

CITY OF DECATUR, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended April 30, 2010

Prepared and Issued by
The Financial Management Department

RON E. NEUFELD
Director of Financial Management

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting	9
Officers and Officials.....	10
Organization Chart.....	11
AUDITOR'S REPORT	
Independent Auditor's Report	12
MANAGEMENT'S DISCUSSION AND ANALYSIS	14
BASIC FINANCIAL STATEMENTS	
City-Wide Financial Statements:	
Statement of Net Assets	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	30
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	31
Statement of Net Assets – Proprietary Funds	33
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Net Assets – Pension Trust Funds	36
Statement of Changes in Net Assets – Pension Trust Funds	37
Notes to Financial Statements.....	38

TABLE OF CONTENTS

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Funding Progress.....	83
Schedules of Employer Contributions.....	84
Schedule of Revenues, Expenditures and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – General and Library Funds.....	85
Notes to Required Supplementary Information.....	87
OTHER SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds	88
Combining Balance Sheet – Nonmajor Governmental Funds.....	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	91
<u>Special Revenue Funds</u>	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Illinois Municipal Retirement Fund.....	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Main Place Section 108 Loan Guarantee Fund.....	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Home Fund.....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Community Development Block Grant.....	99
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – TIF Districts Fund.....	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Drug Enforcement Fund.....	101

TABLE OF CONTENTS

	PAGE
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Municipal Band Fund.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Motor Fuel Tax Fund	103
<u>Debt Service Funds</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Debt Service Fund.....	104
<u>Capital Projects Funds</u>	
Combining Balance Sheet – Nonmajor Capital Projects Funds	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds	106
Schedule of Revenues, Expenditures and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – 2004 Bond Capital Fund.....	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – General Capital Project Fund	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Wabash Crossing Letter of Credit Fund.....	109
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – 2008 Project Fund	110
Nonmajor Proprietary Funds	111
Combining Statement of Net Assets – Nonmajor Proprietary Funds	112
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Proprietary Funds.....	113
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	114

TABLE OF CONTENTS

	PAGE
Internal Service Funds	115
Combining Statement of Net Assets (Deficit) – Internal Service Funds	116
Combining Statement of Revenues, Expenses and Changes in Net Assets (Deficit) – Internal Service Funds	117
Combining Statement of Cash Flows – Internal Service Funds	118
Fiduciary Funds	119
Combining Statement of Fiduciary Net Assets – Pension Trust Funds	120
Combining Statement of Changes in Net Assets – Pension Trust Funds	121
STATISTICAL SECTION	122
Net Assets by Component – All Available Years	123
Changes in Net Assets – Last Ten Years	124
Fund Balances of Governmental Funds – Last Ten Years	126
Changes in Fund Balances of Governmental Funds – All Available Years	127
Significant Own Source Revenue – Water Utility – Last Ten Years	128
Revenue Rates – Water Utility – Last Ten Years	129
Summary of Principal Payers – All Available Years	130
Significant Own Source Revenue – Property Tax – Last Ten Years	131
Property Tax Rates – Direct and Overlapping Governmental Units Last Ten Years	132
Major Property Taxpayers	133
Property Tax Levies and Tax Collections – Last Ten Years	134
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	135
Tax Information	136
City Government Tax Rates - Last Ten Years	137
City Government Tax Levies - Last Ten Years	138
Ratios of Outstanding Debt by Type – Last Ten Years	139
Ratios of General Bonded Debt Outstanding – Last Ten Years	140
Schedule of Direct and Overlapping Debt	141
Demographics and Economic Statistics – Last Ten Years	142
Principal Employers – Current Year and Nine Years Ago	143
Full-Time Equivalent City Government Employees by Function – Last Ten Years	144
Operating Indicators by Function – Last Ten Years	145
Capital Assets by Function – All Available Years	146

TABLE OF CONTENTS

	PAGE
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	147
Notes to Schedule of Expenditures of Federal Awards	149
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 <i>Government</i> <i>Auditing Standards</i>	150
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.....	152
Schedule of Findings and Questioned Costs	154
Schedule of Status of Prior Year Findings	159

October 18, 2010

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, 2010, is hereby submitted. This report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2009-2010 and the financial condition of the various funds at April 30, 2010. 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 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

<u>Unemployment Figures</u>	<u>April 2006</u>	<u>April 2007</u>	<u>April 2008</u>	<u>April 2009</u>	<u>April 2010</u>
Decatur Metro Area	6.1%	5.2%	5.7%	9.8%	12.8%
State	5.0%	4.8%	5.4%	9.4%	10.8%
National	4.7%	4.5%	5.0%	9.0%	9.5%

While the overall rate in the Decatur Metro Area is slightly higher than the state and national economy, many of those unemployed were a result of a temporary layoff by one of Decatur's largest employers. The Decatur area unemployment rate fell to 11.7% in August 2010, which is a 0.9% drop from August 2009 and 1.1% from April 2010.

The City of Decatur and the Decatur Park District are joining together to develop the Nelson Park golf course property and other lakefront property to include a possible water park, hotel, miniature golf course, new marina, residential and retail development. Plans will be finalized over the next few months.

St. Mary's Hospital has begun the first phase of a three phase project, which will include a new laboratory, emergency department, and space for operating rooms. The cost of this phase is projected to be \$31.0 million and will be done in 2011. The total for all three phases will be about \$70.0 million.

Archer Daniels Midland (ADM) has been selected to receive funding for a second carbon sequestration project, which is in addition to the one announced in 2008. The second project is led by ADM with an investment of \$43.6 million, in addition to the federal grant of \$99.2 million.

Star Tek call center has made the decision to add 130 new employees and take the facility's workforce to 530 employees, which will make Star Tek one of Decatur's larger employers. The facility opened its doors in 2003, and is currently providing wireless customer service for one of the largest U.S. telecommunications companies.

Caterpillar Inc. has announced that it has won a \$641.2 million contract from the U.S. Department of Defense for the manufacture of wheel-tractor scrapers at the Decatur plant. The contract is a 5-year contract with a 5-year renewal option. This comes in addition to a 30% increase in the production of Caterpillar's largest mining trucks, resulting in the callback of laid off employees.

Mueller Company has called back all its laid-off employees and hired some new ones as business continues to improve. The production of hydrants, brass valves and other water infrastructure products serve as a good barometer for how the rest of the economy is doing.

Millikin University launched an \$85.0 million capital campaign, laying out plans to rebuild and renovate three campus buildings within the next ten years. This allows Millikin University to claim its rightful status as one of the finest universities in the Midwest.

LONG-TERM FINANCIAL PLANNING

The General Fund closed the fiscal year with an operating deficit of nearly \$2.6 million, leaving the General Fund balance well below where it should be. The primary reason for the deficit was the downturn in the economy, which resulted in a significant reduction in revenues. Adjustments were made three months into the fiscal year to minimize the negative impact on the ending fund balance. Had these adjustments in expenditures not been made, the impact would have been much greater than it was.

Going forward, the City Council has expressed a strong desire to grow the General Fund balance. They intend to do this by cutting expenses and increasing revenues. Their goal is to eventually have a fund balance that is equivalent to 10% of the operating budget.

The City benefits from its home rule authority, which gives the ability to increase the locally imposed revenues that are currently in place as well as pass new ones. All departments in the General Fund have already made significant cuts in their budgets by eliminating all discretionary spending and reductions in workforce. The City continues to look for ways to be more efficient and work smarter.

MAJOR INITIATIVES

The City of Decatur continues to have a very aggressive capital improvement program. Some of the infrastructure projects and programs for 2009-10, which total more than \$14.2 million, include:

Street and Bridge Repairs	\$ 4,300,000
General Capital Projects	423,000
Equipment Replacement	3,574,000
Sewer Repairs	1,481,000
Dredging Lake Decatur	607,000
Water Plant and Distribution	3,500,000
Lake Improvements	306,000

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

- 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

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 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 2010 and a comparison, where available, to performance in 2009, 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. 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 Motor Fuel Tax, Debt Service, DCDF Inc., and the non-tax levy portion of Fire and Police Pension 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 cannot legally exceed the appropriated amount) is by division within the General Fund; by similar divisions within the Water Fund; and at the fund level for all other funds. Therefore, expenditures within a given fund cannot legally exceed appropriations at these levels. 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, 2010 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 five 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, 2009. This was the thirty-seventh 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.

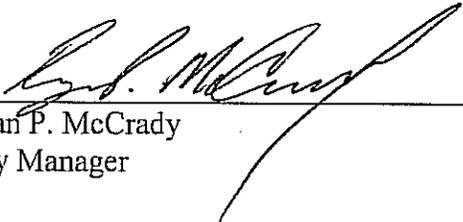
In addition to the vast amount of financial information presented, there is included herein a Statistical Section containing comprehensive data which relates to the financial condition of the entire governmental structure of Decatur. There is also a section referred to as Management's Discussion and 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

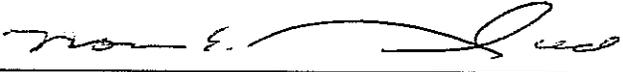
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Management Department. We would like to express our appreciation to all members of the department who assisted and contributed.

