1,399,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399,157</u>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 7 – RECEIVABLES (CONTINUED)**

**Governmental Activities:**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Assets</u>
Other:						
Investment income	\$ 3,276	\$ 552	\$ 434	\$ -	\$ 3,905	\$ 8,167
Parking tickets	37,737					37,737
Home program loans		651,397				651,397
Gateway to Sertoma Club loan		180,727				180,727
<b>Total other</b>	<u>\$ 41,013</u>	<u>\$ 832,676</u>	<u>\$ 434</u>	<u>\$</u>	<u>\$ 3,905</u>	<u>\$ 878,028</u>

**Business-Type Activities:**

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 1,695,674
Waterman tapping	39,301
Sanitary District billings	633,103
Grants	199,000
Outstanding parking tickets	263,563
Revolving mortgage loans	13,137
Recycling fees	123,323
Sewer billings	230,228
DCDF loans	253
Reserve for uncollectible portion	(190,525)
<b>Total accounts receivable</b>	<u>\$ 3,007,057</u>
Notes receivable:	
Installment notes	\$ 283,917
Deferred notes	81,570
Reserve for uncollectible portion	(18,277)
<b>Total notes receivable</b>	<u>\$ 347,210</u>
Other:	
Investment income	<u>\$ 61,551</u>

Notes receivable are loans made through the DCDF, Inc. housing rehabilitation program under the terms of mortgage-secured installment notes with interest rates ranging from zero to six percent. The term of the notes is not to exceed twenty years. Notes are classified as either installment or deferred. Deferred notes have repayment terms beginning sometime in the future.

In accordance with the Statutes of the State of Illinois, the revenue derived from water main tapping approximates the City's cost of providing the service.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of changes to the City's long-term debt for the fiscal year:

	<b>Obligations Outstanding May 1,2005</b>	<b>Debt Additions</b>	<b>Debt Retirement</b>	<b>Obligations Outstanding April 30,2006</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General Obligation Bonds:					
Series of 1991	\$ 3,166,168	\$ -	\$ 560,078	\$ 2,606,090	\$ 519,580
Series of 1995	4,645,000	-	4,645,000	-	-
Series of 1998	3,380,000	-	260,000	3,120,000	260,000
Series of 2004A	11,820,000	-	430,000	11,390,000	435,000
Series of 2004B	28,060,000	-	1,030,000	27,030,000	1,050,000
Series of 2005	-	4,705,000	-	4,705,000	-
Less deferred amounts:					
For issuance discounts	(176,646)	-	(8,833)	(167,813)	
On refunding	(2,948,089)	-	(147,404)	(2,800,685)	
<b>Total general obligation bonds</b>	<u>47,946,433</u>	<u>4,705,000</u>	<u>6,768,841</u>	<u>45,882,592</u>	<u>2,264,580</u>
Notes Payable:					
General Obligation Notes:					
Series of 2005		50,000		50,000	
Series of 2005A		50,000		50,000	
HUD Section 108, 1999-A	1,030,000		90,000	940,000	100,000
HUD Section 108,2002-A	3,000,000		120,000	2,880,000	125,000
DHA Wabash Crossing loans	3,369,809			3,369,809	3,369,809
<b>Total notes payable</b>	<u>7,399,809</u>	<u>100,000</u>	<u>210,000</u>	<u>7,289,809</u>	<u>3,594,809</u>
Compensated absences	2,423,199	2,188,622	2,045,399	2,566,422	2,147,669
<b>Total governmental activities</b>	<u>\$57,769,441</u>	<u>\$ 6,993,622</u>	<u>\$ 9,024,240</u>	<u>\$55,738,823</u>	<u>\$ 8,007,058</u>
<b>Business-Type activities:</b>					
Notes payable:					
2001 IEPA loan	\$ 6,535,592	\$ -	\$ 296,638	\$ 6,238,954	\$ 305,317

Long-term obligations outstanding at April 30,2006 are comprised of the following:

A. General Obligation Bonds

*General Obligation Bonds, Series 1991*

\$17,955,730 1991 General Obligation Bonds dated September 1, 1991 due October 1, 2014; interest at 4.7 to 6.9 percent (principal and interest to be serviced by the general revenues of the City).

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 519,580	\$ 935,420	\$ 1,455,000
2008	481,518	973,482	1,455,000
2009	445,797	1,009,203	1,455,000
2010	415,995	1,039,005	1,455,000
2011	384,557	1,070,443	1,455,000
2012	358,643	1,096,357	1,455,000
<b>Total</b>	<b><u>\$ 2,606,090</u></b>	<b><u>\$6,123,910</u></b>	<b><u>\$ 8,730,000</u></b>

*General Obligation Bonds, Series 1998*

\$5,200,000 1998 General Obligation Bonds dated June 30, 1998 due January 1, 2018; interest of 4.25 to 5.25 percent (principal and interest to be serviced by annual tax levy).

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 260,000	\$ 156,390	\$ 416,390
2008	260,000	144,170	404,170
2009	260,000	131,950	391,950
2010	260,000	119,470	379,470
2011	260,000	106,730	366,730
2012-2016	1,300,000	338,130	1,638,130
2017-2018	520,000	40,950	560,950
<b>Total</b>	<b><u>\$ 3,120,000</u></b>	<b><u>\$1,037,790</u></b>	<b><u>\$ 4,157,790</u></b>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

*General Obligation Bonds, Series 2004A*

\$12,245,000 2004 General Obligation Bonds dated March 1, 2004 due March 1, 2025; interest of 2.50 to 4.25 percent (principal and interest to be serviced by annual tax levy).

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 435,000	\$ 419,663	\$ 854,663
2008	445,000	408,787	853,787
2009	460,000	397,663	857,663
2010	470,000	385,588	855,588
2011	485,000	372,075	857,075
2012-2016	2,680,000	1,616,837	4,296,837
2017-2021	3,255,000	1,063,063	4,318,063
2022-2025	<u>3,160,000</u>	<u>340,337</u>	<u>3,500,337</u>
<b>Total</b>	<b><u>\$ 11,390,000</u></b>	<b><u>\$ 5,004,013</u></b>	<b><u>\$ 16,394,013</u></b>

*General Obligation Bonds, Series 2004B*

\$29,070,000 2004 General Obligation Bonds dated March 1, 2004 due March 1, 2025; interest of 2.50 to 4.3 percent (principal and interest to be serviced by annual tax levy).

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 1,050,000	\$ 1,005,029	\$ 2,055,029
2008	1,065,000	978,779	2,043,779
2009	1,095,000	952,154	2,047,154
2010	1,125,000	924,779	2,049,779
2011	1,150,000	896,654	2,046,654
2012-2016	6,355,000	3,883,481	10,238,481
2017-2021	7,725,000	2,537,143	10,262,143
2022-2025	<u>7,465,000</u>	<u>815,131</u>	<u>8,280,131</u>
<b>Total</b>	<b><u>\$ 27,030,000</u></b>	<b><u>\$ 11,993,150</u></b>	<b><u>\$ 39,023,150</u></b>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

*General Obligation Bonds, Series 2005*

\$4,705,000 2005 General Obligation Bonds dated November 1, 2005 due December 15, 2014; interest of 3.00 to 3.60 percent (principal and interest to be serviced by annual tax levy).

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>
2007	\$ -	\$ 181,407	\$ 181,407
2008	-	161,650	161,650
2009	100,000	161,650	261,650
2010	165,000	158,650	323,650
2011	170,000	153,535	323,535
2012-2015	4,270,000	399,915	4,669,915
<b>Total</b>	<b><u>\$ 4,705,000</u></b>	<b><u>\$ 1,216,807</u></b>	<b><u>\$ 5,921,807</u></b>

B. Notes Payable

*General Obligation Note (Olde Towne Redevelopment Project), Series 2005*

\$2,600,000 drawdown note due December 15, 2010; interest calculated at 68% of 30-day LIBOR plus 225 basis points (6.61% at April 30,2006).

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>
2007	\$ -	\$ 3,305	\$ 3,305
2008	-	3,305	3,305
2009	-	3,305	3,305
2010	-	3,305	3,305
2011	50,000	2,066	52,066
<b>Total</b>	<b><u>\$ 50,000</u></b>	<b><u>\$ 15,286</u></b>	<b><u>\$ 65,286</u></b>

*General Obligation Note (Olde Towne Redevelopment Project), Series 2005A*

\$500,000 drawdown note due December 15, 2010; interest calculated at 68% of 30-day LIBOR plus 225 basis points (7.29% at April 30,2006).

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

B. Notes Payable (Continued)

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ -	\$ 3,645	\$ 3,645
2008	-	3,645	3,645
2009	-	3,645	3,645
2010	-	3,645	3,645
2011	50,000	2,278	52,278
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 16,858</b>	<b>\$ 66,858</b>

*U.S. Department of Housing and Urban Development Series 1999-A Certificates*

\$1,470,000 Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 (Note B-95-MC-17-0008) due August 1, 2013; interest of 5.19 to 6.33 percent.

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 100,000	\$ 53,891	\$ 153,891
2008	100,000	48,126	148,126
2009	110,000	42,030	152,030
2010	120,000	35,247	155,247
2011	120,000	28,035	148,035
2012-2014	390,000	38,702	428,702
<b>Total</b>	<b>\$ 940,000</b>	<b>\$ 246,031</b>	<b>\$ 1,186,031</b>

*U.S. Department of Housing and Urban Development Series 2002-A Certificates*

\$3,000,000 Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 (Note B-95-MC-17-0008-A) due August 1, 2022; interest of 2.99 to 6.12 percent.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

B. Notes Payable (Continued)

Remaining principal and interest payments to maturity are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 125,000	\$ 150,394	\$ 275,394
2008	130,000	145,768	275,768
2009	140,000	140,386	280,386
2010	145,000	134,262	279,262
2011	150,000	127,548	277,548
2012-2016	825,000	517,922	1,342,922
2017-2021	950,000	269,852	1,219,852
2022-2023	415,000	25,500	440,500
<b>Total</b>	<b><u>\$ 2,880,000</u></b>	<b><u>\$ 1,511,632</u></b>	<b><u>\$ 4,391,632</u></b>

*Wabash Crossing Infrastructure Loans*

The City has committed to the expenditure of up to \$10,339,218 for the construction and installation of infrastructure for the purpose of the redevelopment of the Near North in conjunction with the Decatur Housing Authority (DHA) and Eastlake Management and Development Corporation (Eastlake) as part of the HOPE VI grant awarded to the DHA from the United States Department of Housing and Urban Development for the rehabilitation and redevelopment of Longview Place and the area immediately adjacent thereto. The project consists of the construction of 249 new residential units known as Wabash Crossing along with the related construction and installation of certain items of infrastructure such as streets, sidewalks and water and sewer mains. As part of the Development Agreement between the City, DHA, and Eastlake, DHA has committed to make one or more loans or grants of development funding to the Revitalization in the aggregate amount of the HOPE IV Grant and applicable portion of the Capital Fund less DHA administrative, consultant, and other applicable costs. As of April 30, 2006, DHA has made loans to the City totaling \$3,369,809 for expenses incurred in relation to this project as agreed upon in the Infrastructure Funding Agreement between the City, DHA, and Eastlake entered into on August 27, 2003. The loan is interest free and is due upon completion of the infrastructure improvements and acceptance by the City of the public infrastructure improvements and Phase II infrastructure improvements, unless extended by mutual agreement of the parties.

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2007	\$ 3,369,809	\$ -	\$ 3,369,809

*Illinois Environmental Protection Agency 2001 Loan*

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for \$6,957,896 to finance the costs relating to the construction of the Nitrate Removal facility. The term of the loan is for 20 years with an annual fixed loan rate of 2.9050%. The semi-annual repayment dates for both principal and interest are June 1 and December 1.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2006**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

B. Notes Payable (Continued)

Remaining principal and interest payments to maturity are as follows:

<b><u>Fiscal</u> <u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u> <u>Debt Service</u></b>
2007	\$ 305,317	\$ 179,040	\$ 484,357
2008	314,252	170,106	484,358
2009	323,447	160,911	484,358
2010	332,911	151,447	484,358
2011	342,652	141,705	484,357
2012-2016	1,869,655	552,134	2,421,789
2017-2021	2,159,678	262,111	2,421,789
2022-2023	591,042	15,527	606,569
<b>Total</b>	<b><u>\$ 6,238,954</u></b>	<b><u>\$ 1,632,981</u></b>	<b><u>\$ 7,871,935</u></b>

C. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, which will be paid to employees upon separation from City service. In Governmental Fund Types, the cost of these benefits is recognized when payments are made to employees. Enterprise Fund Types accrue vacation time benefits in the period in which they are earned. A long-term liability representing the City's commitment to fund such costs from future operations has been recorded in the Statement of Net Assets in the amount of \$2,566,422.

D. Conduit Debt

The City, through its participation in an intergovernmental agreement with several Illinois municipalities, has issued Collateralized Single Family Mortgage Revenue Bonds to provide financial assistance to low and moderate income residents for the purchase of single family residences. The bonds are secured by property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the resident. Therefore, none of the participating municipalities are obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. The original amount of the issuance was \$250,000,000.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**

A. Plan Descriptions, Provisions and Funding Policies

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple employer public employee retirement system; the Police Pension Plan which is a single employer pension plan; and the Firefighter's Pension Plan which is also a single employer pension plan. None of the pension plans issue a separate report. However, IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois, 60523.

IMRF

IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City of Decatur is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 6.85% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31,2005, the City of Decatur's annual pension cost of \$880,429 was equal to the City of Decatur's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
(CONTINUED)

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At May 1,2005 the Police Pension Plan membership consisted of

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	106
Current employees Vested and Nonvested	<u>164</u>
<b>Total</b>	<u>270</u>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years. Employees with at least 8 years but less than 20 years of credited service may retire at or after the age of 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings. By the year 2033 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Firefighters' Pension Plan

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
**(CONTINUED)**

A. Plan Descriptions, Provisions and Funding Policies (Continued)

Firefighters' Pension Plan (Continued)

At May 1,2005 the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	109
Current employees Vested and Nonvested	<u>114</u>
<b>Total</b>	<b><u>223</u></b>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held on the date of retirement. The pension shall be increased by 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings. By the year 2033 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
(CONTINUED)

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statement disclosures are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as additions in the period in which employee services are performed. Separate plan financial statements are not prepared for the police and fire pension plans.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

There were no investments (other than U.S. government and U.S. government guaranteed obligations, and mutual funds) in any one organization that represents 5 percent or more of net assets available for benefits.

Related Party Transactions

There are no securities of the employer of any other related parties included in plan assets.

C. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost for the current year and related information for each plan is as follows:

	<b><u>Illinois Municipal Retirement</u></b>	<b><u>Police Pension</u></b>	<b><u>Firefighter's Pension</u></b>
Contribution Rates:			
Employer	6.85%	30.5%	46.1%
Employee	4.50%	9.91%	9.455%
Annual pension cost	\$ 880,429	\$ 2,311,360	\$ 2,172,022
Contributions made	\$ 880,429	\$ 2,311,360	\$ 2,172,022
Actuarial valuation date	1213112005	0510112005	05/01/2005

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
**(CONTINUED)**

C. Annual Pension Cost and Net Pension Obligation (Continued)

	<b><u>Illinois Municipal Retirement</u></b>	<b><u>Police Pension</u></b>	<b><u>Firefighter's Pension</u></b>
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Projected Payroll Closed Basis	Level % of Payroll Closed Basis	Level % of Payroll Closed Basis
Amortization period	27 years	28 years	28 years
Asset valuation method	5-year Smoothed Market	Market	Market
Actuarial assumptions: Investment rate of return	7.5% Compounded Annually	7.5% Compounded Annually	7.5% Compounded Annually
Projected salary increases	0.4 to 11.6%	5.00%	5.00%
Inflation rate included	4.00%	3.00%	3.00%
Cost of living adjustments	3.00%	3.00%	3.00%

The pension liability at transition was determined in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers". There was no net pension obligation for the IMRF Plan at transition or at year end. There also was no pension liability at year-end for the Police and Firefighters' Pension Plans.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
**(CONTINUED)**

C. Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	<u>Year</u>	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual pension cost (APC)	2003	\$ 118,560	\$ 1,764,070	\$ 1,907,994
	2004	370,253	2,160,100	1,991,190
	2005	880,429	2,311,360	2,172,022
Actual contributions	2003	\$ 118,560	\$ 1,764,070	\$ 1,907,994
	2004	370,253	2,160,100	1,991,190
	2005	880,429	2,311,360	2,172,022
Percentage of APC contributed	2003	100%	100%	100%
	2004	100%	100%	100%
	2005	100%	100%	100%
Net pension obligation	2003	\$ -	\$ -	-
	2004	-	-	-
	2005	-	-	-

Comparative information for 2006 is not yet available.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
**(CONTINUED)**

D. Financial Statements

The following information represents the financial position and activity of the pension trust funds at April 30, 2006:

	<b><u>Police Pension Fund</u></b>	<b><u>Fire Pension Fund</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and short-term investments	\$ 12,832,197	\$ 5,733,640	\$ 18,565,837
Accrued interest	<u>204,521</u>	<u>273,793</u>	<u>478,314</u>
Long-term investments, at fair value			
U.S. Government obligations	20,616,546	26,295,105	46,911,651
Mutual funds	11,863,735	4,342,097	16,205,832
Common stock	<u>10,697,138</u>	<u>12,992,244</u>	<u>23,689,382</u>
Total long-term investments	<u>43,177,419</u>	<u>43,629,446</u>	<u>86,806,865</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 56,214,137</u></b>	<b><u>\$ 49,636,879</u></b>	<b><u>\$ 105,851,016</u></b>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 56,214,137</u>	<u>\$ 49,636,879</u>	<u>\$ 105,851,016</u>
	<b><u>Police Pension Fund</u></b>	<b><u>Fire Pension Fund</u></b>	<b><u>Total</u></b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,298,816	\$ 2,159,922	\$ 4,458,738
Plan member	<u>925,084</u>	<u>643,239</u>	<u>1,568,323</u>
Total contributions	<u>3,223,900</u>	<u>2,803,161</u>	<u>6,027,061</u>
Investment income	3,521,179	3,798,408	7,319,587
Less: investment expense	<u>190,568</u>	<u>170,753</u>	<u>361,321</u>
Net investment income	<u>3,330,611</u>	<u>3,627,655</u>	<u>6,958,266</u>
Total additions	<u>6,554,511</u>	<u>6,430,816</u>	<u>12,985,327</u>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS**  
**(CONTINUED)**

D. Financial Statements (Continued)

	<b><u>Police Pension Fund</u></b>	<b><u>Fire Pension Fund</u></b>	<b><u>Total</u></b>
<b>DEDUCTIONS</b>			
Benefits and refunds	\$ 3,186,756	\$ 3,882,778	\$ 7,069,534
Administrative expense	<u>32,536</u>	<u>42,640</u>	<u>75,176</u>
Total deductions	<u>3,219,292</u>	<u>3,925,418</u>	<u>7,144,710</u>
Net increase	3,335,219	2,505,398	5,840,617
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>52,878,918</u>	<u>47,131,481</u>	<u>100,010,399</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 56,214,137</u>	<u>\$ 49,636,879</u>	<u>\$ 105,851,016</u>

**NOTE 10 – CONTINGENT LIABILITIES**

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME, and Federal Transit Administration programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for and including the year ended April 30, 2006, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be insignificant.

The City, as landowner of an industrial center, has a potential environmental liability arising from the activities of various tenants at the site. The City has entered into a cost sharing agreement with three other parties to fund an investigation to determine the degree of each party's responsibility. While there is no current claim by any State, Federal, or local agency against the City, any such agency could take action to accelerate a clean up of the property. The City and its legal counsel believe that primary liability will rest with the prior owners. No estimate of the liability can be made at this time.

**NOTE 11 – LITIGATION**

There are several lawsuits pending against the City for various reasons. The outcome and eventual liability of the City, if any, in these cases are not known at this time and, accordingly, no specific provisions for these lawsuits are included in the financial statements. However, based upon past experience, management believes that the self-insurance funds and other insurance coverage maintained by the City are sufficient to cover any potential claims.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 12 – COMMITMENTS**

The City has two leases as follows:

- A. As a result of the City's involvement in the construction of the Civic Center building, the City and the Civic Center Authority entered into an intergovernmental cooperation agreement which included a negotiated 99 year rent-free lease for office space. The lease terms required the City to pay only utility and maintenance costs based on square footage occupied, which is approximately 40 percent of the space.

In applying the Statement of Financial Accounting Standards No. 13, *Accounting for Leases (SFAS 13)*, this lease should be capitalized due to its term and included in the general long-term debt account group. However, since these costs represent executory costs and are not quantifiable, the lease has not been capitalized and is classified as an operating lease. Also, since the costs are not quantifiable, the future minimum lease payments are not determinable.

The City is committed to maintaining a \$100,000 cash operating reserve and paying all cash operating deficits of the Civic Center Authority.

- B. The City has entered into a noncancellable 20 month lease with the Decatur Public Building Commission (DPBC). The City is leasing the law facility center from the DPBC. The lease requires the City to levy property taxes to make annual rental payments to the DPBC to pay maintenance and utility costs of the center. During the year ended April 30, 2006, the City paid \$392,028 to the DPBC.

In applying SFAS 13 the lease has been determined to be an operating lease and should not be capitalized. The lease has been classified as an operating lease since the fair value of the center cannot be objectively allocated (the City has an approximate 14 percent interest) and the estimated economic life of the center is estimated to be greater than 27 years.

The aggregate future minimum rental payments are as follows:

<b><u>Year Ending</u></b> <b><u>April 30</u></b>	<b><u>Amount</u></b>
2007	<u>\$ 280,564</u>

- C. In 1990, the City and the Sanitary District of Decatur (District) entered into intergovernmental agreements to rehabilitate South Broadway-Cantrell Streets sewer, Staley sewer, Spring Creek sewer, and West Mound sewer. The State of Illinois EPA issued a 20-year loan to the District. The City is contributing funds to the District to cover a portion of the District's loan payments. The last principal and interest payments will be made April 5, 2015. The City's share of the remaining payments at April 30, 2006 is as follows:

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 12 – COMMITMENTS (CONTINUED)**

<u>Year Ending</u> <u>April 30</u>	<u>Total</u>
2007	\$ 146,804
2008	146,804
2009	146,804
2010	146,804
2011	146,804
2012-2015	480,010
<b>Total</b>	<u>\$1,214,030</u>

- D. The City has committed to the expenditure of up to \$10,339,218, of which \$5,969,809 has been paid or expended for the construction and installation of infrastructure for the purpose of the redevelopment of the Near North in conjunction with the Decatur Housing Authority (DHA) and Eastlake Management and Development Corporation (Eastlake) as part of the HOPE VI grant awarded to the DHA from the United States Department of Housing and Urban Development for the rehabilitation and redevelopment of Longview Place and the area immediately adjacent thereto. The project consists of the construction of 249 new residential units known as Wabash Crossing along with the related construction and installation of certain items of infrastructure such as streets, sidewalks and water and sewer mains.

Other Commitments:

At April 30, 2006, the City had contractual commitments of approximately \$250,030 for capital improvement programs.

The City provides certain health care benefits through the group insurance plan for retired employees, as required by State statute. Substantially all of the City's employees become eligible for those benefits if they reach normal retirement age while working for the City. Retired employees reimburse the City for applicable premiums paid by the City.

**NOTE 13 – RISK MANAGEMENT**

The City is self insured for worker's compensation, comprehensive general liability, employee dishonesty, property damage, medical, dental, and unemployment compensation claims. The unemployment compensation is funded totally by the City. The medical program is insured for amounts above the self-insurance retention limits of \$200,000 per individual and approximately \$7,854,963 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of \$150,000 by an insurance carrier. There have been no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there have been no settlements that exceeded insurance coverage.

Rates are developed annually to fund the self-insurance programs, both claims and administrative costs, in the self-insurance internal service fund. All funds and departments of the City are charged monthly thereafter based on their loss history and exposure.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 13 – RISK MANAGEMENT (CONTINUED)**

The claims liability of \$2,617,007 and \$2,785,391 reported in the Fund at April 30, 2006 and 2005 respectively, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability account in fiscal years 2006 and 2005 were:

	<u>May 1,2005 to April 30,2006</u>	<u>May 1,2004 to April 30,2005</u>
Beginning of fiscal year liability	\$ 2,785,391	\$ 3,528,702
Current year claims and changes in estimates	8,182,715	6,496,164
Claim payments	<u>(8,350,835)</u>	<u>(7,239,475)</u>
<b>Total</b>	<u>\$ 2,617,271</u>	<u>\$ 2,785,391</u>

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The City has an agreement with the Civic Center Authority whereby the City occupies a portion of the Civic Center Building as municipal offices and reimburses the Authority for its portion of occupancy related expenses.

The City is required to maintain the Authority's operating reserve fund at \$100,000. The City is required to replenish this fund whenever it falls below \$100,000. The Authority has not required this fund to be maintained at \$100,000, but reimbursement has been made as cash flow dictates. During 2006, the City contributed \$317,343 to the Authority.

During 1999, the City entered into an agreement with the Authority to finance the replacement of the heating, ventilating and air conditioning system controls in the Civic Center Building. The agreement provided that the City pay the entire cost of the replacement contract of \$189,112, and that the Authority will pay the City \$112,000 in annual installments of \$16,000, no interest, over seven years beginning January 2, 1999. The receivable from the Authority has been recorded at present value using a 7% discount factor.

During 2000, the City entered into an agreement with the Authority to finance any repairs necessary to upkeep the facility as determined by the architects. Roof replacement and tuckpointing repairs were completed in 2000. The City has an agreement that the City pay the entire cost of \$451,961, and the Authority will pay the City \$264,899 in annual installments of \$25,000, no interest, until paid off beginning January 2,2001. The receivable from the Authority has been recorded at present value using a 7% discount factor.

The City has agreed to defer repayment under these two agreements to a time when the Authority can repay them.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 14 – RELATED PARTY TRANSACTIONS (CONTINUED)**

The present value of the amounts due from the Authority under these agreements is as follows:

	<u>HVAC System</u>	<u>Roof and Tuckpointing</u>	<u>Total</u>
Prior years' payments – deferred	\$ 54,195	\$ 75,162	\$ 129,357
Due in 2007	-	18,331	18,331
2008		19,614	19,614
2009		20,987	20,987
2010		22,457	22,457
2011	-	13,878	13,878
	<u>54,195</u>	<u>170,429</u>	<u>224,624</u>
Current	<u>-</u>	<u>(18,331)</u>	<u>(18,331)</u>
<b>Noncurrent</b>	<u>\$ 54,195</u>	<u>\$ 152,098</u>	<u>\$ 206,293</u>

Accrued interest on the deferred prior year payments as of April 30, 2006 is as follows:

	<u>HVAC System</u>	<u>Roof and Tuckpointing</u>	<u>Total</u>
	<u>\$ 9,805</u>	<u>\$ 49,838</u>	<u>\$ 59,643</u>

**NOTE 15 – FUND EQUITY**

The following funds had a deficit fund balance at April 30, 2006:

Main Place Section 108 Loan	
Guarantee Fund	\$ 37,039
CDBG Fund	9,957
Letter of Credit Capital Project	63,275
Self Insurance	90,487

The above deficits are expected to be eliminated from future revenues and/or transfers.

**NOTE 16 – NEW GOVERNMENT ACCOUNTING STANDARDS**

The following Governmental Accounting Standards Board (GASB) will be adopted in the future:

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. The provisions of this Statement will be effective in phases using the same criteria applied in the implementation of the new governmental reporting model, starting with periods ending April 30, 2009.

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30,2006**

**NOTE 16 – NEW GOVERNMENT ACCOUNTING STANDARDS (CONTINUED)**

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information. The City is required to implement this Statement for the year ending April 30,2009.

The provisions of Statement No. 34 relating to the reporting of previously acquired infrastructure will be implemented for fiscal year 2008.

Management has not determined the impact these statements will have on the financial position and results of operations of the City.

This information is an integral part of the accompanying financial statements.