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,



Ryan P. McCrady
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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

OFFICERS AND OFFICIALS

Mayor

Michael T. McElroy (2009-2011)

Council

Adam Brown (2009-2013)

Patrick S. Laegeler (2007-2011)

Jerry J. Dawson (2009-2013)

Julie Moore-Wolfe (2009-2013)

Larry W. Foster (2009-2011)

Dana Ray (2009-2011)

City Staff

Ryan P. McCrady
City Manager

Ron E. Neufeld, Director
Financial Management Department

Gerard J. Bauer
Assistant City Manager - Administration

Matthew J. Sekosky, Chief
Fire Department

Billy Tyus
Assistant City Manager - Public Information

Wendy L. Morthland, Corporation Counsel
Legal Department

Gregory C. Crowe
Assistant City Manager - Development Services

Lee Ann Fisher, Librarian
Library

Richard G. Marley, Director
Public Works Department

James A. Anderson, Chief
Police Department

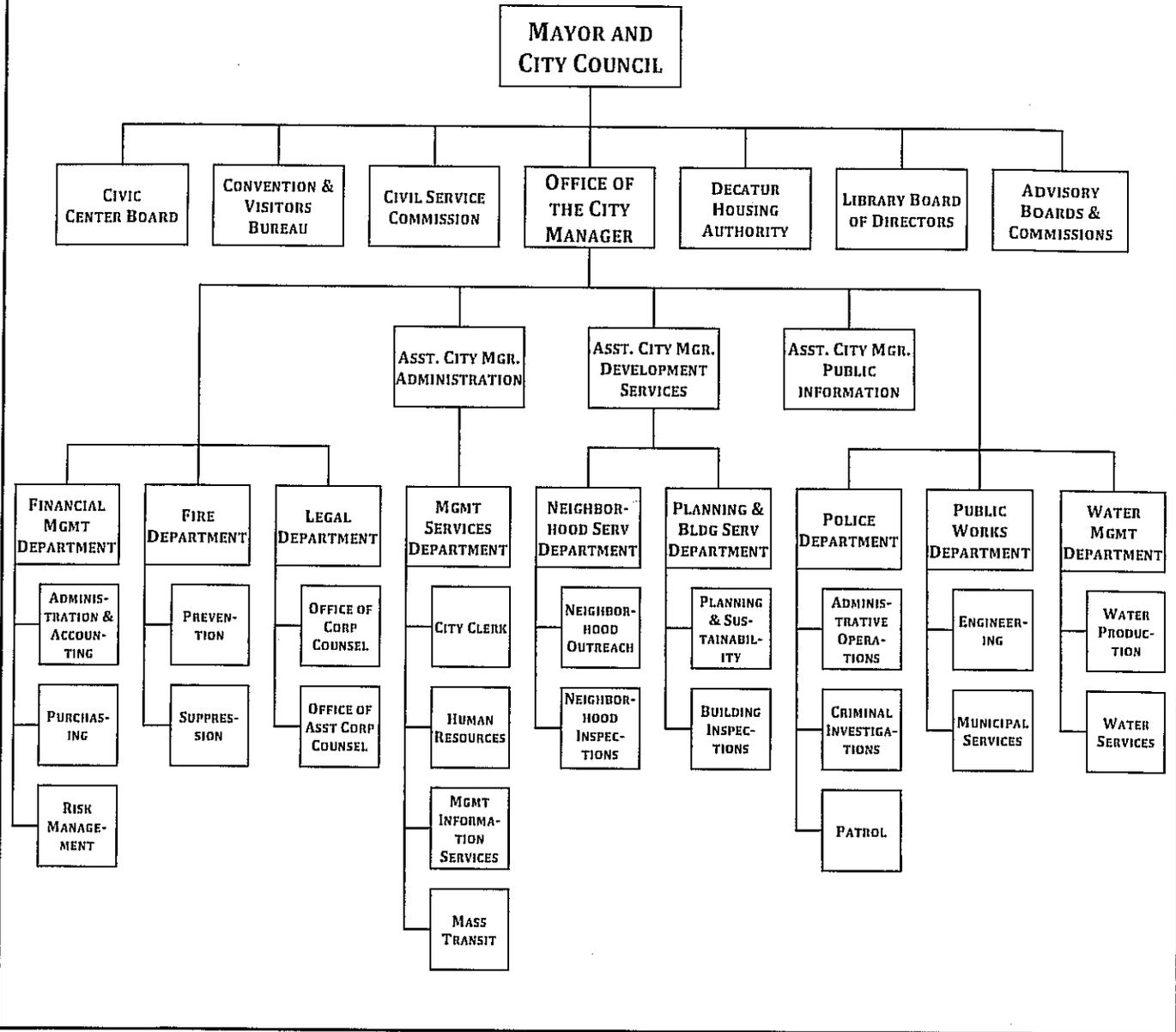
Keith D. Alexander, Director
Water Management Department

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, 2010, 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. The financial statements of the Civic Center Authority were not audited in accordance with *Government Auditing Standards*.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of April 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, schedule of funding progress, 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Illinois' basic financial statements. The combining and individual fund statements and schedules 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 Henderson LLP

Danville, Illinois
October 25, 2010

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

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, 2010. 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.

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.

Financial Highlights

While the national and state economies have fallen on hard times, Decatur continues to enjoy many new projects that promise to create new jobs and hundreds of millions of dollars in new investments in the community.

The City of Decatur and the Decatur Park District are joining together to develop the Nelson Park Golf course property and other lakefront property to include a possible water park, hotel, miniature golf course, new marina, residential and retail development. Plans will be finalized over the next few months.

St. Mary's Hospital is currently working on Phase I of a major expansion project. This phase, which includes a new laboratory, emergency department and operating rooms, is expected to cost about \$31.0 million. Total for all phases is expected to be about \$70.0 million.

Archer Daniels Midland (ADM) has been selected to receive funding for a second carbon sequestration project, which is in addition to the one announced in 2008. The second project is led by ADM with an investment of \$43.6 million, in addition to the federal grant of \$99.2 million.

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CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

Millikin University launched an \$85.0 million capital campaign, laying out plans to rebuild and/or renovate three campus buildings within the next ten years. This allows Millikin University to claim its rightful status as one of the finest universities in the Midwest.

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.

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

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

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 15 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 and Library Fund, each considered to be a major fund. Information from the City's 13 other governmental funds are combined into a single column 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.

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The following chart reflects the condensed statement of net assets (in millions):

	<u>Governmental Activities</u> <u>2010</u>	<u>Business-Type Activities</u> <u>2010</u>	<u>Total Primary Government</u> <u>2010</u>
Assets:			
Current and other assets	\$ 38.7	\$ 18.6	\$ 57.3
Capital assets	76.1	61.4	137.5
Total assets	114.8	80.0	194.8
Liabilities:			
Current liabilities	31.1	2.8	33.9
Long-term liabilities	48.8	5.0	53.8
Total liabilities	79.9	7.8	87.7
Net Assets:			
Invested in capital assets, net	15.0	56.1	71.1
Restricted for capital projects	4.8	0.0	4.8
Unrestricted	15.1	16.1	31.2
Total Net Assets	\$ 34.9	\$ 72.2	\$ 107.1
	<u>Governmental Activities</u> <u>2009</u>	<u>Business-Type Activities</u> <u>2009</u>	<u>Total Primary Government</u> <u>2009</u>
Assets:			
Current and other assets	\$ 46.1	\$ 29.4	\$ 75.5
Capital assets	75.3	62.0	137.3
Total assets	121.4	91.4	212.8
Liabilities:			
Current liabilities	28.2	2.2	30.4
Long-term liabilities	52.2	12.2	64.4
Total liabilities	80.4	14.4	94.8
Net Assets:			
Invested in capital assets, net	17.3	56.7	74.0
Unrestricted	23.7	20.3	44.0
Total Net Assets	\$ 41.0	\$ 77.0	\$ 118.0

By far, the largest portion of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The City uses these capital

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

assets to provide services; consequently they are not available for future spending. 66.4 percent of the net assets are invested in capital assets.

Net assets in governmental activities total \$34.9 million, a decrease of \$6.1 million from the prior year. Long-term debt is \$60.0 million, of which only \$11.2 million must be retired within the next twelve months. The City's liquidity position is very good with total assets at \$114.7 million, with only \$31.1 million in current liabilities.

Net assets in business-type activities total \$72.2 million, a decrease of \$4.8 million from the prior year. There is a total decrease in capital assets of \$0.6 million. Liabilities have decreased \$6.6 million.

The following chart reflects the condensed statement of activities (in millions):

	<u>Governmental Activities</u> <u>2010</u>	<u>Business-type Activities</u> <u>2010</u>	<u>Total Government</u> <u>2010</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 2.6	\$ 17.2	\$ 19.8
Oper. Grants/Contrib.	6.0	5.4	11.4
Cap. Grants/Contrib.	0.0	4.0	4.0
General Revenues:			
Property Taxes	12.6	0.0	12.6
Sales Taxes	21.6	0.0	21.6
Other	17.3	0.5	17.8
Total Revenues	60.1	27.1	87.2
EXPENSES			
General Government	10.5	0.0	10.5
Public Safety	38.4	0.0	38.4
Public Works	17.2	0.0	17.2
Culture and Recreation	4.4	0.0	4.4
Interest on Debt	3.4	0.0	3.4
Water	0.0	15.0	15.0
Parking	0.0	0.8	0.8
Mass Transit	0.0	5.9	5.9
Waste Removal	0.0	0.6	0.6
Sewer	0.0	1.9	1.9
Total Expenses	73.9	24.2	98.1
Excess (Deficiency) of			
Revenues over Expenses	(13.8)	2.9	(10.9)
Transfers	7.7	(7.7)	0.0
Change in Net Assets	\$ (6.1)	\$ (4.8)	\$ (10.9)

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

	<u>Governmental Activities</u> <u>2009</u>	<u>Business-type Activities</u> <u>2009</u>	<u>Total Government</u> <u>2009</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 2.2	\$ 16.1	\$ 18.3
Oper. Grants/Contrib.	6.0	4.4	10.4
General Revenues:			
Property Taxes	12.4	0.2	12.6
Sales Taxes	23.1	0.0	23.1
Other	19.5	1.0	20.5
Total Revenues	63.2	21.7	84.9
EXPENSES			
General Government	11.7	0.0	11.7
Public Safety	36.9	0.0	36.9
Public Works	16.4	0.0	16.4
Culture and Recreation	4.4	0.0	4.4
Interest on Debt	3.6	0.0	3.6
Water	0.0	13.8	13.8
Parking	0.0	0.7	0.7
Mass Transit	0.0	5.7	5.7
Waste Removal	0.0	0.6	0.6
Sewer	0.0	1.5	1.5
Total Expenses	73.0	22.3	95.3
Deficiency of			
Revenues over Expenses	(9.8)	(0.6)	(10.4)
Transfers	7.0	(7.0)	0.0
Change in Net Assets	\$ (2.8)	\$ (7.6)	\$ (10.4)

The change in net assets reflects a decrease in governmental activities of \$6.1 million and in business-type activities a decrease of \$4.8 million. The total government-wide change in net assets is a decrease of \$10.9 million.

Last year's change in business-type net assets was negative \$7.6 million; this year it is negative \$4.8 million.

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

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 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 \$15.0 million, a decrease of approximately \$7.2 million from the prior year. The decrease in nonmajor governmental was due primarily to anticipated capital project expenditures related to the \$10 million bond from 2009. The decrease of General Fund ending balance was due primarily to the downturn in the economy and reduction in all major revenues.

The following chart reflects the condensed statement of revenues, expenses and changes in fund balances (in millions).

	Major		Nonmajor	Governmental
	Governmental Funds			
	General	Library		
	Fund	Fund	Funds	Total
Revenues	\$ 44.7	\$ 3.8	\$ 9.2	\$ 57.7
Expenditures	<u>51.9</u>	<u>3.9</u>	<u>17.9</u>	<u>73.7</u>
Deficiency of Revenues over Expenditures	(7.2)	(0.1)	(8.7)	(16.0)
Other Financing Sources	<u>4.6</u>	<u>0.0</u>	<u>4.2</u>	<u>8.8</u>
Net Change in Fund Balances	(2.6)	(0.1)	(4.5)	(7.2)
Fund Balance at Beginning of Year	<u>7.8</u>	<u>0.8</u>	<u>13.6</u>	<u>22.2</u>
Fund Balance at End of Year	<u>\$ 5.2</u>	<u>\$ 0.7</u>	<u>\$ 9.1</u>	<u>\$ 15.0</u>

Proprietary Funds

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

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

There was an operating loss of \$0.5 million in the Water Fund this year. If you consider the transfers to other funds, the change in net assets is a negative \$4.3 million. This is due to increased capital expenditures and transfers to the debt service fund. The City Council approved a 45% increase in water rates over three years, which should help resolve the negative change in net assets. The Internal Service Funds had a negative \$4.2 million change in net assets due to reduced funding from the General Fund. All other funds had little or no change. The following chart reflects the condensed statement of revenues, expenses and changes in fund balances (in millions).

	Major Enterprise Funds				
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues	\$ 13.7	\$ 0.4	\$ 3.0	\$ 17.1	\$ 12.5
Operating Expenses	<u>14.2</u>	<u>5.8</u>	<u>3.1</u>	<u>23.1</u>	<u>16.0</u>
Operating Loss	(0.5)	(5.4)	(0.1)	(6.0)	(3.5)
Nonoperating Revenues	<u>2.6</u>	<u>7.0</u>	<u>0.1</u>	<u>9.7</u>	<u>0.1</u>
Income (Loss) Before Transfers	2.1	1.6	0.0	3.7	(3.4)
Net Transfers	<u>(6.4)</u>	<u>(0.1)</u>	<u>(1.2)</u>	<u>(7.7)</u>	<u>(0.8)</u>
Change In Net Assets	(4.3)	1.5	(1.2)	(4.0)	(4.2)
Net Assets, Beginning of Year	<u>59.7</u>	<u>5.5</u>	<u>11.3</u>	<u>76.5</u>	<u>9.8</u>
Net Assets, End of Year	<u>\$ 55.4</u>	<u>\$ 7.0</u>	<u>\$ 10.1</u>	<u>\$ 72.5</u>	<u>\$ 5.6</u>

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget projected that the fund balance would go down by \$2.7 million. Even though revenues came in at \$5.2 million under budget, the loss before transfers remained comparable to budget due to significant reductions in expenses across the City. An additional \$2 million was transferred into the General Fund from the 2008 Project Fund which further reduced the budgeted deficit.

The following chart reflects the condensed budgetary comparison schedule (in millions):

General Fund:	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 15.8	\$ 15.2
Intergovernmental	32.5	27.7
Other	<u>2.2</u>	<u>2.4</u>
Total Revenues	<u>50.5</u>	<u>45.3</u>
Expenditures	<u>57.6</u>	<u>52.6</u>
Other Financing Sources :	<u>4.4</u>	<u>6.6</u>
Change in Fund Balance	<u><u>\$ (2.7)</u></u>	<u><u>\$ (0.7)</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, 2010, amounts to \$137.5 million (net of accumulated depreciation). Capital assets used in governmental activities increased by \$0.8 million. Capital assets used in business-type activities decreased by \$0.7 million. Refer to Note 6 for more detailed information on capital assets activity.

**CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010**

The following charts reflect the condensed change in capital assets (in millions):

Governmental Activities

	Balance April 30, 2009	Net Additions/ Deletions	Balance April 30, 2010
Non-Depreciable Assets:			
Land/CIP	\$ 6.7	\$ 0.8	\$ 7.5
Other Capital Assets:			
Infrastructure	89.0	3.9	92.9
Buildings and Improvements	26.2	0.0	26.2
Vehicles	13.9	(0.1)	13.8
Office Equipment	2.3	0.6	2.9
Other Equipment	9.0	0.4	9.4
Accum. Depreciation on Capital Assets	<u>(71.8)</u>	<u>(4.8)</u>	<u>(76.6)</u>
Totals	<u>\$ 75.3</u>	<u>\$ 0.8</u>	<u>\$ 76.1</u>

Business-Type Activities

	Restated Balance April 30, 2009	Net Additions/ Deletions	Balance April 30, 2010
Non-Depreciable Assets:			
Land/CIP	\$ 7.2	\$ 2.2	\$ 9.4
Other Capital Assets:			
Infrastructure	21.2	0.1	21.3
Buildings and Improvements	99.4	0.0	99.4
Vehicles	7.2	1.4	8.6
Office Equipment	0.0	0.0	0.0
Other Equipment	4.8	0.0	4.8
Accum. Depreciation on Capital Assets	<u>(77.8)</u>	<u>(4.3)</u>	<u>(82.1)</u>
Totals	<u>\$ 62.0</u>	<u>\$ (0.6)</u>	<u>\$ 61.4</u>

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010

Debt Administration

At April 30, 2010, the City had outstanding debt as follows:

	Obligations Outstanding April 30, 2010	Due Within One Year
Governmental Activities:		
General Obligation Bonds:		
Series of 1991	\$ 743,200	\$ 384,557
Series of 1998	2,080,000	260,000
Series of 2004A	9,580,000	485,000
Series of 2004B	22,695,000	1,150,000
Series of 2005	4,440,000	170,000
Series of 2008	10,000,000	-
Notes Payable:		
Series 2005A	354,071	48,242
Series 2008A	1,244,969	1,244,969
Wabash Crossing Phase II	4,721,960	4,721,960
HUD Section 108, 1999-A	510,000	120,000
HUD Section 108, 2002-A	<u>2,340,000</u>	<u>150,000</u>
Total Governmental Activities	<u>\$ 58,709,200</u>	<u>\$ 8,734,728</u>
Business-type Activities:		
Notes Payable:		
2001 IEPA Loan	\$ 4,963,029	\$ 342,652
IEPA Water Loan	<u>325,233</u>	<u>-</u>
Total Business-type Activities	<u>\$ 5,288,262</u>	<u>\$ 342,652</u>

There was no change in credit ratings or debt limitations. Additional information on long-term debt activity can be found in Note 8 to the financial statements.

**CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2010**

ECONOMIC FACTORS

The unemployment rate for the City metro area is currently 12.8 percent. That is up 3.0 percent from the year before. While the rate is not as low as the state rate of 10.8 percent or the national rate of 9.5 percent, Decatur had shown a great deal of improvement prior to the current economic decline. Decatur saw their unemployment rate drop from 7.6 percent in 2002 to 5.7 percent in 2008, which is 1.9 percent. The overall unemployment rate has been influenced greatly by a very large layoff of one of the city's major employers. Many, if not all these employees, have been called back and we are hopeful of much lower rates in the coming months.

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 15,181,514	\$ 7,283,264	\$ 22,464,778	\$ 688
Investments	-	5,248,202	5,248,202	-
Receivables:				
Property taxes, net	11,185,660	-	11,185,660	-
Illinois municipal sales tax	5,317,053	-	5,317,053	-
Other taxes	4,647,342	-	4,647,342	-
Due from other governments	509,718	-	509,718	-
Accounts receivable	176,538	3,737,314	3,913,852	16,626
Notes receivable	757,634	394,855	1,152,489	-
Other	40,500	1,364,383	1,404,883	-
Internal balances	151,149	(151,149)	-	-
Prepaid items	9,008	240,800	249,808	-
Deferred charges	266,818	-	266,818	-
Due from component unit	224,624	-	224,624	-
Inventories	213,004	468,356	681,360	9,374
Assets held for resale	-	22,940	22,940	-
Restricted investments	-	-	-	52,929
Capital assets not being depreciated	7,483,003	9,395,288	16,858,291	3,130,762
Capital assets being depreciated, net	<u>68,637,039</u>	<u>51,956,684</u>	<u>120,593,723</u>	<u>3,495,048</u>
TOTAL ASSETS	<u>\$ 114,780,604</u>	<u>\$ 79,960,937</u>	<u>\$ 194,741,541</u>	<u>\$ 6,705,427</u>
LIABILITIES				
Accounts payable	\$ 1,016,059	\$ 849,992	\$ 1,866,051	\$ 19,379
Contracts payable	271,505	1,150,287	1,421,792	-
Interest payable	1,141,222	60,073	1,201,295	78,253
Claims payable	4,966,726	-	4,966,726	-
Other accrued liabilities	1,001,045	418,895	1,419,940	30,888
Unearned revenue	11,539,822	-	11,539,822	16,296
Long-term obligations, due within one year:				
Bonds payable	2,449,557	-	2,449,557	-
Notes payable	6,285,171	342,652	6,627,823	-
Due to primary government	-	-	-	13,878
Compensated absences	2,415,991	-	2,415,991	-
Long-term obligations, due in more than one year:				
Bonds payable	44,745,092	-	44,745,092	-
Notes payable	2,885,829	4,945,610	7,831,439	-
Due to primary government	-	-	-	210,746
Deferred compensation plan	-	-	-	52,929
Other post-employment benefits	781,041	-	781,041	-
Compensated absences	<u>393,301</u>	<u>-</u>	<u>393,301</u>	<u>-</u>
Total liabilities	<u>79,892,361</u>	<u>7,767,509</u>	<u>87,659,870</u>	<u>422,369</u>
NET ASSETS				
Invested in capital assets, net of related debt	14,982,634	56,063,710	71,046,344	6,401,186
Restricted for capital projects	4,751,759	-	4,751,759	-
Unrestricted net assets (deficit)	<u>15,153,850</u>	<u>16,129,718</u>	<u>31,283,568</u>	<u>(118,128)</u>
Total net assets	<u>\$ 34,888,243</u>	<u>\$ 72,193,428</u>	<u>\$ 107,081,671</u>	<u>\$ 6,283,058</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2010

Functions/Programs	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	Primary Government Business-type Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 10,469,200	\$ 3,951,411	\$ -	\$ (4,610,005)	\$ -	\$ (4,610,005)	\$ -
Public safety	38,406,935	-	-	(37,935,010)	-	(37,935,010)	-
Public works	17,190,569	2,066,733	-	(15,016,772)	-	(15,016,772)	-
Culture and recreation	4,359,055	12,500	-	(4,256,782)	-	(4,256,782)	-
Interest and other charges	3,434,867	-	-	(3,434,867)	-	(3,434,867)	-
Total governmental activities	73,860,626	6,030,644	-	(65,255,436)	-	(65,255,436)	-
Business-type activities:							
Water	15,017,552	-	2,451,381	-	1,124,163	1,124,163	-
Parking	745,510	-	-	-	(214,559)	(214,559)	-
Mass Transit	5,994,281	5,398,085	1,583,557	-	1,449,954	1,449,954	-
Housing programs	10,986	-	-	-	3,574	3,574	-
Waste removal	545,302	-	-	-	15,088	15,088	-
Hotel	46,531	-	-	-	(46,531)	(46,531)	-
Sewer	1,890,168	-	-	-	60,305	60,305	-
Total business-type activities	24,250,330	5,398,085	4,034,938	-	2,391,994	2,391,994	-
Total primary government	\$ 98,110,956	\$ 11,428,729	\$ 4,034,938	(65,255,436)	2,391,994	(62,863,442)	-
Component unit							
Civic Center Authority	\$ 1,270,879	\$ -	\$ 369,950	-	-	-	(314,450)
General revenues:							
Taxes:							
Property taxes				12,582,958	-	12,582,958	-
Utility taxes				5,366,459	-	5,366,459	-
Food and beverage taxes				3,081,976	-	3,081,976	-
Hotel and motel taxes				677,313	-	677,313	-
Sales and use taxes				21,585,950	-	21,585,950	-
Income taxes				6,028,973	-	6,028,973	-
Other taxes				1,435,493	-	1,435,493	-
Investment earnings				136,092	415,711	551,803	-
Gain on sale of capital assets				100,174	101,850	202,024	-
Other general revenues				429,582	-	429,582	285
Transfers				7,711,457	(7,711,457)	-	-
Total general revenues and transfers				59,136,427	(7,193,896)	51,942,531	285
Change in net assets				(6,119,009)	(4,801,902)	(10,920,911)	(314,165)
Net assets, May 1, 2009				41,007,252	76,995,330	118,002,582	6,597,223
Net assets, April 30, 2010				\$ 34,888,243	\$ 72,193,428	\$ 107,081,671	\$ 6,283,058

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2010

	Major Governmental Funds			Total
	General Fund	Library Fund	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 2,533,579	\$ 713,347	\$ 6,871,852	\$ 10,118,778
Receivables:				
Property taxes, net	5,839,440	2,970,000	2,376,220	11,185,660
Illinois municipal sales tax	5,317,053	-	-	5,317,053
Other taxes	4,227,569	36,645	383,128	4,647,342
Due from other governments	160,351	-	349,367	509,718
Due from component unit	224,624	-	-	224,624
Due from other funds	-	-	2,097,009	2,097,009
Accounts receivable	79,728	-	93,376	173,104
Notes receivable	-	-	757,634	757,634
Other	37,978	-	986	38,964
Prepaid items	9,008	-	-	9,008
Inventories	17,962	-	-	17,962
TOTAL ASSETS	\$ 18,447,292	\$ 3,719,992	\$ 12,929,572	\$ 35,096,856
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 611,850	\$ 22,881	\$ 206,989	\$ 841,720
Contracts payable	-	-	271,505	271,505
Due to other funds	2,000,000	-	285,248	2,285,248
Other accrued liabilities	526,864	50,537	378,052	955,453
Deferred revenue	10,053,349	2,976,862	2,708,204	15,738,415
Total liabilities	13,192,063	3,050,280	3,849,998	20,092,341
Fund Balances:				
Reserved for:				
Inventories and prepaid items	26,970	-	-	26,970
Amounts due from component unit	224,624	-	-	224,624
Debt service	-	-	145,925	145,925
Encumbrances	50,000	-	5,151,606	5,201,606
Unreserved, as reported in:				
General fund	4,953,635	-	-	4,953,635
Special revenue funds	-	669,712	2,674,330	3,344,042
Capital projects funds	-	-	1,107,713	1,107,713
Total fund balances	5,255,229	669,712	9,079,574	15,004,515
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,447,292	\$ 3,719,992	\$ 12,929,572	\$ 35,096,856

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
April 30, 2010

Total fund balances – Governmental funds \$ 15,004,515

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	\$ 152,691,730	
Accumulated depreciation	<u>(76,591,688)</u>	
Net capital assets		76,100,042

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

Taxes receivable	4,205,427
------------------	-----------

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

408,645

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

266,818

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

(1,141,222)