**CITY OF DECATUR, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF FUNDING PROGRESS**  
**Year Ended April 30,2006**

	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
<b><u>IMRF</u></b>						
2005	\$ 34,078,784	\$ 35,005,135	\$ 926,351	97.4%	\$ 12,852,984	7.2%
2004	33,321,219	33,677,668	356,449	98.9%	12,856,064	2.8%
2003	37,015,781	32,527,770	(4,488,011)	113.8%	11,975,769	-37.5%
2002	35,712,130	29,472,510	(6,239,620)	121.2%	11,318,957	-55.1%
2001	35,226,810	27,195,689	(8,031,121)	129.5%	11,128,114	-72.2%
2000	33,620,359	26,216,585	(7,403,774)	128.2%	10,820,445	-68.4%
<b><u>Police Pension</u></b>						
2005	\$ 55,190,279	\$ 77,940,956	\$22,750,677	70.8%	\$ 9,075,931	250.7%
2004	52,738,152	71,103,709	18,365,557	74.2%	8,599,268	213.6%
2003	49,365,534	66,752,017	17,386,483	74.0%	8,106,384	214.5%
2002	48,435,537	61,588,314	13,152,777	78.6%	7,646,765	172.0%
2001	47,653,050	58,674,279	11,021,229	81.2%	7,668,188	143.7%
2000	47,087,916	51,154,489	4,066,573	92.1%	7,031,588	57.8%
<b><u>Fire Pension</u></b>						
2005	\$ 49,303,472	\$ 71,488,197	\$22,184,725	69.0%	\$ 6,038,243	367.4%
2004	48,362,388	63,398,203	15,035,815	76.3%	5,892,571	255.2%
2003	47,079,157	60,147,382	13,068,225	78.3%	5,864,850	222.8%
2002	45,067,805	57,837,029	12,769,224	77.9%	5,559,835	220.7%
2001	44,925,516	54,692,676	9,767,160	82.1%	5,276,217	185.1%
2000	44,838,285	51,792,781	6,954,496	86.6%	5,126,406	135.7%

**CITY OF DECATUR, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
Year Ended April 30, 2006**

**POLICE PENSION FUND**

<b><u>Year Ended April 30</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2005	\$ 2,311,360	100.00%
2004	2,160,100	100.00%
2003	1,764,070	100.00%
2002	1,606,882	100.00%
2001	969,730	100.00%
2000	902,249	100.00%

**FIREFIGHTERS' PENSION FUND**

2005	\$ 2,172,022	100.00%
2004	1,991,190	100.00%
2003	1,907,994	100.00%
2002	1,628,442	100.00%
2001	1,372,200	100.00%
2000	1,056,539	100.00%

**IMRF**

2005	\$ 880,429	100.00%
2004	370,253	100.00%
2003	118,560	100.00%
2002	123,377	100.00%
2001	272,639	100.00%
2000	745,385	100.00%

**CITY OF DECATUR, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**GENERAL AND LIBRARY FUNDS**  
**Year Ended April 30,2006**

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes	\$ 13,927,968	\$ 13,927,968	\$ 14,291,565	\$ 363,597
Charges for service	160,000	160,000	163,721	3,721
Investment income and net increase in fair value of Investments	96,505	96,505	293,806	197,301
Intergovernmental	25,809,873	25,809,873	26,192,959	383,086
Licenses and permits	762,000	762,000	780,077	18,077
Fines and fees	684,100	684,100	744,430	60,330
Other revenue	<u>328,480</u>	<u>328,480</u>	<u>267,335</u>	<u>(61,145)</u>
Total revenues	<u>41,768,926</u>	<u>41,768,926</u>	<u>42,733,893</u>	<u>964,967</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	89,839	90,067	93,109	(3,042)
Executive	525,489	525,655	506,462	19,193
Management services	593,815	593,815	483,501	110,314
Legal	535,082	535,721	476,091	59,630
Financial management	1,463,260	1,476,610	1,343,569	133,041
Police	18,962,764	19,038,619	18,128,201	910,418
Fire	12,831,133	12,845,356	12,396,534	448,822
Economic and urban development	2,556,731	2,724,104	1,948,684	775,420
Public works	8,300,975	8,434,304	7,778,564	655,740
Other non-departmental charges	<u>2,179,712</u>	<u>2,375,252</u>	<u>2,214,126</u>	<u>161,126</u>
Total expenditures	<u>48,038,800</u>	<u>48,639,503</u>	<u>45,368,841</u>	<u>3,270,662</u>
Excess (deficiency) of revenues over expenditures	<u>(6,269,874)</u>	<u>(6,870,577)</u>	<u>(2,634,948)</u>	<u>4,235,629</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	9,000	9,000	5,850	(3,150)
Transfers in	4,529,428	4,579,428	4,714,671	135,243
Transfers out	<u>(853,300)</u>	<u>(1,718,300)</u>	<u>(1,572,100)</u>	<u>146,200</u>
Total other financing sources (uses)	<u>3,685,128</u>	<u>2,870,128</u>	<u>3,148,421</u>	<u>278,293</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (2,584,746)</u>	<u>\$ (4,000,449)</u>	513,473	<u>\$ 4,513,922</u>
<b>NET CHANGES IN BUDGETARY BASIS TO GAAP</b>			<u>289,846</u>	
Excess of revenues over expenditures and other financing sources (uses) - GAAP basis			803,319	
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>			<u>12,988,367</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 13,791,686</u>	

**Library Fund**

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
\$ 3,024,900	\$ 3,024,900	\$ 3,006,164	\$ (18,736)
-	-	-	-
13,000	13,000	32,980	19,980
337,243	337,243	399,517	62,274
-	-	-	-
86,450	86,450	114,677	28,227
<u>40,000</u>	<u>40,000</u>	<u>38,433</u>	<u>(1,567)</u>
<u>3,501,593</u>	<u>3,501,593</u>	<u>3,591,771</u>	<u>90,178</u>
 <u>3,665,714</u>	 <u>3,666,543</u>	 <u>3,540,558</u>	 <u>125,985</u>
<u>3,665,714</u>	<u>3,666,543</u>	<u>3,540,558</u>	<u>125,985</u>
 <u>(164,121)</u>	 <u>(164,950)</u>	 <u>51,213</u>	 <u>216,163</u>
 <u>(1,200)</u>	 <u>(1,200)</u>	 <u>(1,200)</u>	 <u>          </u>
 <u>(1,200)</u>	 <u>(1,200)</u>	 <u>(1,200)</u>	 <u>          </u>
 <u>\$ (165,321)</u>	 <u>\$ (166,150)</u>	 50,013	 <u>\$ (216,163)</u>
		<u>7,089</u>	
		57,102	
		<u>319,724</u>	
		<u>\$ 376,826</u>	

**CITY OF DECATUR, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$ 13,927,968	\$ 14,291,565	\$ 363,597
Charges for service	160,000	163,721	3,721
Investment income and net increase in fair value of investments	96,505	293,806	197,301
Intergovernmental	25,809,873	26,192,959	383,086
Licenses and permits	762,000	780,077	18,077
Fines and fees	684,100	744,430	60,330
Other revenue	328,480	267,335	(61,145)
Total revenues	<u>41,768,926</u>	<u>42,733,893</u>	<u>964,967</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Legislative	90,067	93,109	(3,042)
Executive	525,655	506,462	19,193
Management services	593,815	483,501	110,314
Legal	535,721	476,091	59,630
Financial management	1,476,610	1,343,569	133,041
Police	19,038,619	18,128,201	910,418
Fire	12,845,356	12,396,534	448,822
Economic and urban development	2,724,104	1,948,684	775,420
Public works	8,434,304	7,778,564	655,740
Other non-departmental charges	2,375,252	2,214,126	161,126
Total expenditures	<u>48,639,503</u>	<u>45,368,841</u>	<u>3,270,662</u>
Deficiency of revenues over expenditures	<u>(6,870,577)</u>	<u>(2,634,948)</u>	<u>4,235,629</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	9,000	5,850	(3,150)
Transfers in	4,579,428	4,714,671	135,243
Transfers out	(1,718,300)	(1,572,100)	146,200
Total other financing sources	<u>2,870,128</u>	<u>3,148,421</u>	<u>278,293</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (4,000,449)</u>	<u>\$ 513,473</u>	<u>\$ 4,513,922</u>

**CITY OF DECATUR, ILLINOIS**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Taxes	\$ 3,024,900	\$ 3,006,164	\$ (18,736)
Investment income and net increase in fair value of investments	13,000	32,980	19,980
Intergovernmental	337,243	399,517	62,274
Fines and fees	86,450	114,677	28,227
Other revenue	<u>40,000</u>	<u>38,433</u>	<u>(1,567)</u>
 Total revenues	 <u>3,501,593</u>	 <u>3,591,771</u>	 <u>90,178</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Culture and recreation	<u>3,666,543</u>	<u>3,540,558</u>	<u>125,985</u>
 Excess (deficiency) of revenues over expenditures	 (164,950)	 51,213	 216,163
<b>OTHER FINANCING USES</b>			
Transfers out	<u>1,200</u>	<u>1,200</u>	<u>-</u>
 Excess (deficiency) of revenues over expenditures and other financing uses	 <u>\$ (166,150)</u>	 <u>\$ 50,013</u>	 <u>\$ 216,163</u>

**CITY OF DECATUR, ILLINOIS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 1,767,481	\$ 1,692,136	\$ (75,345)
Investment income	17,200	39,364	22,164
Other revenue	<u>120,930</u>	<u>145,281</u>	<u>24,351</u>
Total revenues	<u>1,905,611</u>	<u>1,876,781</u>	<u>(28,830)</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	557,275	515,197	42,078
<b>Debt Service:</b>			
Principal retirement	2,360,117	2,360,078	39
Interest and fiscal charges	<u>2,770,350</u>	<u>2,650,404</u>	<u>119,946</u>
Total expenditures	<u>5,687,742</u>	<u>5,525,679</u>	<u>162,063</u>
Deficiency of revenues over expenditures	(3,782,131)	(3,648,898)	133,233
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>3,594,336</u>	<u>3,663,588</u>	<u>69,252</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ (187,795)</u>	<u>\$ 14,690</u>	<u>\$ (202,485)</u>

Due to cash basis presentation of accounting, the above does not reflect bond refinancing.

**CITY OF DECATUR, ILLINOIS**  
**2004 BOND CAPITAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Investment income	\$ 19,500	\$ 40,749	\$ 21,249
Other revenue	<u>-</u>	<u>79,394</u>	<u>79,394</u>
Total revenues	<u>19,500</u>	<u>120,143</u>	<u>100,643</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Engineering and infrastructure	<u>5,475,000</u>	<u>5,425,432</u>	<u>49,568</u>
Deficiency of revenues over expenditures	<u>(5,455,500)</u>	<u>(5,305,289)</u>	<u>150,211</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>204,200</u>	<u></u>	<u>(204,200)</u>
Deficiency of revenues over expenditures and other financing uses	<u>\$ (5,659,700)</u>	<u>\$ (5,305,289)</u>	<u>\$ 354,411</u>

## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** are used to account for revenues from specific taxes or other earmarked revenue sources which, by statute, charter provision, or local ordinance, are designated to finance particular functions or activities of the government as follows:

The Illinois Municipal Retirement Fund (IMRF) accounts for revenues, including property tax levies and charges to other funds, and expenditures to the State administered retirement system for all general service employees.

Main Place Section 108 Loan Guarantee Fund accounts for federal revenues to rehabilitate commercial facilities.

Wabash Crossing Fund accounts for Section 108 federal funds received to finance the Wabash Crossing Project.

The HOME Fund accounts for federal funds used in a revolving loan program for subsidizing the purchase by first time buyers of homes within designated areas of the City.

Community Development Block Grant (CDBG) Fund accounts for entitlement revenues from the U.S. Department of Housing and Urban Development (HUD) and designated expenditures in the areas of housing and neighborhood revitalization, public facilities improvement, and economic development.

The TIF Fund accounts for the tax increment financing for capital improvements in the declining areas.

The Drug Enforcement Fund accounts for revenues received through drug seizure forfeitures and expenditures to enhance law enforcement efforts.

The Municipal Band Fund accounts for revenues, including property taxes levied for this activity, and expenditures for the City's Municipal Band.

The Historical and Architectural Sites Commission (HASC) Fund accounts for revenues and expenditures designated for the historic preservation of the City.

The Motor Fuel Tax Fund accounts for revenues, including the City's motor fuel tax allotment from the State, and expenditures for street improvements and traffic light maintenance.

## NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of principal and interest on general obligation debt, serial and term, other than revenue debt issued for and serviced by a governmental enterprise.

The Special Assessment Fund accounts for the collection of special assessments levied against property owners within five assessment districts: Lake Beach, North Fork, Norwood Heights, Sunnyside, and LaRose; and the payment of principal and interest on general obligation bonds issued to finance improvements in the district's sanitary sewer system.

**Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

The Capital Projects Fund accounts for continuous capital projects, which are financed primarily from intergovernmental revenues, charges for service, and investment income. This fund accounts for revenues and expenditures for numerous related capital projects.

The Letter of Credit Project Fund is used to account for capital improvements that are financed by the proceeds of a letter of credit.

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**April 30,2006**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 2,308,157	\$ 4,524	\$ 1,457,116	\$ 3,769,797
Receivables:				
Property taxes, net	828,027			828,027
Illinois Municipal Sales Tax		-	318,750	318,750
Other taxes	25,173	-	432,558	457,731
Due from other governments	367,264	-	-	367,264
Due from other funds	1,240	-	-	1,240
Accounts receivable	58,829	3,556	13,864	76,249
Notes receivable	1,399,157	-		1,399,157
Other	832,676			832,676
<b>TOTAL ASSETS</b>	<b>\$ 5,820,523</b>	<b>\$ 8,080</b>	<b>\$ 2,222,288</b>	<b>\$ 8,050,891</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 32,603	\$ -	\$ -	\$ 32,603
Due to other funds	295,831	-	20,713	316,544
Contracts payable			42,562	42,562
Other accrued liabilities	313,163			313,163
Deferred revenue	2,026,939	1,710	113,373	2,142,022
Total liabilities	2,668,536	1,710	176,648	2,846,894
<b>Fund Balances:</b>				
Reserved for:				
Notes receivable	(46,964)	-		(46,964)
Debt service	-	6,370		6,370
Capital projects	100	-	-	100
Encumbrances	3,009		192,903	195,912
Unreserved, as reported in:				
Special revenue	3,195,842			3,195,842
Capital projects	-		1,852,737	1,852,737
Total fund balances	3,151,987	6,370	2,045,640	5,203,997
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,820,523</b>	<b>\$ 8,080</b>	<b>\$ 2,222,288</b>	<b>\$ 8,050,891</b>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**Year Ended April 30, 2006**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>REVENUES</b>				
Taxes	\$ 1,659,058	\$ -	\$ -	\$ 1,659,058
Investment income and net increase in fair value of investments	75,038	213	32,230	107,481
Intergovernmental	4,707,556		2,635,175	7,342,731
Fines and fees	139,580		15,807	155,387
Other revenue	360,378		45,679	406,057
Total revenues	<u>6,941,610</u>	<u>213</u>	<u>2,728,891</u>	<u>9,670,714</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,715,181	-	-	4,715,181
Public safety	335,663	-	-	335,663
Culture and recreation	75,705	-	-	75,705
Highways and streets	1,543,488	-	2,886,581	4,430,069
<b>Debt service:</b>				
Principal retirement	210,000			210,000
Interest and fiscal charges	213,661			213,661
Total expenditures	<u>7,093,698</u>	<u>          </u>	<u>2,886,581</u>	<u>9,980,279</u>
Excess (deficiency) of revenues over expenditures	<u>(152,088)</u>	<u>213</u>	<u>(157,690)</u>	<u>(309,565)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Note proceeds		-	100,000	100,000
Sale of assets		-	325,630	325,630
Transfers in	682,990	-	100,000	782,990
Transfers out	(1,311,079)	-	(460,912)	(1,771,991)
Total other financing sources (uses)	<u>(628,089)</u>	<u>          </u>	<u>64,718</u>	<u>(563,371)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures and other financing sources (uses)	<u>(780,177)</u>	<u>213</u>	<u>(92,972)</u>	<u>(872,936)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,932,164</u>	<u>6,157</u>	<u>2,138,612</u>	<u>6,076,933</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,151,987</u>	<u>\$ 6,370</u>	<u>\$ 2,045,640</u>	<u>\$ 5,203,997</u>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**April 30, 2006**