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	(2,809,292)	
Post-employment benefits	(781,041)	
General obligation bonds payable	(47,194,649)	
Notes payable	<u>(9,171,000)</u>	
Total long-term liabilities		<u>(59,955,982)</u>

Net assets of governmental activities **\$ 34,888,243**

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2010

	General Fund	Library Fund	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 15,470,757	\$ 3,359,619	\$ 2,878,330	\$ 21,708,706
Charges for service	94,978	-	-	94,978
Investment income and net increase in fair value of investments	11,120	3,708	66,236	81,064
Intergovernmental	26,852,110	279,893	5,769,495	32,901,498
Licenses and permits	743,221	-	-	743,221
Fines and fees	1,190,609	87,773	457,965	1,736,347
Other revenue	317,496	18,553	93,533	429,582
Total revenues	<u>44,680,291</u>	<u>3,749,546</u>	<u>9,265,559</u>	<u>57,695,396</u>
EXPENDITURES				
Current:				
General government	8,207,176	-	4,800,500	13,007,676
Public safety	36,176,814	-	274,689	36,451,503
Culture and recreation	-	3,880,423	69,951	3,950,374
Highways and streets	7,492,355	-	6,681,267	14,173,622
Debt service:				
Principal retirement	-	-	2,700,995	2,700,995
Interest and other charges	-	-	3,404,887	3,404,887
Total expenditures	<u>51,876,345</u>	<u>3,880,423</u>	<u>17,932,269</u>	<u>73,689,037</u>
Deficiency of revenues over expenditures	<u>(7,196,054)</u>	<u>(130,877)</u>	<u>(8,666,730)</u>	<u>(15,993,661)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	250,000	250,000
Sale of capital assets	78,694	-	-	78,694
Transfers in	6,078,571	-	6,164,412	12,242,983
Transfers out	(1,547,531)	(1,200)	(2,229,617)	(3,778,348)
Total other financing sources (uses)	<u>4,609,734</u>	<u>(1,200)</u>	<u>4,184,795</u>	<u>8,793,329</u>
Net change in fund balances	<u>(2,586,320)</u>	<u>(132,077)</u>	<u>(4,481,935)</u>	<u>(7,200,332)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>7,841,549</u>	<u>801,789</u>	<u>13,561,509</u>	<u>22,204,847</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,255,229</u>	<u>\$ 669,712</u>	<u>\$ 9,079,574</u>	<u>\$ 15,004,515</u>

The accompanying notes are an integral part of 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, 2010**

Net change in total fund balances		\$ (7,200,332)
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 2009 to 2010 consists of:		
Taxes received from the State of Illinois		2,179,562
In governmental funds, debt is not reported as a liability. In the current period, proceeds were received in the amount of		(250,000)
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.		
Decrease in long-term compensated absences	\$ 59,888	
Increase in accrued interest on debt	<u>(12,193)</u>	
Total expenses of non-current resources		47,695
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	6,357,189	
Depreciation	<u>(6,042,609)</u>	
Capital expenditures in excess of depreciation		314,580
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities on the Statement of Activities		(3,310,911)
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		2,744,371
Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statement of Activities		(469,950)

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

Change in Net Assets of Governmental Activities \$ (6,119,009)

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 April 30, 2010

	Business-type Activities				Governmental Activities- Internal Service Funds
	Major Enterprise Funds			Total Enterprise Funds	
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 3,497,714	\$ 1,223,433	\$ 2,562,117	\$ 7,283,264	\$ 4,128,057
Investments	5,198,931	49,271	-	5,248,202	934,679
Receivables:					
Accounts receivable	2,116,213	1,258,723	362,378	3,737,314	3,434
Other	1,363,201	-	1,182	1,364,383	1,536
Due from other funds	-	-	285,248	285,248	-
Inventories	304,340	164,016	-	468,356	195,042
Assets held for sale	-	-	22,940	22,940	-
Prepaid expenses, current	25,900	-	33,600	59,500	-
Total current assets	<u>12,506,299</u>	<u>2,695,443</u>	<u>3,267,465</u>	<u>18,469,207</u>	<u>5,262,748</u>
Noncurrent Assets:					
Prepaid expense, net of current	181,300	-	-	181,300	-
Notes receivable	-	-	394,855	394,855	-
Property, plant and equipment					
Land	3,318,778	899,399	2,158,991	6,377,168	-
Buildings	43,794,700	4,036,423	5,497,739	53,328,862	-
Improvements other than buildings	59,495,514	116,788	10,754,592	70,366,894	-
Machinery and equipment	5,122,340	7,799,618	534,025	13,455,983	9,347,814
	111,731,332	12,852,228	18,945,347	143,528,907	9,347,814
Less accumulated depreciation	<u>61,704,422</u>	<u>8,281,959</u>	<u>12,190,554</u>	<u>82,176,935</u>	<u>3,843,776</u>
Total property, plant and equipment	<u>50,026,910</u>	<u>4,570,269</u>	<u>6,754,793</u>	<u>61,351,972</u>	<u>5,504,038</u>
Total noncurrent assets	<u>50,208,210</u>	<u>4,570,269</u>	<u>7,149,648</u>	<u>61,928,127</u>	<u>5,504,038</u>
TOTAL ASSETS	<u>62,714,509</u>	<u>7,265,712</u>	<u>10,417,113</u>	<u>80,397,334</u>	<u>10,766,786</u>
LIABILITIES					
Current liabilities:					
Accounts payable	759,762	41,522	48,708	849,992	174,339
Contracts payable	955,281	-	195,006	1,150,287	-
Claims payable	-	-	-	-	4,966,726
Interest payable	60,073	-	-	60,073	-
Other accrued liabilities	178,800	227,394	12,701	418,895	45,592
Unearned revenue	-	-	-	-	6,834
Note payable	342,652	-	-	342,652	-
Due to other funds	-	-	97,009	97,009	-
Total current liabilities	<u>2,296,568</u>	<u>288,916</u>	<u>353,424</u>	<u>2,918,908</u>	<u>5,193,491</u>
Long-term liabilities:					
Note payable	4,945,610	-	-	4,945,610	-
Total liabilities	<u>7,242,178</u>	<u>288,916</u>	<u>353,424</u>	<u>7,864,518</u>	<u>5,193,491</u>
NET ASSETS					
Invested in capital assets, net of related debt	44,738,648	4,570,269	6,754,793	56,063,710	5,504,038
Unrestricted	10,733,683	2,426,527	3,308,896	16,469,106	69,257
Total net assets	<u>\$ 55,472,331</u>	<u>\$ 6,996,796</u>	<u>\$ 10,063,689</u>	<u>72,532,816</u>	<u>\$ 5,573,295</u>

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

(339,388)

Net assets of business-type activities

\$ 72,193,428

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended April 30, 2010

	Business-type Activities				Governmental Activities- Internal Service Funds
	Major Enterprise Funds				
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 13,177,694	\$ 462,593	\$ 3,068,866	\$ 16,709,153	\$ 12,491,647
Cash paid to suppliers for goods and services	(6,196,157)	(1,531,080)	(2,408,651)	(10,135,888)	(11,652,935)
Cash paid to employees	(3,718,595)	(3,618,302)	(302,384)	(7,639,281)	(1,343,059)
Net cash provided by (used in) operating activities	<u>3,262,942</u>	<u>(4,686,789)</u>	<u>357,831</u>	<u>(1,066,016)</u>	<u>(704,147)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	1,444,826	6,588,126	-	8,032,952	-
Transfers in	2,530,056	25,926	200,000	2,755,982	91,436
Transfers out	(8,911,023)	(131,042)	(1,425,374)	(10,467,439)	(644,614)
Property taxes	-	216,437	-	216,437	-
Net cash provided by (used in) noncapital financing activities	<u>(4,936,141)</u>	<u>6,699,447</u>	<u>(1,225,374)</u>	<u>537,932</u>	<u>(753,178)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant and equipment	(2,154,045)	(1,604,051)	(95,456)	(3,853,552)	(1,693,360)
Proceeds on sale of city property	101,850	-	-	101,850	21,480
Principal payments - note	(332,911)	-	(7,225,000)	(7,557,911)	-
Interest payments	(191,869)	-	(186,044)	(377,913)	-
Net cash used in capital and related financing activities	<u>(2,576,975)</u>	<u>(1,604,051)</u>	<u>(7,506,500)</u>	<u>(11,687,526)</u>	<u>(1,671,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	271,400	1,393	229,030	501,823	55,028
Proceeds from sales and maturities of investments	18,940,662	26,798	7,416,100	26,383,560	-
Purchase of investments	(12,559,197)	-	-	(12,559,197)	(934,679)
Net cash provided by (used in) investing activities	<u>6,652,865</u>	<u>28,191</u>	<u>7,645,130</u>	<u>14,326,186</u>	<u>(879,651)</u>
NET INCREASE (DECREASE) IN CASH	<u>2,402,691</u>	<u>436,798</u>	<u>(728,913)</u>	<u>2,110,576</u>	<u>(4,008,856)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,095,023</u>	<u>786,635</u>	<u>3,291,030</u>	<u>5,172,688</u>	<u>8,136,913</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,497,714</u>	<u>\$ 1,223,433</u>	<u>\$ 2,562,117</u>	<u>\$ 7,283,264</u>	<u>\$ 4,128,057</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (475,827)	\$ (5,358,439)	\$ (66,584)	\$ (5,900,850)	\$ (3,540,130)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	3,407,159	737,130	378,229	4,522,518	1,248,360
Effects of changes in operating assets and liabilities:					
Receivables	(512,540)	-	11,214	(501,426)	(269)
Inventories	7,416	4,468	-	11,884	17,220
Prepaid items	25,900	-	4,200	30,100	-
Accounts payable	58,720	1,176	(558)	59,336	1,634,347
Contracts payable	939,343	-	50,097	989,440	-
Other liabilities	(187,129)	(71,124)	(20,045)	(278,298)	(63,944)
Due to other funds	-	-	1,278	1,278	-
Unearned revenue	-	-	-	-	269
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 3,262,942</u>	<u>\$ (4,686,789)</u>	<u>\$ 357,831</u>	<u>\$ (1,066,016)</u>	<u>\$ (704,147)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
April 30, 2010**