	<b>IMRF</b>	<b>Main Place Section 108 Loan Guarantee Fund</b>	<b>Wabash Crossing Fund</b>	<b>HOME Fund</b>	<b>CDBG Fund</b>
<b>ASSETS</b>					
Cash and investments	\$ 69,086	\$ 4,000	\$ 100	\$ 88,247	\$ 38,119
Receivables					
Property taxes, net	758,727	-			
Other taxes	25,173	-			
Due from other governments					
Due from other funds				-	1,240
Accounts receivable		29,197		-	-
Notes receivable		1,130,118		-	269,039
Other	552			832,124	-
<b>TOTAL ASSETS</b>	<b><u>\$ 853,538</u></b>	<b><u>\$ 1,163,315</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 920,371</u></b>	<b><u>\$ 308,398</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 32,081	\$ 350
Due to other funds	-	-	-	-	295,831
Other accrued liabilities	56,104	-	-	-	22,174
Deferred revenue	757,432	1,200,354	-	-	-
Total liabilities	<u>813,536</u>	<u>1,200,354</u>	<u>-</u>	<u>32,081</u>	<u>318,355</u>
<b>Fund Balances:</b>					
Reserved for notes receivable	-	(37,039)	-	-	(9,925)
Reserved for capital projects	-	-	100	-	-
Reserved for encumbrances	-	-	-	-	(32)
Unreserved	40,002	-	-	888,290	-
Total fund balances (deficit)	<u>40,002</u>	<u>(37,039)</u>	<u>100</u>	<u>888,290</u>	<u>(9,957)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 853,538</u></b>	<b><u>\$ 1,163,315</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 920,371</u></b>	<b><u>\$ 308,398</u></b>

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	HASC Fund	Motor Fuel Tax Fund	Total
\$ 384,997	\$ 521,192	\$ 3,995	\$ 16,922	\$ 1,181,499	\$ 2,308,157
		69,300	-		828,027
		-	-	-	25,173
				367,264	367,264
				-	1,240
				29,632	58,829
					1,399,157
					832,676
<u>\$ 384,997</u>	<u>\$ 521,192</u>	<u>\$ 73,295</u>	<u>\$ 16,922</u>	<u>\$ 1,578,395</u>	<u>\$ 5,820,523</u>
\$ 172	\$ -	\$ -	\$ -	\$ -	\$ 32,603
-	-	-	-	-	295,831
-	234,885	-	-	-	313,163
-	-	69,300	-	(147)	2,026,939
<u>172</u>	<u>234,885</u>	<u>69,300</u>		<u>(147)</u>	<u>2,668,536</u>
					(46,964)
					100
-	2,213	-	828	-	3,009
<u>384,825</u>	<u>284,094</u>	<u>3,995</u>	<u>16,094</u>	<u>1,578,542</u>	<u>3,195,842</u>
<u>384,825</u>	<u>286,307</u>	<u>3,995</u>	<u>16,922</u>	<u>1,578,542</u>	<u>3,151,987</u>
<u>\$ 384,997</u>	<u>\$ 521,192</u>	<u>\$ 73,295</u>	<u>\$ 16,922</u>	<u>\$ 1,578,395</u>	<u>\$ 5,820,523</u>

CITY OF DECATUR, ILLINOIS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
Year Ended April 30,2006

	IMRF	Main Place Section 108 Loan Guarantee Fund	Wabash Crossing Fund	HOME Fund	CDBG Fund
<b>REVENUES</b>					
Taxes	\$ 513,650	\$ -	\$ -	\$ -	\$ -
Investment income and net Increase in fair value of investments	5,286	-	4,247	-	-
Intergovernmental	106,066	-	-	564,683	1,507,785
Fines and fees	-	-	-	-	-
Other revenue	-	116,512	-	81,603	8,237
<b>Total revenues</b>	<u>625,002</u>	<u>116,512</u>	<u>4,247</u>	<u>646,286</u>	<u>1,516,022</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,355,368	-	895,871	546,848	1,391,182
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highways and streets	-	-	-	-	-
<b>Debt service:</b>					
Principal retirement	-	90,000	120,000	-	-
Interest and fiscal charges	-	59,317	154,344	-	-
<b>Total expenditures</b>	<u>1,355,368</u>	<u>149,317</u>	<u>1,170,215</u>	<u>546,848</u>	<u>1,391,182</u>
Excess (deficiency) of revenues over expenditures	<u>(730,366)</u>	<u>(32,805)</u>	<u>(1,165,968)</u>	<u>99,438</u>	<u>124,840</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	431,964	35,000	206,275	-	-
Transfers out	-	-	-	(2,500)	(172,958)
<b>Total other financing sources (uses)</b>	<u>431,964</u>	<u>35,000</u>	<u>206,275</u>	<u>(2,500)</u>	<u>(172,958)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures and other financing sources (uses)	(298,402)	2,195	(959,693)	96,938	(48,118)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>338,404</u>	<u>(39,234)</u>	<u>959,793</u>	<u>791,352</u>	<u>38,161</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 40,002</u>	<u>\$ (37,039)</u>	<u>\$ 100</u>	<u>\$ 888,290</u>	<u>\$ (9,957)</u>

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	HASC Fund	Motor Fuel Tax Fund	Total
\$ 1,080,706	\$ -	\$ 64,702	\$ -	\$ -	\$ 1,659,058
32,885	12,239	35	-	20,346	75,038
106,792	-	-	-	2,422,230	4,707,556
	139,580	-	-	-	139,580
	12,531	7,323	-	134,172	360,378
<u>1,220,383</u>	<u>164,350</u>	<u>72,060</u>	<u>-</u>	<u>2,576,748</u>	<u>6,941,610</u>
525,912	-	-	-	-	4,715,181
-	335,663	-	-	-	335,663
		69,563	6,142	-	75,705
		-	-	1,543,488	1,543,488
					210,000
					213,661
<u>525,912</u>	<u>335,663</u>	<u>69,563</u>	<u>6,142</u>	<u>1,543,488</u>	<u>7,093,698</u>
<u>694,471</u>	<u>(171,313)</u>	<u>2,497</u>	<u>(6,142)</u>	<u>1,033,260</u>	<u>(152,088)</u>
-	-	-	9,751	-	682,990
<u>(805,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(330,121)</u>	<u>(1,311,079)</u>
<u>(805,500)</u>	<u>-</u>	<u>-</u>	<u>9,751</u>	<u>(330,121)</u>	<u>(628,089)</u>
(111,029)	(171,313)	2,497	3,609	703,139	(780,177)
<u>495,854</u>	<u>457,620</u>	<u>1,498</u>	<u>13,313</u>	<u>875,403</u>	<u>3,932,164</u>
<u>\$ 384,825</u>	<u>\$ 286,307</u>	<u>\$ 3,995</u>	<u>\$ 16,922</u>	<u>\$ 1,578,542</u>	<u>\$ 3,151,987</u>

**CITY OF DECATUR, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 515,900	\$ 513,650	\$ (2,250)
Investment income	4,100	5,286	1,186
Intergovernmental:			
Replacement tax	<u>100,000</u>	<u>100,000</u>	<u>-</u>
 Total revenues	 <u>620,000</u>	 <u>618,936</u>	 <u>(1,064)</u>
 <b>EXPENDITURES</b>			
<b>General Government:</b>			
Contributions for employees' pension and social security	<u>1,350,600</u>	<u>1,282,007</u>	<u>68,593</u>
 Deficiency of revenues over expenditures	 (730,600)	 (663,071)	 67,529
 <b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>429,600</u>	<u>431,964</u>	<u>2,364</u>
 Deficiency of revenues over expenditures and other financing sources	 <u>\$ (301,000)</u>	 <u>\$ (231,107)</u>	 <u>\$ 69,893</u>

**CITY OF DECATUR, ILLINOIS**  
**MAIN PLACE SECTION 108 LOAN GUARANTEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Loan repayments	\$ 150,572	\$ 116,512	\$ (34,060)
<b>EXPENDITURES</b>			
<b>Debt Service:</b>			
Principal retirement	90,000	90,000	.
Interest and fiscal charges	<u>59,318</u>	<u>59,317</u>	<u>1</u>
Total expenditures	<u>149,318</u>	<u>149,317</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	1,254	(32,805)	(34,059)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>                    </u>	<u>35,000</u>	<u>35,000</u>
Excess of revenues over expenditures and other financing sources	<u>\$ 1,254</u>	<u>\$ 2,195</u>	<u>\$ 941</u>

**CITY OF DECATUR, ILLINOIS**  
**WABASH CROSSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Investment income	\$ 2,800	\$ 4,247	\$ 1,447
<b>EXPENDITURES</b>			
<b>General Government:</b>			
Economic and urban development	896,355	895,871	484
<b>Debt Service:</b>			
Principal retirement	120,000	120,000	.
Interest and fiscal charges	<u>154,345</u>	<u>154,344</u>	<u>1</u>
Total expenditures	<u>1,170,700</u>	<u>1,170,215</u>	<u>485</u>
Deficiency of revenues over expenditures	(1,167,900)	(1,165,968)	1,932
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>230,000</u>	<u>206,275</u>	<u>(23,725)</u>
Deficiency of revenues over expenditures and other financing sources (uses)	<u>\$ (937,900)</u>	<u>\$ (959,693)</u>	<u>\$ (21,793)</u>

**CITY OF DECATUR, ILLINOIS**  
**HOME FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal grants	\$ 2,093,410	\$ 753,683	\$ (1,339,727)
Loan repayment	<u>111,500</u>	<u>101,760</u>	<u>(9,740)</u>
Total revenues	<u>2,204,910</u>	<u>855,443</u>	<u>(1,349,467)</u>
<b>EXPENDITURES</b>			
<b>General Government:</b>			
Economic and urban development	<u>2,297,855</u>	<u>927,232</u>	<u>1,370,623</u>
Deficiency of revenues over expenditures	(92,945)	(71,789)	21,156
<b>OTHER FINANCING USES</b>			
Transfers out	<u>2,500</u>	<u>2,500</u>	
Deficiency of revenues over expenditures and other financing uses	<u>\$ (95,445)</u>	<u>\$ (74,289)</u>	<u>\$ 21,156</u>

**CITY OF DECATUR, ILLINOIS**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Federal grant	\$ 2,193,864	\$ 1,450,569	\$ (743,295)
Other revenue	-	891	891
	<u>2,193,864</u>	<u>1,451,460</u>	<u>(742,404)</u>
<b>EXPENDITURES</b>			
<b>General Government:</b>			
Public services	1,231,200	749,635	481,565
Personnel services	566,846	537,436	29,410
Contractual services	244,021	57,216	186,805
Commodities	7,643	1,648	5,995
Other charges	117,224	5,614	111,610
	<u>2,166,934</u>	<u>1,351,549</u>	<u>815,385</u>
Excess of revenues over expenditures	<u>26,930</u>	<u>99,911</u>	<u>72,981</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	36,000	39,885	3,885
Transfers out	(198,932)	(172,958)	25,974
	<u>(162,932)</u>	<u>(133,073)</u>	<u>29,859</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (136,002)</u>	<u>\$ (33,162)</u>	<u>\$ 102,840</u>

**CITY OF DECATUR, ILLINOIS**  
**TIF DISTRICTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 791,500	\$ 1,080,706	\$ 289,206
Sales tax	129,600	106,792	(22,808)
Investment income	<u>9,120</u>	<u>32,885</u>	<u>23,765</u>
 Total revenues	 930,220	 1,220,383	 290,163
<b>EXPENDITURES</b>			
General government	<u>883,855</u>	<u>525,739</u>	<u>358,116</u>
 Excess of revenues over expenditures	 46,365	 694,644	 648,279
<b>OTHER FINANCING USES</b>			
Transfers out	<u>814,700</u>	<u>805,500</u>	<u>9,200</u>
 Excess (deficiency) of revenues over expenditures and other financing uses	 <u>\$ (768,335)</u>	 <u>\$ (110,856)</u>	 <u>\$ 657,479</u>

**CITY OF DECATUR, ILLINOIS**  
**DRUG ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Investment income	\$ 5,000	\$ 12,239	\$ 7,239
Fines and fees	60,000	139,580	79,580
Other revenue	<u>3,000</u>	<u>12,531</u>	<u>9,531</u>
Total revenues	68,000	164,350	96,350
<b>EXPENDITURES</b>			
Public safety	<u>413,044</u>	<u>335,822</u>	<u>77,222</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (345,044)</u>	<u>\$ (171,472)</u>	<u>\$ 173,572</u>

**CITY OF DECATUR, ILLINOIS**  
**MUNICIPAL BAND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 65,000	\$ 64,702	\$ (298)
Investment income	100	35	(65)
Other revenue	<u>6,000</u>	<u>7,323</u>	<u>1,323</u>
Total revenues	71,100	72,060	960
<b>EXPENDITURES</b>			
Culture and recreation	<u>71,135</u>	<u>69,563</u>	<u>1,572</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (35)</u>	<u>\$ 2,497</u>	<u>\$ 2,532</u>

**CITY OF DECATUR, ILLINOIS**  
**HASC FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
State grant	\$ -	\$ -	\$ -
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues		-	-
<b>EXPENDITURES</b>			
Culture and recreation	<u>14,695</u>	<u>6,142</u>	<u>8,553</u>
Deficiency of revenues over expenditures	(14,695)	(6,142)	8,553
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>12,000</u>	<u>9,751</u>	<u>(2,249)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ (2,695)</u>	<u>\$ 3,609</u>	<u>\$ 6,304</u>

**CITY OF DECATUR, ILLINOIS**  
**MOTOR FUEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-CAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance from Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Investment income	\$ 11,000	\$ 20,346	\$ 9,346
Intergovernmental:			
Motor fuel tax	2,360,000	2,366,892	6,892
Other	55,000	79,243	24,243
Other revenue	<u>128,670</u>	<u>134,172</u>	<u>5,502</u>
 Total revenues	 2,554,670	 2,600,653	 45,983
 <b>EXPENDITURES</b>			
<b>Highways and streets:</b>			
Maintenance of traffic lights and overpass	<u>1,686,000</u>	<u>1,568,622</u>	<u>117,378</u>
 Excess of revenues over expenditures	 868,670	 1,032,031	 163,361
 <b>OTHER FINANCING USES</b>			
Transfers out	<u>(379,600)</u>	<u>(330,121)</u>	<u>49,479</u>
 Excess of revenues over expenditures	 <u>\$ 489,070</u>	 <u>\$ 701,910</u>	 <u>\$ 212,840</u>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**BALANCE SHEET**  
**April 30,2006**

	<u>Special Assessment Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 4,524
Accounts receivable	<u>3,556</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,080</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Deferred revenue	\$ 1,710
<b>Fund Balances:</b>	
Reserved for debt service	<u>6,370</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,080</u>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year Ended April 30,2006**

	<u>Special Assessment Fund</u>
<b>REVENUES</b>	
Investment income and net increase in fair value of investments	\$          213
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>          6,157</u>
<b>FUND BALANCE. END OF YEAR</b>	<u><u>          6,370</u></u>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**April 30,2006**

	<u>Capital Projects Fund</u>	<u>Letter of Credit Project Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,457,116	\$	\$ 1,457,116
Receivables:			
Illinois Municipal Sales Tax	318,750		318,750
Other taxes	432,558		432,558
Accounts receivable	<u>13,864</u>		<u>13,864</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,222,288</u>	<u>\$ -</u>	<u>\$ 2,222,288</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to other funds	\$	\$ 20,713	\$ 20,713
Contracts payable		42,562	42,562
Deferred revenue	<u>113,373</u>		<u>113,373</u>
Total liabilities	<u>113,373</u>	<u>63,275</u>	<u>176,648</u>
<b>Fund Balances:</b>			
Reserved for encumbrances	79,906	112,997	192,903
Unreserved	<u>2,029,009</u>	<u>(176,272)</u>	<u>1,852,737</u>
Total fund balance (deficit)	<u>2,108,915</u>	<u>(63,275)</u>	<u>2,045,640</u>
<b>TOTAL LIABILITIES AND FUNDBALANCES</b>	<u>\$ 2,222,288</u>	<u>\$ -</u>	<u>\$ 2,222,288</u>

**CITY OF DECATUR, ILLINOIS**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Year Ended April 30,2006**

	<u>Capital Projects Fund</u>	<u>Letter of Credit Project Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Investment income and net increase in fair value of investments	\$ 31,725	\$ 505	\$ 32,230
Intergovernmental	2,635,175	-	2,635,175
Fines and fees	15,807	-	15,807
Other revenue	<u>45,679</u>	<u>-</u>	<u>45,679</u>
 Total revenues	 2,728,386	 505	 2,728,891
<b>EXPENDITURES</b>			
<b>Current:</b>			
Highways and streets	<u>2,722,801</u>	<u>163,780</u>	<u>2,886,581</u>
 Excess (deficiency) of revenues over expenditures	 <u>5,585</u>	 <u>(163,275)</u>	 <u>(157,690)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note proceeds	-	100,000	100,000
Sale of assets	325,630	-	325,630
Transfers in	100,000	-	100,000
Transfers out	<u>(460,907)</u>	<u>(5)</u>	<u>(460,912)</u>
 Total other financing sources (uses)	 <u>(35,277)</u>	 <u>99,995</u>	 <u>64,718</u>
 Deficiency of revenues over expenditures and other financing sources (uses)	 <u>(29,692)</u>	 <u>(63,280)</u>	 <u>(92,972)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,138,607</u>	<u>5</u>	<u>2,138,612</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 2,108,915</u>	<u>\$ (63,275)</u>	<u>\$ 2,045,640</u>

**CITY OF DECATUR, ILLINOIS**  
**GENERAL CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Investment interest	\$ 13,600	\$ 31,725	\$ 18,125
Intergovernmental	2,525,000	2,497,656	(27,344)
Fines and fees	4,000	15,807	11,807
Other revenues	<u>64,000</u>	<u>45,679</u>	<u>(18,321)</u>
 Total revenues	 2,606,600	 2,590,867	 (15,733)
<b>EXPENDITURES</b>			
Capital projects	<u>3,972,722</u>	<u>2,752,507</u>	<u>1,220,215</u>
 Deficiency of revenues over expenditures	 <u>(1,366,122)</u>	 <u>(161,640)</u>	 <u>1,204,482</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	325,000	325,630	630
Transfers in	304,200	100,000	(204,200)
Transfers out	<u>(460,907)</u>	<u>(460,907)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>168,293</u>	 <u>(35,277)</u>	 <u>(203,570)</u>
 Deficiency of revenues over expenditures and other financing sources (uses)	 <u>\$ (1,197,829)</u>	 <u>\$ (196,917)</u>	 <u>\$ 1,000,912</u>

**CITY OF DECATUR, ILLINOIS**  
**LETTER OF CREDIT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CASH BASIS (NON-GAAP) BUDGET AND ACTUAL**  
**Year Ended April 30,2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Investment interest	\$ -	\$ 505	\$ 505
<b>EXPENDITURES</b>			
Capital projects	<u>200,005</u>	<u>121,227</u>	<u>78,778</u>
Deficiency of revenues over expenditures	<u>(200,005)</u>	<u>(120,722)</u>	<u>79,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note proceeds	-	100,000	100,000
Transfers out	<u>(5)</u>	<u>(5)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5)</u>	<u>99,995</u>	<u>100,000</u>
Deficiency of revenues over expenditures and other financing sources (uses)	<u>\$ (200,000)</u>	<u>\$ (220,717)</u>	<u>\$ (20,717)</u>

## NONMAJOR PROPRIETARY FUNDS

**Enterprise Funds** are established to account for operations: A) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Motor Vehicle Parking System Fund is used to account for the construction, operation, and maintenance of the City owned parking system.

The Sewer Fund accounts for the construction, operation and maintenance of the city-owned storm water sewer system.

DCDF Fund accounts for the not-for-profit corporation which finances and subsidizes housing rehabilitation activities in the City.

The Home Mortgage Fund accounts for the activity of a program for subsidizing the construction of homes for purchase within designated areas of the City. This fund was closed during the year.

The Recycling Fund accounts for the operation of the city-wide residential recycling program.

CITY OF DECATUR, ILLINOIS  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
April 30, 2006

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 108,870	\$ 1,083,583	\$ 738,639	\$ 21	\$ -	\$ 1,931,113
Receivables:						
Accounts receivable	73,038	230,228	253	13,137	123,323	439,979
Other	75		-			75
Due from other funds			295,831			295,831
Assets held for sale			73,278			73,278
Prepaid expenses, current	50,400		-			50,400
Total current assets	<u>232,383</u>	<u>1,313,811</u>	<u>1,108,001</u>	<u>13,158</u>	<u>123,323</u>	<u>2,790,676</u>
Notes receivable			<u>347,210</u>			<u>347,210</u>
Property, plant and equipment						
Land	2,202,555					2,202,555
Buildings	5,505,994					5,505,994
Improvements other than buildings	291,003					291,003
Machinery and equipment	570,596					570,596
	<u>8,570,148</u>					<u>8,570,148</u>
Less accumulated depreciation	5,455,709					5,455,709
Total property, plant and equipment	<u>3,114,439</u>					<u>3,114,439</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,346,822</u>	<u>\$ 1,313,811</u>	<u>\$ 1,455,211</u>	<u>\$ 13,158</u>	<u>\$ 123,323</u>	<u>\$ 6,252,325</u>
<b>LIABILITIES AND NET ASSETS</b>						
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 7,212		\$ 6,259	\$ -	\$ 41,512	\$ 54,983
Other accrued liabilities	25,175			-	-	25,175
Due to other funds			1,240	-	8,195	9,435
Total liabilities	<u>32,387</u>	<u>-</u>	<u>7,499</u>	<u>-</u>	<u>49,707</u>	<u>89,593</u>
Net Assets:						
Invested in capital assets, net of related debt	3,114,439					3,114,439
Unrestricted	199,996	1,313,811	1,447,712	13,158	73,616	3,048,293
Total net assets	<u>3,314,435</u>	<u>1,313,811</u>	<u>1,447,712</u>	<u>13,158</u>	<u>73,616</u>	<u>6,162,732</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,346,822</u>	<u>\$ 1,313,811</u>	<u>\$ 1,455,211</u>	<u>\$ 13,158</u>	<u>\$ 123,323</u>	<u>\$ 6,252,325</u>

CITY OF DECATUR, ILLINOIS  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended April 30,2006

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
<b>OPERATING REVENUES</b>						
Charges for services	\$ 509,280	\$ 1,943,205	\$ -	\$ -	\$ 468,993	\$ 2,921,478
Other revenue		800	235,497	563	-	236,860
Total operating revenues	<u>509,280</u>	<u>1,944,005</u>	<u>235,497</u>	<u>563</u>	<u>468,993</u>	<u>3,158,338</u>
<b>OPERATING EXPENSES</b>						
Personnel services	302,008		-	-	-	302,008
Contractual services	223,350	220,673	16,637	-	493,380	954,040
Commodities	13,463	7,928	-	-	3,089	24,480
Other charges	4,167	549,050	25,829	-	-	579,046
Depreciation and amortization	229,913	2,847	-	-	-	232,760
Total operating expenses	<u>772,901</u>	<u>780,498</u>	<u>42,466</u>	<u>-</u>	<u>496,469</u>	<u>2,092,334</u>
Operating income (loss)	<u>(263,621)</u>	<u>1,163,507</u>	<u>193,031</u>	<u>563</u>	<u>(27,476)</u>	<u>1,066,004</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income and net increase in fair value of investments	5,645	23,493	14,896	111	162	44,307
Loss on disposal of city property	(38,484)	(186,798)	(309,931)	-	-	(535,213)
Total nonoperating revenues (expenses)	<u>(32,839)</u>	<u>(163,305)</u>	<u>(295,035)</u>	<u>111</u>	<u>162</u>	<u>(490,906)</u>
Income (loss) before transfers	<u>(296,460)</u>	<u>1,000,202</u>	<u>(102,004)</u>	<u>674</u>	<u>(27,314)</u>	<u>575,098</u>
<b>TRANSFERS</b>						
Transfers in	25,000	-		-	42,100	67,100
Transfers out	(57,168)	(646,278)		(6,573)	-	(710,019)
Net transfers	<u>(32,168)</u>	<u>(646,278)</u>		<u>(6,573)</u>	<u>42,100</u>	<u>(642,919)</u>
Change in net assets	<u>(328,628)</u>	<u>353,924</u>	<u>(102,004)</u>	<u>(5,899)</u>	<u>14,786</u>	<u>(67,821)</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,643,063</u>	<u>959,887</u>	<u>1,549,716</u>	<u>19,057</u>	<u>58,830</u>	<u>6,230,553</u>
NET ASSETS, END OF YEAR	<u>\$ 3,314,435</u>	<u>\$ 1,313,811</u>	<u>\$ 1,447,712</u>	<u>\$ 13,158</u>	<u>\$ 73,616</u>	<u>\$ 6,162,732</u>

CITY OF **DECATUR**, ILLINOIS  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended April 30, 2006

	Motor Vehicle Parking System <u>Fund</u>	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 500,267	\$ 1,918,981	\$ 338,350	\$ 6,483	\$ 456,701	\$ 3,220,782
Cash paid to suppliers for goods and services	(240,824)	(811,568)	(113,048)	-	(494,849)	(1,660,289)
Cash paid to employees	(286,356)	-	-	-	-	(286,356)
Net cash provided by (used in) operating activities	<u>(26,913)</u>	<u>1,107,413</u>	<u>225,302</u>	<u>6,483</u>	<u>(38,148)</u>	<u>1,274,137</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund borrowings	-	-	14,750	-	(4,114)	10,636
Cash transfers from other funds	25,000	-	-	-	42,100	67,100
Cash transfers to other funds	(57,168)	(646,278)	-	(6,573)	-	(710,019)
Net cash provided by (used in) noncapital financing activities	<u>(32,168)</u>	<u>(646,278)</u>	<u>14,750</u>	<u>(6,573)</u>	<u>37,986</u>	<u>(632,283)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of property, plant and equipment	-	-	(51,925)	-	-	(51,925)
Proceeds on sale of city property	-	-	36,337	-	-	36,337
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(15,588)</u>	<u>-</u>	<u>-</u>	<u>(15,588)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	5,645	23,493	14,896	111	162	44,307
NET INCREASE (DECREASE) IN CASH	(53,436)	484,628	239,360	21	-	670,573
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	162,306	598,955	499,279	-	-	1,260,540
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 108,870</u>	<u>\$ 1,083,583</u>	<u>\$ 738,639</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 1,931,113</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (263,621)	\$ 1,163,507	\$ 193,031	\$ 563	\$ (27,476)	\$ 1,066,004
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	229,913	2,847	-	-	-	232,760
Effects of changes in operating assets and liabilities						
Receivables	(11,875)	(25,024)	26,096	5,920	(11,978)	(16,861)
Prepaid items	4,200	-	-	-	-	4,200
Accounts payable	(1,243)	(23,883)	6,175	-	1,306	(17,645)
Contracts payable	-	(10,034)	-	-	-	(10,034)
Other accrued liabilities	15,713	-	-	-	-	15,713
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (26,913)</u>	<u>\$ 1,107,413</u>	<u>\$ 225,302</u>	<u>\$ 6,483</u>	<u>\$ (38,148)</u>	<u>\$ 1,274,137</u>

## INTERNAL SERVICE FUNDS

**Internal Service Funds** are established to finance and account for services and commodities furnished by a designated department or agency to other departments and agencies within a single governmental unit on a cost reimbursement basis. Amounts expended by the fund are restored thereto, either from operating earnings or by transfers from other funds, so that the original fund capital is left intact.

The Fleet Maintenance Fund accounts for services provided by the City's garage for repair and maintenance of motorized vehicles and equipment.

The Self Insurance Fund accounts for financial resources, including payroll deductions and the City's contribution, and expenditures made for payment of medical, non-medical, unemployment claims, flexible spending program, and the related costs for the programs.

The Management Information Services Fund accounts for services provided by the City's Management Information Services Division.

The Equipment Replacement Fund accounts for funds transferred from operating departments for the expenses of operating and replacement of City equipment. Capital outlay for automotive and other machinery and equipment is from this fund.