	<u>Pension Trust Funds</u>
ASSETS	
Cash and short-term investments	\$ 8,314,766
Taxes receivable	124,385
Accrued interest	485,963
Long-term investments, at fair value:	
U.S. Government obligations	52,818,136
Mutual funds	45,273,746
Common stock	9,055,996
Certificate of deposits	3,804,513
Annuities	107,216
Corporate bonds	<u>2,948,880</u>
Total long-term investments	<u>114,008,487</u>
TOTAL ASSETS	<u>\$ 122,933,601</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 122,933,601</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2010**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 6,385,470
Plan member	1,898,269
Total contributions	8,283,739
Investment earnings:	
Interest and dividends	2,606,176
Net increase in the fair value of investments	15,202,911
Total investment income	17,809,087
Less investment expense	270,074
Net investment income	17,539,013
Total additions	25,822,752
DEDUCTIONS	
Benefits and refunds	9,885,504
Administrative expense	129,053
Total deductions	10,014,557
Change in net assets	15,808,195
NET ASSETS, BEGINNING OF YEAR	107,125,406
NET ASSETS, END OF YEAR	\$ 122,933,601

The accompanying notes are an integral part of the financial statements.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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.

Blended Component Unit:

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, 2010

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 does 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, 2010

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. However, interfund services provided and used are not eliminated in the consolidated financial 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, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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, 2010

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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.

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 Pension Trust Funds. The Pension Trusts include the Fire Pension Fund and Police Pension Fund which account for activities as prescribed by the Statutes of the State of Illinois.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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. Such goods and services include maintenance of City vehicles, management information services, and administration of the City's self insurance policies.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

H. CASH EQUIVALENTS

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.

I. 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.

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:

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONTINUED)

<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

J. 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.

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 1st and the second installment is due no later than September 1st.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (CONTINUED)

Based on collection histories, the City has provided at April 30, 2010 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.

K. 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 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. For governmental funds this includes the General Fund, HOME Fund, Community Development Block Grant Fund, Library Fund and the Municipal Band Fund.

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.

L. 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 as "internal balances". All receivables are shown net of an allowance for uncollectibles.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. 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.

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, the capital projects funds, enterprise funds, and internal service funds.
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 30th 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 which is not in accordance with Generally Accepted Accounting Principles (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 Fund.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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, 2010:

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at April 30, 2010. At year end the carrying value of the City's deposits, including certificates of deposit, was \$5,899,520 and the respective bank balances totaled \$3,608,078, not including cash on hand of \$7,005. 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.

The Government's investments in U.S. Government agencies and corporate bonds were rated Aaa by Moody's Investors Service. 32% of the government's investments in municipal bonds were rated Aaa by Moody's, 5% were rated Aa1, 14% were rated Aa2, 21% were rated Aa3, and ratings were not available for the remaining 28%.

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, 2010, the City's bank deposits were fully collateralized.

As of April 30, 2010, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Cash and money market	\$ 11,347,035	\$ 11,347,035	\$ -	\$ -	\$ -
Certificates of deposit	3,804,513	1,798,834	2,005,679	-	-
U.S. Government Agencies	48,952,693	639,290	15,341,532	11,361,716	21,610,155
Corporate bonds	3,577,274	-	2,652,666	924,608	-
Municipal bonds	2,150,974	-	1,587,410	477,094	86,470

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Less Than 1	Investment Maturities (in years)		
			1-5	6-10	More Than 10
U.S. Treasury notes	\$ 4,863,065	\$ -	\$ 1,857,466	\$ 2,555,746	\$ 449,853
U.S. Treasury bonds	3,699,982	-	497,070	91,304	3,111,608
Annuities	107,216	107,216	-	-	-
Mutual funds	45,274,080	45,274,080	-	-	-
Common stock	9,055,996	9,055,996	-	-	-
Total	<u>\$ 132,832,828</u>	<u>\$ 68,222,451</u>	<u>\$ 23,941,823</u>	<u>\$ 15,410,468</u>	<u>\$ 25,258,086</u>

The City invests in various investment securities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the Statement of Net Assets.

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, 2010, the City had \$11,296,880 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, 2010, cash and cash equivalents for the Civic Center Authority are comprised of bank deposits totaling \$504, cash on hand of \$2,414, and deposits with the Illinois Funds of \$(2,230). Bank deposits were fully covered by federal depository insurance. The Civic Center Authority's restricted investments are comprised of the following:

	<u>Carrying Amount</u>
Mutual funds	<u>\$ 52,929</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation of notes to financial statements:

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 5,899,520
Cash on hand – per note above	7,005
Investments – per note above (including Illinois Fund)	<u>144,129,708</u>
Total	<u>\$ 150,036,233</u>
 Statement 1	
Cash and equivalents	\$ 22,464,778
Long-term investments	5,248,202
 Statement 10	
Cash and short-term investments	8,314,766
Long-term investments	<u>114,008,487</u>
Total	<u>\$ 150,036,233</u>

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2010 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 2,000,000
Nonmajor Governmental Funds	2,097,009	285,248
Nonmajor Enterprise Funds	<u>285,248</u>	<u>97,009</u>
Total interfunds	<u>\$ 2,382,257</u>	<u>\$ 2,382,257</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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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	\$ 6,078,571	\$ 1,547,531
Library	-	1,200
Nonmajor Governmental Funds	6,164,412	2,229,617
Major Enterprise Funds:		
Water	2,530,056	8,911,023
Mass Transit	25,926	131,042
Nonmajor Enterprise Funds	200,000	1,425,374
Internal Service Funds	<u>91,436</u>	<u>844,614</u>
Total interfunds	<u>\$ 15,090,401</u>	<u>\$ 15,090,401</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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010 was as follows:

Primary government

	<u>Balance May 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,346,422	\$ 869,581	\$ 3,000	\$ 6,213,003
Construction in progress	<u>1,360,429</u>	<u>1,185,418</u>	<u>1,295,847</u>	<u>1,250,000</u>
Subtotal	<u>6,706,851</u>	<u>2,054,999</u>	<u>1,298,847</u>	<u>7,463,003</u>
Capital assets being depreciated:				
Infrastructure	89,006,703	3,944,776	-	92,951,479
Buildings and improvements	26,196,110	-	7,706	26,188,404
Vehicles	13,920,672	1,149,177	1,267,155	13,802,694
Office equipment	2,357,935	544,183	3,748	2,898,370
Other equipment	<u>8,970,499</u>	<u>430,379</u>	<u>13,098</u>	<u>9,387,780</u>
Subtotal	<u>140,451,919</u>	<u>6,068,515</u>	<u>1,291,707</u>	<u>145,228,727</u>
Less accumulated depreciation for:				
Infrastructure	(42,374,328)	(3,379,765)	-	(45,754,093)
Buildings and improvements	(11,308,655)	(859,652)	(7,706)	(12,160,601)
Vehicles	(8,449,303)	(1,279,428)	(1,244,737)	(8,483,994)
Office equipment	(1,336,783)	(301,630)	(3,748)	(1,634,665)
Other equipment	<u>(8,349,299)</u>	<u>(222,134)</u>	<u>(13,098)</u>	<u>(8,558,335)</u>
Total accumulated depreciation	<u>(71,818,368)</u>	<u>(6,042,609)</u>	<u>(1,269,289)</u>	<u>(76,591,688)</u>
Total capital assets being depreciated, net	<u>68,633,551</u>	<u>25,906</u>	<u>22,418</u>	<u>68,637,039</u>
Total governmental activities capital assets, net	<u>\$ 75,340,402</u>	<u>\$ 2,080,905</u>	<u>\$ 1,321,265</u>	<u>\$ 76,100,042</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	<u>Balance May 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2010</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 6,377,168	\$ -	\$ -	\$ 6,377,168
Construction in progress	<u>867,622</u>	<u>2,216,473</u>	<u>65,975</u>	<u>3,018,120</u>
Subtotal	<u>7,244,790</u>	<u>2,216,473</u>	<u>65,975</u>	<u>9,395,288</u>
Capital assets being depreciated:				
Infrastructure	21,268,396	65,976	-	21,334,372
Buildings and improvements	99,354,059	-	10,795	99,343,264
Vehicles	7,237,394	1,604,051	210,961	8,630,484
Office equipment	38,312	-	-	38,312
Other equipment	<u>4,762,150</u>	<u>33,027</u>	<u>7,990</u>	<u>4,787,187</u>
Subtotal	<u>132,660,311</u>	<u>1,703,054</u>	<u>229,746</u>	<u>134,133,619</u>
Less accumulated depreciation for:				
Infrastructure	(11,692,008)	(312,576)	-	(12,004,584)
Buildings and improvements	(58,188,798)	(3,417,004)	(10,795)	(61,595,007)
Vehicles	(6,138,432)	(560,755)	(210,961)	(6,488,226)
Office equipment	(34,843)	(1,842)	-	(36,685)
Other equipment	<u>(1,830,082)</u>	<u>(230,341)</u>	<u>(7,990)</u>	<u>(2,052,433)</u>
Total accumulated depreciation	<u>(77,884,163)</u>	<u>(4,522,518)</u>	<u>(229,746)</u>	<u>(82,176,935)</u>
Total capital assets being depreciated, net	<u>54,776,148</u>	<u>(2,819,464)</u>	<u>-</u>	<u>51,956,684</u>
Total business-type activities capital assets, net	<u>\$ 62,020,938</u>	<u>\$ (602,991)</u>	<u>\$ 65,975</u>	<u>\$ 61,351,972</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$6,042,609 and \$4,522,518 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>	<u>Business-Type Activities</u>	<u>Depreciation</u>
General government	\$ 1,057,007	Water	\$ 3,407,159
Public safety	515,068	Parking	122,498
Public works	4,041,932	Mass Transit	737,130
Culture and recreation	<u>428,602</u>	Sewer	<u>255,731</u>
Total	<u>\$ 6,042,609</u>	Total	<u>\$ 4,522,518</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended April 30, 2010, was as follows:

	<u>Balance May 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	12,885,120	67,333	498	12,951,955
Less accumulated depreciation for:				
Buildings and equipment	<u>(9,163,740)</u>	<u>(293,665)</u>	<u>(498)</u>	<u>(9,456,907)</u>
Total capital assets being depreciated, net	<u>3,721,380</u>	<u>(226,332)</u>	<u>-</u>	<u>3,495,048</u>
Civic Center capital assets, net	<u>\$ 6,852,142</u>	<u>\$ (226,332)</u>	<u>\$ -</u>	<u>\$ 6,625,810</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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, 2010. 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	\$ 184,900	\$ -	\$ -	\$ -	\$ -	\$ 184,900
Food and beverage tax	465,538	-	-	-	-	465,538
Cable TV tax	73,817	-	-	-	-	73,817
Utility tax	817,881	-	-	-	-	817,881
State income tax	2,685,433	-	-	383,128	-	3,068,561
State replacement tax	-	36,645	-	-	-	36,645
Total other taxes	<u>\$4,227,569</u>	<u>\$ 36,645</u>	<u>\$ -</u>	<u>\$ 383,128</u>	<u>\$ -</u>	<u>\$4,647,342</u>
Due from other governments:						
Grants	\$ 160,351	\$ -	\$ -	\$ -	\$ -	\$ 160,351
Allotments	-	349,367	-	-	-	349,367
Total due from other governments	<u>\$ 160,351</u>	<u>\$ 349,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,718</u>
Accounts receivable:						
General billings	\$ 36,996	\$ 46,523	\$ -	\$ 26,698	\$ 3,434	\$ 113,651
Boat licenses	42,732	-	-	-	-	42,732
Special assessments	-	-	20,155	-	-	20,155
Total accounts receivable	<u>\$ 79,728</u>	<u>\$ 46,523</u>	<u>\$ 20,155</u>	<u>\$ 26,698</u>	<u>\$ 3,434</u>	<u>\$ 176,538</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 7 – RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

	<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>
Notes receivable:						
Installment notes	\$ -	\$ 26,540	\$ -	\$ -	\$ -	\$ 26,540
Deferred notes	-	47,586	-	-	-	47,586
Rental rehab loans	-	22,628	-	-	-	22,628
Home program loans	-	647,659	-	-	-	647,659
Gateway to Sertoma Club loan	-	163,221	-	-	-	163,221
Allowance for uncollectible notes	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Total notes receivable	<u>\$ -</u>	<u>\$ 757,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,634</u>
Other:						
Investment income	\$ 3,276	\$ 552	\$ 434	\$ -	\$ 1,536	\$ 5,798
Parking tickets	<u>34,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,702</u>
Total other	<u>\$ 37,978</u>	<u>\$ 552</u>	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 40,500</u>

Business-Type Activities:

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 1,611,379
Watermain tapping	29,401
Sanitary District billings	475,433
Grants	1,258,723
Outstanding parking tickets	187,390
Revolving mortgage loans	2,539
Recycling fees	116,055
Sewer billings	177,638
DCDF loans	253
Reserve for uncollectible portion	<u>(121,497)</u>
Total accounts receivable	<u>\$ 3,737,314</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 7 – RECEIVABLES (CONTINUED)

	<u>Enterprise</u>
Notes receivable:	
Installment notes	\$ 368,676
Deferred notes	44,457
Reserve for uncollectible portion	<u>(18,278)</u>
Total notes receivable	<u>\$ 394,855</u>
Other:	
Investment income	\$ 32,595
IEPA Grant	<u>1,331,788</u>
Total	<u>\$ 1,364,383</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.

NOTE 8 – LONG-TERM DEBT

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

	<u>Obligations Outstanding May 1, 2009</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Series of 1991	\$ 1,159,195	\$ -	\$ 415,995	\$ 743,200	\$ 384,557
Series of 1998	2,340,000	-	260,000	2,080,000	260,000
Series of 2004A	10,050,000	-	470,000	9,580,000	485,000
Series of 2004B	23,820,000	-	1,125,000	22,695,000	1,150,000
Series of 2005	4,605,000	-	165,000	4,440,000	170,000
Series of 2008	10,000,000	-	-	10,000,000	-
Less deferred amounts:					
For issuance discounts	(141,315)	-	(8,832)	(132,483)	-
On refunding	<u>(2,358,473)</u>	-	<u>(147,405)</u>	<u>(2,211,068)</u>	-
Total general obligation bonds	<u>49,474,407</u>	<u>-</u>	<u>2,279,758</u>	<u>47,194,649</u>	<u>2,449,557</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

	<u>Obligations Outstanding May 1, 2009</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2010</u>	<u>Due Within One Year</u>
Notes Payable:					
General Obligation Notes:					
Series of 2005A	\$ 397,447	\$ -	\$ 43,376	\$ 354,071	\$ 48,242
Series of 2008A	1,244,969	-	-	1,244,969	1,244,969
Wabash Crossing Phase II	4,471,960	250,000	-	4,721,960	4,721,960
HUD Section 108, 1999-A	630,000	-	120,000	510,000	120,000
HUD Section 108, 2002-A	2,485,000	-	145,000	2,340,000	150,000
Total notes payable	<u>9,229,376</u>	<u>250,000</u>	<u>308,376</u>	<u>9,171,000</u>	<u>6,285,171</u>
Compensated absences	2,869,180	2,239,264	2,299,152	2,809,292	2,415,991
Other post-employment benefits	311,091	828,311	358,361	781,041	-
Total governmental activities	<u>\$ 61,884,054</u>	<u>\$ 3,317,575</u>	<u>\$ 5,245,647</u>	<u>\$ 59,955,982</u>	<u>\$ 11,150,719</u>
Business-Type activities:					
Notes payable:					
2001 IEPA loan	\$ 5,295,940	\$ -	\$ 332,911	\$ 4,963,029	\$ 342,652
Series 2007	7,225,000	-	7,225,000	-	-
IEPA Water Loan	-	325,233	-	325,233	-
Total business-type activities	<u>\$ 12,520,940</u>	<u>\$ 325,233</u>	<u>\$ 7,557,911</u>	<u>\$ 5,288,262</u>	<u>\$ 342,652</u>

Long-term obligations outstanding at April 30, 2010 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, 2011; interest at 4.7 to 6.9 percent (principal and interest to be serviced by the general revenues of the City) used for dredging and other capital projects.