CITY OF DECATUR, ILLINOIS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
April 30, 2006

	Fleet Maintenance	Self Insurance	Management Information Services	Equipment Replacement	Total
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 100	\$ 2,524,558	\$ 1,320,172	\$ 4,405,463	\$ 8,250,293
Receivables:					
Accounts receivable	548	690	-	-	1,238
Other		1,536	-	2,369	3,905
Inventories	160,589	-			160,589
Total current assets	<u>161,237</u>	<u>2,526,784</u>	<u>1,320,172</u>	<u>4,407,832</u>	<u>8,416,025</u>
Property, plant and equipment					
Machinery and equipment	1,177,723		981,552	-	2,159,275
Less accumulated depreciation	<u>323,431</u>		<u>418,885</u>	<u>-</u>	<u>742,316</u>
Total property, plant and equipment	<u>854,292</u>		<u>562,667</u>	<u>-</u>	<u>1,416,959</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,015,529</u>	<u>\$ 2,526,784</u>	<u>\$ 1,882,839</u>	<u>\$ 4,407,832</u>	<u>\$ 9,832,984</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 20,354	\$ -	\$ -	\$ 248,217	\$ 268,571
Other accrued liabilities	44,402	-	31,954	-	76,356
Claims payable	-	2,617,271	-	-	2,617,271
Unearned revenue	442	-	6,565	-	7,007
Total liabilities	<u>65,198</u>	<u>2,617,271</u>	<u>38,519</u>	<u>248,217</u>	<u>2,969,205</u>
Net Assets:					
Invested in capital assets, net of related debt	854,292	-	562,667	-	1,416,959
Unrestricted	96,039	(90,487)	1,281,653	4,159,615	5,446,820
Total net assets	<u>950,331</u>	<u>(90,487)</u>	<u>1,844,320</u>	<u>4,159,615</u>	<u>6,863,779</u>
<b>TOTAL, LIABILITIES AND NET ASSETS</b>	<u>\$ 1,015,529</u>	<u>\$ 2,526,784</u>	<u>\$ 1,882,839</u>	<u>\$ 4,407,832</u>	<u>\$ 9,832,984</u>

**CITY OF DECATUR, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended April 30,2006**

	Fleet Maintenance	Self Insurance	Management Information Services	Equipment Replacement	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,821,603	\$ 9,477,624	\$ 1,427,766	\$ -	\$ 13,726,993
Payroll deductions/retiree contributions		1,383,245			1,383,245
Other revenue	122,163	59,521			181,684
Total operating revenues	2,943,766	10,920,390	1,427,766		15,291,922
<b>OPERATING EXPENSES</b>					
Personnel services	597,920	-	903,558	-	1,501,478
Contractual services	206,732	320,767	212,519	-	740,018
Supplies and materials	183,401	2,102	2,408	728,142	916,053
Insurance and other charges	346,864	9,323,456	35,212	-	9,705,532
Depreciation	136,502	-	105,822	-	242,324
Total operating expenses	1,471,419	9,646,325	1,259,519	728,142	13,105,405
Operating income (loss)	1,472,347	1,274,065	168,247	(728,142)	2,186,517
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment interest		66,449	36,541	96,346	199,336
Gain (loss) on disposal of city property	(26,289)		(380)	166,545	139,876
Total nonoperating revenues (expenses)	(26,289)	66,449	36,161	262,891	339,212
Income (loss) before transfers	1,446,058	1,340,514	204,408	(465,251)	2,525,729
<b>TRANSFERS</b>					
Transfers in	-	-	353,266	2,654,245	3,007,511
Transfers out	(840,702)	(150,446)	(353,266)	(129,300)	(1,473,714)
Net transfers	(840,702)	(150,446)		2,524,945	1,533,797
Net income	605,356	1,190,068	204,408	2,059,694	4,059,526
<b>NET ASSETS, BEGINNING OF YEAR</b>	344,975	(1,280,555)	1,639,912	2,099,921	2,804,253
<b>NET ASSETS, END OF YEAR</b>	\$ 950,331	\$ (90,487)	\$ 1,844,320	\$ 4,159,615	\$ 6,863,779

**CITY OF DECATUR, ILLINOIS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
Year Ended April 30, 2006

	Fleet <u>Maintenance</u>	Self <u>Insurance</u>	Management Information Systems	Equipment <u>Replacement</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from charges for services	\$ 2,943,766	\$ 10,912,625	\$ 1,434,330	\$ -	\$ 15,290,721
Cash paid to suppliers for goods and services	(724,150)	(9,806,680)	(250,138)	(655,711)	(11,436,679)
Cash paid to employees	(597,798)	-	(903,558)	-	(1,501,356)
Net cash provided by (used in) operating activities	<u>1,621,818</u>	<u>1,105,945</u>	<u>280,634</u>	<u>(655,711)</u>	<u>2,352,686</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund borrowings	-	7,766	-	(797,103)	(789,337)
Cash transfers from other funds	-	-	353,266	2,654,245	3,007,511
Cash transfers to other funds	(840,702)	(150,446)	(353,266)	(129,300)	(1,473,714)
Net cash provided by (used in) noncapital financing activities	<u>(840,702)</u>	<u>(142,680)</u>	<u>-</u>	<u>1,727,842</u>	<u>744,460</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of property, plant and equipment	(781,116)	-	-	-	(781,116)
Proceeds on sale of city property	-	-	-	166,545	166,545
Net cash provided by (used in) capital and related financing activities	<u>(781,116)</u>	<u>-</u>	<u>-</u>	<u>166,545</u>	<u>(614,571)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	-	66,449	36,541	96,346	199,336
<b>NET INCREASE IN CASH</b>		1,029,714	317,175	1,335,022	2,681,911
<b>CASH, BEGINNING OF YEAR</b>	100	1,494,844	1,002,997	3,070,441	5,568,382
<b>CASH, END OF YEAR</b>	<u>\$ 100</u>	<u>\$ 2,524,558</u>	<u>\$ 1,320,172</u>	<u>\$ 4,405,463</u>	<u>\$ 8,250,293</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,472,347	\$ 1,274,065	\$ 168,247	\$ (728,142)	\$ 2,186,517
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	136,502	-	105,822	-	242,324
Effects of changes in operating assets and liabilities					
Receivables	(495)	396,000	-	(1)	395,504
Inventories	8,182	-	-	-	8,182
Accounts payable	4,665	(168,120)	-	72,432	(91,023)
Other current liabilities	122	-	-	-	122
Unearned revenue	495	(396,000)	6,565	-	(388,940)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 1,621,818</u>	<u>\$ 1,105,945</u>	<u>\$ 280,634</u>	<u>\$ (655,711)</u>	<u>\$ 2,352,686</u>

## **FIDUCIARY FUNDS**

**Fiduciary Funds** are used to account for resources received and held by a governmental unit as agent or trustee for individuals, private organizations or other governments.

The City has two types of Fiduciary Funds as follows:

### **Pension Trust**

The Fire Pension Fund and the Police Pension Fund account for activities as prescribed by the Statutes of the State of Illinois.

### **Private-Purpose Trust**

The Decatur Public Library Trust Fund expenditures are designed for the purchase of educational materials.

**CITY OF DECATUR, ILLINOIS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
COMBINING BALANCE SHEET  
April 30,2006**

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 12,832,197	\$ 5,733,640	\$ 18,565,837
Accrued interest	<u>204,521</u>	<u>273,793</u>	<u>478,314</u>
Long-term investments, at fair value			
U.S. Government obligations	20,616,546	26,295,105	46,911,651
Mutual funds	11,863,735	4,342,097	16,205,832
Common stock	<u>10,697,138</u>	<u>12,992,244</u>	<u>23,689,382</u>
Total long-term investments	<u>43,177,419</u>	<u>43,629,446</u>	<u>86,806,865</u>
<b>TOTAL ASSETS</b>	<u>\$ 56,214,137</u>	<u>\$ 49,636,879</u>	<u>\$ 105,851,016</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 56,214,137</u>	<u>\$ 49,636,879</u>	<u>\$ 105,851,016</u>

**CITY OF DECATUR, ILLINOIS**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**Year Ended April 30, 2006**

	<b>Police Pension Fund</b>	<b>Fire Pension Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,298,816	\$ 2,159,922	\$ 4,458,738
Plan member	<u>925,084</u>	<u>643,239</u>	<u>1,568,323</u>
 Total contributions	 <u>3,223,900</u>	 <u>2,803,161</u>	 <u>6,027,061</u>
 Investment income	 3,521,179	 3,798,408	 7,319,587
Less: Investment expense	<u>190,568</u>	<u>170,753</u>	<u>361,321</u>
 Net investment income	 <u>3,330,611</u>	 <u>3,627,655</u>	 <u>6,958,266</u>
 Total additions	 <u>6,554,511</u>	 <u>6,430,816</u>	 <u>12,985,327</u>
<b>DEDUCTIONS</b>			
Benefits and refunds	3,186,756	3,882,778	7,069,534
Administrative expense	<u>32,536</u>	<u>42,640</u>	<u>75,176</u>
 Total deductions	 <u>3,219,292</u>	 <u>3,925,418</u>	 <u>7,144,710</u>
 Net increase	 3,335,219	 2,505,398	 5,840,617
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>52,878,918</u>	 <u>47,131,481</u>	 <u>100,010,399</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 56,214,137</u>	 <u>\$ 49,636,879</u>	 <u>\$ 105,851,016</u>

## **Statistical Section**

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

**CITY OF DECATUR, ILLINOIS  
NET ASSETS BY COMPONENT  
ALL AVAILABLE YEARS**

	<b>Fiscal Year</b>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities</b>			
Invested in capital assets, net of related debt	\$ 19,313,839	\$ 20,694,671	\$20,186,970
Restricted	16,605,645	9,486,926	3,979,821
Unrestricted	(30,561,374)	(26,992,521)	(22,243,869)
	<hr/>		
Total governmental activities net assets	5,358,110	3,189,076	1,922,922
<hr/>			
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	62,562,784	63,584,906	60,305,067
Unrestricted	37,228,430	36,781,035	31,253,474
	<hr/>		
Total business-type activities net assets	99,791,214	100,365,941	91,558,541
<hr/>			
<b>Primary government</b>			
Invested in capital assets, net of related debt	81,876,623	84,279,577	80,492,037
Restricted	16,605,645	9,486,926	3,979,821
Unrestricted	6,667,056	9,788,514	9,009,605
	<hr/>		
<b>TOTAL PRIMARY GOVERNMENT ACTIVITIES NET ASSETS</b>	<b>\$ 105,149,324</b>	<b>\$ 103,555,017</b>	<b>\$93,481,463</b>
	<hr/> <hr/>		

**CITY OF DECATUR, ILLINOIS  
CHANGES IN NET ASSETS  
ALL AVAILABLE YEARS**

	<b>Fiscal Year</b>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>EXPENSES</b>			
<b>Governmental Activities</b>			
General government	\$ 14,751,089	\$ 11,231,794	\$ 12,355,329
Public safety	28,332,963	29,959,590	30,901,106
Public works	9,229,510	14,764,122	17,390,666
Culture and recreation	3,468,287	3,609,189	3,749,474
Interest and other charges	3,029,752	3,039,104	3,078,850
Total governmental activities expenses	<u>58,811,601</u>	<u>62,603,799</u>	<u>67,475,425</u>
<b>Business-type activities</b>			
Water	12,729,900	11,387,369	12,977,816
Parking	679,620	682,392	746,042
Mass Transit	4,698,845	4,722,404	4,947,093
Housing programs	38,512	278,361	42,466
Waste removal	505,584	481,492	496,095
Sewer	1,729,595	932,591	780,498
Total business-type activities expenses	<u>20,382,056</u>	<u>18,484,609</u>	<u>19,990,010</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 79,193,657</u>	<u>\$ 81,088,408</u>	<u>\$ 87,465,435</u>
<b>PROGRAM REVENUES</b>			
<b>Governmental Activities</b>			
Charges for services			
General government	\$ 1,134,218	\$ 1,034,913	\$ 1,626,091
Public safety	717,390	770,040	219,965
Other activities	271,850	292,338	130,483
Operating grants and contributions	5,358,138	3,533,131	4,760,023
Capital grants and contributions	17,554	-	-
Total governmental activities program revenues	<u>7,499,150</u>	<u>5,630,422</u>	<u>6,736,562</u>
<b>Business-type Activities</b>			
Charges for services			
Water	12,618,005	14,209,199	12,252,193
Other activities	3,478,711	3,343,276	3,640,434
Operating grants and contributions	3,140,921	3,285,819	2,423,190
Capital grants and contributions	122,467		
Total business-type activities program revenues	<u>19,360,104</u>	<u>20,838,294</u>	<u>18,315,817</u>
<b>TOTAL PRIMARY GOVERNMENT REVENUES</b>	<u>\$ 26,859,254</u>	<u>\$ 26,468,716</u>	<u>\$ 25,052,379</u>
<b>NET (EXPENSE) REVENUE</b>			
Governmental activities	\$ (51,312,451)	\$ (56,973,377)	\$ (60,738,863)
Business-type activities	(1,021,952)	2,353,685	(1,674,193)
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<u>\$ (52,334,403)</u>	<u>\$ (54,619,692)</u>	<u>\$ (62,413,056)</u>

	<b>Fiscal Year</b>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other</b>			
<b>Changes in Net Assets</b>			
<b>Governmental Activities</b>			
Taxes			
Property taxes	\$ 9,952,854	\$ 10,581,082	\$ 11,258,757
Sales and use taxes	19,486,593	21,855,409	21,814,347
Income taxes	4,938,597	6,221,442	6,465,031
Utility taxes	6,051,747	5,760,454	5,924,807
Food and beverage taxes	2,190,817	2,611,781	2,665,731
Hotel and motel taxes	377,708	620,000	661,629
Other taxes	1,439,917	938,657	1,444,728
Investment earnings	309,847	425,431	713,716
Miscellaneous	1,424,398	844,783	1,386,026
Transfers	4,468,419	4,935,470	7,349,755
Total governmental activities	<u>50,640,897</u>	<u>54,794,509</u>	<u>59,684,527</u>
<b>Business-type activities</b>			
Property taxes	151,519	151,654	217,322
Investment earnings	319,320	549,191	1,023,657
Miscellaneous	-	20,964	(1,024,431)
Transfers	(4,468,419)	(4,935,470)	(7,349,755)
Total business-type activities	<u>(3,997,580)</u>	<u>(4,213,661)</u>	<u>(7,133,207)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 46,643,317</u>	<u>\$ 50,580,848</u>	<u>\$ 52,551,320</u>
<b>CHANGE IN NET ASSETS</b>			
Governmental activities	\$ (671,554)	\$ (2,178,868)	\$ (1,054,336)
Business-type activities	(5,019,532)	(1,859,976)	(8,807,400)
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ (5,691,086)</u>	<u>\$ (4,038,844)</u>	<u>\$ (9,861,736)</u>

**CITY OF DECATUR, ILLINOIS  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 ALL AVAILABLE YEARS**

	<b>Fiscal Year</b>		
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
<b>General Fund</b>			
Reserved	\$ 254,788	\$ 1,508,645	\$ 465,499
Unreserved	9,571,619	11,479,722	13,326,187
Total general fund	9,826,407	12,988,367	13,791,686
 <b>All other governmental funds</b>			
Reserved	14,272,610	7,319,800	1,333,910
Unreserved reported in:			
Special revenue funds	3,762,315	3,241,868	3,570,733
Capital projects funds	1,833,611	2,195,084	1,893,486
Total all other governmental funds	19,868,536	12,756,752	6,798,129
 <b>TOTAL FUND BALANCE</b>	<b>\$ 29,694,943</b>	<b>\$25,745,119</b>	<b>\$20,589,815</b>

**CITY OF DECATUR, ILLINOIS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**ALL AVAILABLE YEARS**

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>			
Taxes	\$ 18,667,393	\$15,869,064	\$ 20,510,924
Charges for service	147,086	157,203	163,721
Investment income and net increase in fair value of investments	255,580	334,709	514,380
Intergovernmental	30,940,013	37,652,299	34,520,731
Licenses and permits	893,767	775,198	786,276
Fines and fees	979,705	1,106,679	1,026,542
Other revenue	594,540	538,209	914,670
Total revenues	<u>52,478,084</u>	<u>56,433,361</u>	<u>58,437,244</u>
<b>Expenditures</b>			
General government	12,526,719	11,083,220	12,348,085
Public safety	27,323,352	28,681,398	30,999,294
Culture and recreation	3,226,952	3,377,323	3,620,570
Highways and streets	11,597,896	17,118,331	17,437,894
Debt service			
Principal retirement	2,404,032	2,468,228	2,570,078
Interest and fiscal charges	3,388,433	3,000,675	2,864,065
Total expenditures	<u>60,467,384</u>	<u>65,729,175</u>	<u>69,839,986</u>
Deficiency of revenues over expenditures	<u>(7,989,300)</u>	<u>(9,295,814)</u>	<u>(11,402,742)</u>
<b>Other Financing Sources</b>			
Debt proceeds	13,914,162	62,653	100,000
Sale of assets	37,076	10,021	331,480
Transfers in	7,597,108	8,030,834	9,161,249
Transfers out	(2,824,408)	(2,767,352)	(3,345,291)
Total other financing sources	<u>18,723,938</u>	<u>5,336,156</u>	<u>6,247,438</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 10,734,638</u>	<u>\$ (3,959,658)</u>	<u>\$ (5,155,304)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	9.58%	8.32%	7.78%

**CITY OF DECATUR, ILLINOIS  
REVENUE BASE - WATER UTILITY  
ALL AVAILABLE YEARS**

<b>Fiscal Year</b>	<b>Water Utility Billed</b>				<b>Direct Rate per 700 Gallons</b>	
	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Government</u></b>	<b><u>Total</u></b>	<b><u>Domestic and Non-Domestic</u></b>	<b><u>Large Users</u></b>
2004	\$3,533,694	\$5,925,509	\$ 119,801	\$ 9,579,004	\$ 1.37	\$ 2.10
2005	3,078,785	7,882,285	310,688	11,271,758	1.37	2.10
2006	3,201,423	7,681,239	324,152	11,206,814	1.37	2.10

Government accounts were not coded separately prior to the system conversion in FY04. The first six months are included in the Residential and Commercial totals.

**CITY OF DECATUR, ILLINOIS  
REVENUE RATES - WATER UTILITY  
ALL AVAILABLE YEARS**

	<u>Fiscal Year</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Service Charge Per Meter</b>			
Domestic-all meters (quarterly)	3.32	3.32	3.32
Non-Domestic (quarterly)			
Meter size 5/8"-3/4"	8.97	8.97	8.97
Meter size 1"-1 1/2"	33.15	33.15	33.15
Meter size 2"-4"	117.00	117.00	117.00
Meter size 7"-12"	546.00	546.00	546.00
Meter size 14"-18"	2,242.50	2,242.50	2,242.50
Non-Domestic and large Users (monthly)			
Meter size 5/8"-3/4"	2.99	2.99	2.99
Meter size 1"-1 1/2"	11.05	11.05	11.05
Meter size 2"-4"	39.00	39.00	39.00
Meter size 7"-12"	182.00	182.00	182.00
Meter size 14"-18"	747.50	747.50	747.50
<b>Usage Charge-gal. (monthly equiv)</b>			
Domestic and Non-Domestic			
1st 700	1.37	1.37	1.37
Next 1,500	1.24	1.24	1.24
Next 12,900	1.11	1.11	1.11
Next 18,300	0.89	0.89	0.89
Next 133,300	0.70	0.70	0.70
Next 833,300	0.66	0.66	0.66
Next 1,000,000	0.55	0.55	0.55
All Over 2,000,000	0.39	0.39	0.39
Large User			
1st 700	2.10	2.10	2.10
Next 1,500	1.90	1.90	1.90
Next 12,900	1.69	1.69	1.69
Next 18,300	1.36	1.36	1.36
Next 133,300	1.08	1.08	1.08
Next 833,300	1.00	1.00	1.00
Next 1,000,000	0.84	0.84	0.84
All Over 2,000,000	0.60	0.60	0.60

Latest change 8/31/98 increased usage fees by 5% and created Larger User rates. Previous change 6/1/93.

**CITY OF DECATUR, ILLINOIS  
SUMMARY OF PRINCIPAL PAYERS  
ALL AVAILABLE YEARS**

<u>Fiscal Year</u>	<u>Total Water Billed</u>	<u>Top Users</u>			<u>Percentage of Total</u>
		<u>Industrial</u>	<u>Commercial</u>	<u>Government</u>	
2004	9,579,004				0.0%
2005	11,271,758	6,082,481	138,366	280,029	55.2%
2006	11,206,814	6,083,537	140,089	306,877	55.5%

Disclosure of principal payers is prohibited. Due to computer system conversion, during FY04, data is not available prior to FY05.

CITY OF DECATUR, ILLINOIS  
PROPERTY TAX LEVIES AND TAX COLLECTIONS  
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Total Taxes Levied By City (1)</u>	<u>Total Taxes Extended by County Collector</u>	<u>Collection of Current Year's Taxes During Fiscal Period (2)</u>	<u>Percentage of Levy Collected During Fiscal Period</u>	<u>Collection Prior Year's Taxes During Fiscal Period</u>	<u>Total Collections</u>	<u>Total Collections as a % of Current Levy</u>	<u>Accumulated Delinquent Taxes (3)</u>	<u>Outstanding Delinquent Taxes as a % of Current Levy</u>
1995	7,662,387	8,393,463	7,666,471	100%	63,851	7,730,322	101%	44767	0.58%
1996	7,836,673	8,475,238	7,882,290	101%	(6,018)	7,876,272	101%	13415	0.17%
1997	8,083,849	8,088,807	8,026,654	99%	(205)	8,026,449	99%	14741	0.18%
1998	8,244,975	8,248,805	8,138,991	99%	38,614	8,177,605	99%	7483	0.09%
1999	8,652,306	8,655,429	8,630,613	100%	242,808	8,873,421	103%	7866	0.09%
2000	8,904,865	8,907,993	9,102,701	102%	22,533	9,125,234	102%	13545	0.15%
2001	8,881,128	8,884,398	9,128,925	103%	40,859	9,169,784	103%	4583	0.05%
2002	9,253,069	9,256,944	9,442,398	102%	40,741	9,483,139	102%	4108	0.04%
2003	9,624,048	9,626,639	9,877,672	103%	2,919	9,880,591	103%	9234	0.10%
2004	10,093,476	10,097,408	10,279,384	102%	26,125	10,305,509	102%	16509	0.16%

(1) Actual Levy for the City of Decatur. Years 1995-2004 are used because of the two year collection lag between levy and actual collection. 2005 levy will be collected during fiscal year 2007.

(2) Includes additions, refunds, and other adjustments.

(3) Adjusted for refunds.

Source: Macon County Treasurer

**CITY OF DECATUR, ILLINOIS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
 OF TAXABLE PROPERTY  
 LAST TEN YEARS**

**REAL PROPERTY**

<b><u>TAX YEAR</u></b>	<b><u>ASSESSED VALUE</u></b>	<b><u>ESTIMATED ACTUAL VALUE</u></b>	<b><u>RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)</u></b>
1995	\$540,398,370	\$1,621,195,110	33.33%
1996	556,819,371	1,670,458,113	33.33%
1997	584,755,734	1,754,267,202	33.33%
1998	613,567,895	1,840,703,685	33.33%
1999	631,046,296	1,893,138,888	33.33%
2000	639,069,887	1,917,209,661	33.33%
2001	691,016,351	2,073,049,053	33.33%
2002	723,424,819	2,170,274,457	33.33%
2003	807,265,386	2,421,796,158	33.33%
2004	794,049,821	2,382,149,463	33.33%

(1) State law prescribes an assessment ratio of 33.33% of actual value

Source: Macon County Clerk. Calendar year 2005 real estate taxes are collected during fiscal year 2007.

**CITY OF DECATUR, ILLINOIS  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING  
GOVERNMENTAL UNITS  
LAST TEN YEARS**

<u>GOVERNMENTAL UNIT</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City of Decatur	\$ 1.4184	\$ 1.4098	\$ 1.3829	\$ 1.3444	\$ 1.3716	\$ 1.3939	\$ 1.2857	\$ 1.2796	\$ 1.1925	\$ 1.2717
County of Macon	1.2612	1.2663	1.2429	1.2064	1.1517	1.1290	1.1049	1.1337	1.0987	1.0245
Sanitary District	0.3867	0.3800	0.3611	0.3504	0.3380	0.3301	0.3047	0.2873	0.2617	0.2828
Decatur School District	3.2742	3.2600	3.2994	3.3086	3.2946	3.6250	3.9862	4.1053	4.0734	4.3201
Decatur Park District	0.9720	0.9979	0.9838	0.9879	0.9910	0.9980	0.9325	0.9721	0.9988	1.0141
Decatur Township	0.2491	0.2443	0.2455	0.2637	0.2686	0.2840	0.2653	0.2647	0.2494	0.2678
Road and Bridge	-	-	-	-	-	-	-	-	-	0.0112
Mosquito abatement	0.0303	0.0304	0.0305	0.0292	0.0333	0.0330	0.0325	0.0327	0.0311	0.0334
Conservation District	0.1111	0.1102	0.1051	0.1046	0.1097	0.1070	0.1052	0.1061	0.1082	0.1088
Mental Health	0.1319	0.1319	0.1319	0.1420	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Richland Community College	0.2816	0.2824	0.2871	0.3325	0.3328	0.3721	0.3723	0.3840	0.3839	0.3390
Macon County Health	0.1067	0.1067	0.1025	0.1039	0.1012	0.1070	0.1035	0.1070	0.1070	0.1054
Cooperative Extension	-	-	0.0242	0.0252	0.0245	0.0238	0.0236	0.0228	0.0272	0.0271

**TOTAL TAX RATE PER  
\$100 OF ASSESSED  
VALUATION**

\$ 8.2232      \$ 8.2199      \$ 8.1969      \$ 8.1988      \$ 8.1670      \$ 8.5529      \$ 8.6664      \$ 8.8453      \$ 8.6819      \$ 8.9559

Share of Total Tax Rate  
Levied by City of Decatur

17.25%      17.15%      16.87%      16.40%      16.79%      16.30%      14.84%      14.63%      13.19%      13.19%

Source: Macon County Clerk

**CITY OF DECATUR, ILLINOIS**  
**TAX INFORMATION**  
**April 30,2006**

- Taxes Assessed:** The owner of property on January 1, in any year, is liable for taxes for that calendar year.
- Taxes Due:** Current taxes on real property may be paid in two equal installments. The first installment is due not later than June 1st, and bears interest at the rate of 1 1/2% per month after June 1st, until paid or forfeited. The second installment is payable not later than September 1st, and bears interest at the rate of 1 1/2% per month after September 1st until paid or forfeited.
- Payable:** The current City property taxes are payable at the Office of the County Treasurer, who is also the County Collector.
- Tax Sale:** Application for judgment and sale in cases where taxes are not paid is made during the month of October. A Monday in October is fixed for the date of the sale by the County Treasurer. Tax bills are sold to the bidder who offers to pay the accumulated amount of the tax and to charge thereon the lowest rate of interest. The maximum of interest provided by law is 18% every six months for a period of two years. The purchaser of the tax bill is given a certificate of purchase for each piece of real estate.
- Redemption:** Redemption may be made by the owner by payment of the tax bill in full to the County Clerk including 18% penalties, plus \$4.00 service charge at any time before issuance of tax deed.
- Tax Deed:** Two years and six months from the day of the annual tax sale, the holder of a certificate of purchase which has not been redeemed may, by fulfilling the statutory procedures and paying all subsequent tax bills, obtain a tax deed. This deed must be issued before the expiration of seven years after the annual tax sale or the certificate becomes void.

**CITY OF DECATUR, ILLINOIS  
CITY GOVERNMENT TAX RATES  
LAST TEN YEARS  
Rate per \$100 Assessed Valuation**

<b><u>PURPOSE OR FUND</u></b>	<b><u>1995</u></b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Library	\$ 0.4200	\$ 0.4077	\$ 0.3995	\$ 0.3923	\$ 0.4003	\$ 0.4205	\$ 0.4006	\$ 0.3942	\$ 0.3638	\$ 0.3810
Police Pension	0.1253	0.1280	0.1336	0.1274	0.1272	0.1338	0.2036	0.2163	0.2373	0.2603
Fire Pension	0.1415	0.1474	0.1606	0.1532	0.1516	0.1858	0.2068	0.2361	0.2219	0.2484
Public Benefit	0.0241	0.0251	0.0212	0.0096	0.0033	0.0031	-	-	-	-
Municipal Band	0.0102	0.0108	0.0103	0.0099	0.0097	0.0096	0.0089	0.0090	0.0081	0.0082
Mass Transit System	0.0278	0.0270	0.0257	0.0245	0.0239	0.0236	0.0219	0.0210	0.0188	0.0191
Social Security and Retirement Insurance	0.1771	0.1720	0.1637	0.1562	0.1520	0.1308	0.0921	0.0604	0.0366	0.0651
Police Protection	0.1150	0.1307	0.1245	0.1448	0.1408	0.1312	0.1214	0.1160	0.1039	0.0504
Law Enforcement Facility Lease	0.1060	0.1061	0.0966	0.0943	0.0941	0.0940	0.0882	0.0869	0.0798	0.0248
<b><u>BOND AND INTEREST</u></b>										
General obligation	<u>0.2714</u>	<u>0.2550</u>	<u>0.2472</u>	<u>0.2322</u>	<u>0.2687</u>	<u>0.2615</u>	<u>0.1422</u>	<u>0.1397</u>	<u>0.1223</u>	<u>0.1627</u>
<b>ALL PURPOSE - TOTAL</b>	<b><u>\$ 1.4184</u></b>	<b><u>\$ 1.4098</u></b>	<b><u>\$ 1.3829</u></b>	<b><u>\$ 1.3444</u></b>	<b><u>\$ 1.3716</u></b>	<b><u>\$ 1.3939</u></b>	<b><u>\$ 1.2857</u></b>	<b><u>\$ 1.2796</u></b>	<b><u>\$ 1.1925</u></b>	<b><u>\$ 1.2717</u></b>
<b>Actual Rate Extended</b>	<b><u>\$ 1.4184</u></b>	<b><u>\$ 1.4098</u></b>	<b><u>\$ 1.3829</u></b>	<b><u>\$ 1.3444</u></b>	<b><u>\$ 1.3716</u></b>	<b><u>\$ 1.3939</u></b>	<b><u>\$ 1.2857</u></b>	<b><u>\$ 1.2796</u></b>	<b><u>\$ 1.1925</u></b>	<b><u>\$ 1.2717</u></b>

Source: "Certificate of Tax Extended", Macon County Clerk

**CITY OF DECATUR, ILLINOIS  
CITY GOVERNMENT TAX LEVIES  
LAST TEN YEARS**

<b><u>PURPOSE OR FUND</u></b>	<b><u>1995</u></b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Library	\$2,269,574	\$2,269,672	\$2,335,562	\$2,406,842	\$2,525,910	\$2,687,288	\$2,768,212	\$2,851,741	\$2,936,831	\$3,025,330
Police Pension	677,043	712,225	727,762	781,448	802,249	855,075	1,406,909	1,564,767	1,915,640	2,066,912
Fire Pension	764,615	820,197	938,849	939,375	956,539	1,187,391	1,429,022	1,708,005	1,791,321	1,972,420
Public Benefit	129,698	139,570	123,850	58,295	20,558	19,810	-	-	-	-
Municipal Band	55,000	60,000	60,000	60,246	60,743	61,350	61,500	65,108	65,388	65,112
Mass Transit System	150,000	150,000	150,000	150,323	150,323	150,820	151,332	151,918	151,765	151,664
Social Security and Retirement Insurance	956,645	956,645	956,645	957,508	958,393	835,903	636,425	436,948	295,458	516,926
Police Protection	621,347	727,467	727,762	888,221	888,446	838,459	838,893	839,173	838,748	196,924
Law Enforcement Facility Lease	572,469	590,651	564,609	578,465	593,713	600,730	609,480	628,660	644,203	410,524
<b><u>BOND AND INTEREST</u></b>										
General obligation	<u>1,465,996</u>	<u>1,419,349</u>	<u>1,445,392</u>	<u>1,424,252</u>	<u>1,695,432</u>	<u>1,671,167</u>	<u>982,625</u>	<u>1,010,624</u>	<u>987,285</u>	<u>1,291,919</u>
<b>ALL PURPOSE - TOTAL</b>	<b><u>\$7,662,387</u></b>	<b><u>\$7,845,776</u></b>	<b><u>\$8,030,431</u></b>	<b><u>\$8,244,975</u></b>	<b><u>\$8,652,306</u></b>	<b><u>\$8,907,993</u></b>	<b><u>\$8,884,398</u></b>	<b><u>\$9,256,944</u></b>	<b><u>\$9,626,639</u></b>	<b><u>\$10,097,932</u></b>

Source: "Certificate of Tax Extended", Macon County Clerk

**CITY OF DECATUR, ILLINOIS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
ALL AVAILABLE YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Assessed Valuation</b>	<b>Per Capita</b>
	<b>General Obligation</b>	<b>Compensated Absences</b>	<b>Loan</b>			
2003	\$44,313,428	\$2,443,605	\$7,172,169	\$53,929,202	7.80%	\$659
2004	55,823,558	2,419,131	6,823,796	65,066,485	8.99%	795
2005	55,346,242	2,423,199	6,535,592	64,305,033	7.97%	786
2006	53,172,401	2,566,422	6,238,954	61,977,777	7.81%	757

**CITY OF DECATUR, ILLINOIS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
ALL AVAILABLE YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2003	\$39,413,428	\$1,605,397	\$37,808,031	1.82%	\$462
2004	50,168,424	884,830	49,283,594	2.27%	602
2005	47,946,433	853,134	47,093,299	1.94%	575
2006	45,882,592	868,037	45,014,555	1.89%	550

**CITY OF DECATUR, ILLINOIS  
DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN YEARS**

<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Personal Income (thousands of dollars)</b>	<b>Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
1997	85,306				18,100	6.3%
1998	85,306				18,549	4.7%
1999	85,306				18,328	4.3%
2000	81,860	19,009	1,556,077	37.2	18,168	5.0%
2001	81,860	19,009	1,556,077	37.2	18,168	6.0%
2002	81,860	19,009	1,556,077	37.2	18,300	7.3%
2003	81,860	19,009	1,556,077	37.2	18,290	6.8%
2004	81,860	19,009	1,556,077	37.2	18,290	6.1%
2005	81,860	19,009	1,556,077	37.2	18,047	5.8%
2006	81,860	19,009	1,556,077	37.2	17,201	7.2%

Sources: Population, Per Capita Personal Income and Median Age information obtained from U.S. Census Bureau. School Enrollment obtained from Macon-Piatt Regional Office of Education, Millikin University, and Richland Community College. Unemployment rate obtained from Decatur Economic Development Foundation.

Note: Per Capita Personal Income and Median Age not available prior to 2000

**CITY OF DECATUR, ILLINOIS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
<b><u>Employer</u></b>						
Archer Daniels Midland	3400	1	9.94%	2400	2	6.42%
Caterpillar	2300	2	6.73%	2600	1	6.96%
Decatur Memorial Hospital	2266	3	6.63%	1700	5	4.55%
Decatur Public Schools	1500	4	4.39%	2261	3	6.05%
Ameren fka Illinios Power Co.	1250	5	3.66%	660	9	1.77%
St. Mary's Hospital	1100	6	3.22%	1120	6	3.00%
Mueller	737	7	2.16%	650	10	1.74%
Tate & Lyle fka AE Staley Mfg. Co.	700	8	2.05%	725	8	1.94%
Millikin University	600	9	1.75%	**	**	**
Norfolk Southern	600	10	1.75%	**	**	**
Bridgestone/Firestone				1800	4	4.82%
Wagner Castings Company				935	7	2.50%

Source: Economic Development Foundation and Illinois Department of Employment Security

\*\* Employers not included in top 10 employers in 1997. Data is not available.

**CITY OF DECATUR, ILLINOIS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
 ALL AVAILABLE YEARS**

<b>Function</b>	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	81	81	85
Public safety			
Police			
Officers	169	172	167
Civilians	22	23	24
Fire			
Firefighters and officers	108	114	113
Civilians	2	2	2
Public works	79	81	79
Culture and recreation	43	47	48
Water	54	57	58
Parking	5	5	5
Mass Transit	1	1	1
<b>Total primary government employees</b>	<u>564</u>	<u>583</u>	<u>582</u>

Part time employee data to determine full-time equivalent employees unavailable for FY04 due to mid-year accounting system conversion.

**CITY OF DECATUR, ILLINOIS  
OPERATING INDICATORS BY FUNCTION  
ALL AVAILABLE YEARS**

<b>Function</b>	<b>Fiscal Year</b>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Public safety</b>			
Police			
Calls for service	66,648	68,834	66,571
Traffic citations	14,078	11,031	12,201
Parking tickets	2,720	2,357	2,083
Fire			
Call outs	7,297	7,681	8,035
Inspections	347	335	487
<b>Public works</b>			
Street surface improv (LA MI)	22.3	31.6	18.6
Potholes repaired	18,266	10,985	10,619
Pavement markings-paint (LF)	164,149	390,934	362,500
<b>Culture and recreation</b>			
Library items loaned	601,929	546,550	533,276
Extension (bookmobiles)	92,207	92,608	92,295
<b>Water</b>			
Water consumption (CU FT)	929,736,391	887,679,789	892,237,277
Metered services	31,488	31,462	31,555
Sediment dredged (Dry TON)	0	57,182	162,388
<b>Parking</b>			
Tickets issued	11,404	13,929	16,335
Parking lot maintenance (Hours)	1,618	1,477	1,466
<b>Mass Transit (CALENDAR YEAR)</b>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Buses and trolleys (Ridership)	903,251	980,796	1,039,354
Paratransit vans/taxis	52,902	49,289	39,113
<b>Housing programs</b>			
Amount of loans	\$0	\$14,613	\$16,900
<b>Waste removal</b>			
Recycling (Pounds)	2,814,479	2,815,784	2,799,502
<b>Sewer</b>			
Sanitary Sewer Televised (LF)	273,624	224,024	205,737

Data not available prior to 2004

**CITY OF DECATUR, ILLINOIS  
MAJOR PROPERTY TAXPAYERS  
April 30,2006**

<u>Name of Company</u>	<u>Business Category</u>	<u>2005 Assessed Valuation</u>	<u>Percent to Total</u>
Archer Daniels Midland Co.	Agribusiness	\$ 27,721,752	3.49%
Wal-Mart Stores, Inc.	Retail sales	8,710,651	1.10%
Caterpillar Tractor Co.	Mfg. – Heavy equipment	7,658,234	.96%
Millikin University (The Woods Apts.)	University Apartments	4,708,189	.59%
Northgate Lmtd Partnership	Development Company	3,630,628	.46%
Brettwood Village Association	Shopping center	3,481,759	.44%
A.E. Staley Manufacturing Company	Agribusiness	5,247,974	.66%
Decatur Memorial Health	Health	3,839,962	.48%
Decatur Memorial Hospital	Health	2,743,165	.35%
Real Estate Investors	Development	<u>3,647,234</u>	<u>.46%</u>
<b>TOTAL – MAJOR PROPERTY OWNERS</b>		<u>\$ 71,389,548</u>	<u>8.99%</u>
<b>TOTAL – CITY OF DECATUR</b>		<u>\$ 794,049,821</u>	<u>100.00%</u>

Source: Macon County Supervisor of Assessments

**CITY OF DECATUR, ILLINOIS**  
**SCHEDULE OF DIRECT AND OVERLAPPING DEBT**  
**April 30, 2006**

	<u>Debt Outstanding;</u>	<u>Percentage of Debt Applicable to the City of Decatur</u>	<u>City of Decatur's Share of Debt</u>
<b>DIRECT DEBT</b>			
City of Decatur	\$ 48,851,090	100.00%	\$ 48,851,090
<b>OVERLAPPING DEBT</b>			
Decatur Park District	13,195,000	99.00%	13,063,050
Decatur School District #61	8,450,000	92.00%	7,774,000
Argenta School District	9,245,000	28.00%	2,588,600
Meridian School District #15	625,000	17.00%	106,250
Mt. Zion School District #3	6,610,000	7.00%	462,700
Public Building Commission	12,130,000	60.60%	7,350,780
Richland Community College	725,000	44.27%	320,957
Sangamon Valley #9	321,200	.20%	642
Warrensburg School District #11	<u>2,280,000</u>	37.00%	<u>843,600</u>
<b>TOTAL OVERLAPPING DEBT</b>	<u>53,581,200</u>	60.67%	<u>32,510,579</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 102,432,290</u>	79.43%	<u>\$ 81,361,669</u>
Per Capita Direct and Overlapping Debt	\$ 1,251		

Source: Outstanding Debt – Individual Taxing Entities  
Percentage within Decatur – Macon County Clerk

**CITY OF DECATUR, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended April 30,2006**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through or Grantor's Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed-through Illinois Department of Public Health:				
Lead Based Paint Hazard Control in Privately-Owned Housing Grant	14.900	15380721	\$ 81,841	\$
Direct Programs:				
Community Development Block Grants/Entitlement Grants Program Income Funded Expenditures	14.218	-	1,507,785 42,273	
HOME Investment in Affordable Housing Program Income Funded Expenditures	14.239	-	564,683 93,320	
Section 108 Program Income Funded Expenditures	14.248	-	116,512	
Total direct programs			<u>2,324,573</u>	
Total U.S. Department of Housing and Urban Development			<u>2,406,414</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed-through Illinois Criminal Justice Information Authority:				
MDC Equipment Program	16.579	401611	9,432	
Passed-through Illinois Department of Human Services:				
Title V – Delinquency Prevention Program	16.548	11G513500	10,000	
Direct Programs:				
Local Law Enforcement Block Grant	16.592	2005-DJBX-1296	43,582	
Local Law Enforcement Block Grant	16.592	04-LB-BX-0928	33,379	
Total direct programs			<u>76,961</u>	
Total U.S. Department Of Justice			<u>96,393</u>	

**CITY OF DECATUR, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended April 30,2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through or Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed-through Illinois Department of Transportation:				
Urban Corridor Revitalization Grant	20.XXX	CPG03-09	\$ <u>13,500</u>	\$
Direct Programs:				
Federal Transit Capital Investment Grants	20.500	IL-90-05 11	4,008	
Federal Transit Capital Investment Grant	20.507	IL-90-0453	<u>4,317</u>	
Total direct programs			<u>8,325</u>	
Total U.S. Department of Transportation			<u>21,825</u>	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed-through Illinois Department of Natural Resources:				
Urban and Community Forestry Assistance	10.664	UF05INNER CITY04	<u>8,000</u>	<u>          </u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,532,632</u>	<u>\$ -</u>

**CITY OF DECATUR, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**April 30,2006**

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

**Basis of Accounting**

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**NOTE 2 – LOANS OUTSTANDING**

City of Decatur, Illinois had the following loan balance outstanding at April 30, 2006:

<b><u>Program</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amount Outstanding</u></b>
Section 108 Loan Guarantee	14.248	\$ <u>3,820,000</u>

**NOTE 3 – NON-CASH ASSISTANCE**

The City did not receive any federal non-cash assistance during the fiscal year ended April 30, 2006.

**Independent Auditor's 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 Mayor and City Council  
City of Decatur, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Decatur, Illinois as of and for the year ended April 30, 2006, which collectively comprise the City of Decatur's basic financial statements and have issued our report thereon dated July 7, 2006. We did not audit the financial statements of the Civic Center Authority, which is included as a discretely presented component unit, but were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 7, 2006.

This report is intended solely for the information and use of management, members of 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.

*Clifton Gundersen LLP*

Danville, Illinois  
July 7, 2006

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control  
Over Compliance in Accordance with  
OMB Circular A-133**

The Mayor and City Council  
City of Decatur, Illinois

**Compliance**

We have audited the compliance of City of Decatur, Illinois (City) with the types of compliance requirements described in the *US. 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 April 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2006-01.

## **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, members of 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.

*Clifton Henderson LLP*

Danville, Illinois  
July 7, 2006

**CITY OF DECATUR, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended April 30,2006**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? Y e s   x   No
- Reportable condition(s) identified that are not considered to be material weaknesses? Y e s   x   None reported

Noncompliance material to financial statements noted? Y e s   x   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? Y e s   x   No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Y e s   x   None reported

Type of auditor's report issued on compliance for major programs: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   x   Yes N o

Identification of major programs:

**CFDA Number(s)      Name of Federal Program or Cluster**

14.239	HOME Investment Partnership Program
14.248	Section 108 Loan Guarantee

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000  
Auditee qualified as low-risk auditee? Y e s   x   No

**Section II – Financial Statement Findings**

None

**CITY OF DECATUR, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended April 30,2006**

**Section III – Federal Award Findings and Questioned Costs**

**Finding No. 2006-1 (Repeated)**

Federal Department: U.S. Department of Housing and Urban Development  
CFDA Number: 14.248  
Program Name: Section 108 Loan Guarantee

**Criteria or Specific Requirement**

The contract states "The borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in thk Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Fund Investment account until such accounts are fully disbursed".

**Condition**

The City did not file required monthly report for one month of the fiscal year in a timely manner as required per the contract for grant #B-95-MC-17-0008-A.

**Questioned Cost**

None

**Context**

This was noted as part of our audit procedures relative to single audit testing.

**Effect**

This could lead to inaccurate reporting of federal funds.

**Cause**

Human error. The City overlooked the requirement to file.

**Recommendation**

File required reports timely and maintain evidence of such filing.

**Management Response**

The City plans to be more diligent in the filing of required reports.

**CITY OF DECATUR, ILLINOIS**  
**SCHEDULE OF STATUS OF PRIOR FINDINGS**  
**Year Ended April 30,2006**

**Finding No. 2005-1 Reporting**

In July of 2002, the City of Decatur entered into a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act with the Secretary of Housing and Urban Development (HUD). This contract was for grant number B-95-MC-17-0008-A for the principal amount of \$3,000,000. The contract states that "The borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account, until such accounts are fully disbursed". The City did not file the required reports showing the Loan Funds Account activity during 2005.

The City began filing statements in January, 2005.

Repeat in current year as finding 2006-1