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 384,557	\$ 1,070,443	\$ 1,455,000
2012	358,643	1,096,357	1,455,000
Total	<u>\$ 743,200</u>	<u>\$ 2,166,800</u>	<u>\$ 2,910,000</u>

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) used for construction of the City library.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 260,000	\$ 106,730	\$ 366,730
2012	260,000	93,990	353,990
2013	260,000	80,990	340,990
2014	260,000	67,730	327,730
2015	260,000	54,470	314,470
2016-2018	780,000	81,900	861,900
Total	<u>\$ 2,080,000</u>	<u>\$ 485,810</u>	<u>\$ 2,565,810</u>

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) used for various capital projects.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 485,000	\$ 372,075	\$ 857,075
2012	500,000	356,919	856,919
2013	515,000	341,294	856,294
2014	535,000	325,200	860,200
2015	555,000	307,812	862,812
2016-2020	3,125,000	1,188,063	4,313,063
2021-2025	3,865,000	500,950	4,365,950
Total	<u>\$ 9,580,000</u>	<u>\$ 3,392,313</u>	<u>\$ 12,972,313</u>

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) to refund Series 2000 bonds which refunded Series 1985 bonds which were used in construction of new water treatment facility.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 1,150,000	\$ 896,654	\$ 2,046,654
2012	1,185,000	862,154	2,047,154
2013	1,225,000	823,641	2,048,641
2014	1,265,000	783,829	2,048,829
2015	1,315,000	733,229	2,048,229
2016-2020	7,415,000	2,833,743	10,248,743
2021-2025	9,140,000	1,199,160	10,339,160
Total	<u>\$22,695,000</u>	<u>\$ 8,132,410</u>	<u>\$ 30,827,410</u>

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) to refund Series 1995 bonds which partially refunded Series 1991 bonds which were used for dredging and other capital projects.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 170,000	\$ 153,535	\$ 323,535
2012	175,000	148,095	323,095
2013	1,680,000	142,320	1,822,320
2014	1,740,000	85,200	1,825,200
2015	675,000	24,300	699,300
Total	<u>\$ 4,440,000</u>	<u>\$ 553,450</u>	<u>\$ 4,993,450</u>

General Obligation Bonds, Series 2008

\$10,000,000 2008 General Obligation Bonds dated December 15, 2008 due December 15, 2024; interest of 2.75 to 5.0 percent to refinance certain outstanding indebtedness of the City and to finance capital improvements in the City. As of April 30, 2010, \$4,751,759 of the proceeds remained unexpended.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ -	\$ 419,175	\$ 419,175
2012	235,000	419,175	654,175
2013	245,000	411,538	656,538
2014	250,000	402,963	652,963
2015	360,000	394,213	754,213
2016-2020	4,305,000	1,563,930	5,868,930
2021-2024	4,605,000	560,656	5,165,656
Total	<u>\$ 10,000,000</u>	<u>\$ 4,171,650</u>	<u>\$ 14,171,650</u>

B. Notes Payable

General Obligation Note (Wabash Crossing Phase II), Series 2005

\$4,750,000 drawdown note due December 31, 2010; interest calculated at 30-day LIBOR plus 100 basis points (1.84% at April 30, 2010).

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 4,721,960	\$ 42,183	\$ 4,764,143

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

\$500,000 drawdown note due May 15, 2016; interest calculated at 8.02%.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 48,242	\$ 25,405	\$ 73,647
2012	50,966	22,681	73,647
2013	55,207	18,440	73,647
2014	59,801	13,846	73,647
2015	64,777	8,870	73,647
2016 - 2017	75,078	480	75,558
Total	<u>\$ 354,071</u>	<u>\$ 89,722</u>	<u>\$ 443,793</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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 5.83 to 6.33 percent.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 120,000	\$ 28,035	\$ 148,035
2012	120,000	20,703	140,703
2013	120,000	13,251	133,251
2014	150,000	4,748	154,748
Total	<u>\$ 510,000</u>	<u>\$ 66,737</u>	<u>\$ 576,737</u>

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.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 150,000	\$ 127,548	\$ 277,548
2012	155,000	120,287	275,287
2013	160,000	112,536	272,536
2014	165,000	104,180	269,180
2015	170,000	95,200	265,200
2016-2020	925,000	324,276	1,249,276
2021-2023	615,000	56,795	671,795
Total	<u>\$ 2,340,000</u>	<u>\$ 940,822</u>	<u>\$ 3,280,822</u>

General Obligation Note, Series 2008A

\$1,400,000 drawdown note due December 31, 2010; interest calculated at 30-day LIBOR plus 225 basis points (2.59% at April 30, 2010) used for capital projects.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 1,244,969	\$ 22,223	\$ 1,267,192

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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.

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.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2011	\$ 342,652	\$ 141,705	\$ 484,357
2012	352,679	131,679	484,358
2013	362,998	121,359	484,357
2014	373,620	110,738	484,358
2015	384,552	99,805	484,357
2016-2020	2,098,281	323,509	2,421,790
2021-2023	<u>1,048,247</u>	<u>42,681</u>	<u>1,090,928</u>
Total	<u>\$ 4,963,029</u>	<u>\$ 971,476</u>	<u>\$ 5,934,505</u>

Illinois Environmental Protection Agency Water Loan

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for \$9,805,524, of which \$2,451,381 is immediately forgivable, to finance the costs relating to the construction of a new water main, water tower, and booster pump station. The term of the loan is for 20 years with an annual fixed loan rate of 0.00%. The semi-annual payments will come due starting December 8, 2011.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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 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 \$2,809,292.

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.

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.

IMRF

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

Funding Policy. As set by statute, the City of Decatur's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City of Decatur's contribution rate for calendar year 2009 was 0.93 percent of annual covered payroll. The City of Decatur also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2009, the City of Decatur's annual pension cost of \$143,868 for the Regular plan was equal to the City of Decatur's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 143,868	100%	\$ -
12/31/08	1,246,214	100%	-
12/31/07	1,324,877	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City of Decatur's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The City of Decatur's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

IMRF (Continued)

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 69.67 percent funded. The actuarial accrued liability for benefits was \$37,331,787 and the actuarial value of assets was \$26,009,239, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,322,548. The covered payroll (annual payroll of active employees covered by the plan) was \$15,469,723 and the ratio of the UAAL to the covered payroll was 73 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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

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, 2009 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	120
Current employees	
Vested and nonvested	<u>166</u>
Total	<u><u>286</u></u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010**

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

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

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.

At May 1, 2009 the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	118
Current employees	
Vested and nonvested	118
Total	236

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

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 9.46% 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.

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 generally recognized when due. If contributions are not made when due, they are only recognized as contributions (and a related receivable) if they are due pursuant to formal commitments, or because of statutory or contractual requirements. Separate plan financial statements are not prepared for the police and fire pension plans. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

B. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Related Party Transactions

There are no securities of the City of Decatur or 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:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates:			
Employer	0.93%	27.4%	40.3%
Employee	4.50%	9.91%	9.46%
Annual pension cost	\$ 143,868	\$ 3,777,600	\$ 3,434,550
Contributions made	\$ 143,868	\$ 3,240,601	\$ 3,271,916
Actuarial valuation date	12/31/2009	05/01/2009	05/01/2009
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Amortization period	23 years	24 years	24 years
Asset valuation method	5-year Smoothed Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.5% Compounded Annually	7.25% Compounded Annually	7.25% Compounded Annually
Projected salary increases	0.4 to 10.0%	5.00%	5.00%
Inflation rate included	4.00%	3.00%	3.00%
Cost of living adjustments	3.00%	3.00%	3.00%

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

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

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. As noted below, a pension liability existed at year-end for the Police and Firefighters' Pension Plans.

D. 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>Fire Pension</u>
Annual pension cost (APC)	2008	\$ 1,324,877	\$ 2,968,274	\$ 2,992,651
	2009	1,246,214	3,777,600	3,434,550
	2010	143,868	3,069,595	3,273,829
Percentage of APC contributed	2008	100%	100%	100%
	2009	100%	85%	95%
	2010	100%	NA	NA
Net pension obligation	2008	\$ -	\$ -	\$ -
	2009	-	536,999	163,034
	2010	-	-	-

Comparative information for 2010 is not yet available.

E. Funded Status and Funding Progress

The funded status of the plans as of May 1, 2009 was as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>
Actuarial accrued liability (AAL)	\$ 102,697,489	\$ 91,703,077
Actuarial value of plan assets	68,889,401	57,852,069
Unfunded actuarial accrued liability (UAAL)	33,808,088	33,851,008
Funded ratio (actuarial value of plan assets/AAL)	67.1%	63.1%
Covered payroll (active plan members)	11,214,984	8,119,535
UAAL as a percentage of covered payroll	301.5%	416.9%

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

F. Financial Statements

The following information represents the financial position and activity of the pension trust funds at April 30, 2010:

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 5,383,861	\$ 2,930,905	\$ 8,314,766
Taxes receivable	68,482	55,903	124,385
Accrued interest	303,355	182,608	485,963
Long-term investments, at fair value:			
U.S. Government obligations	32,104,204	20,713,932	52,818,136
Mutual funds	23,996,280	21,277,466	45,273,746
Common stock	4,741,460	4,314,536	9,055,996
Certificate of deposits	-	3,804,513	3,804,513
Annuities	-	107,216	107,216
Corporate bonds	<u>1,297,761</u>	<u>1,651,119</u>	<u>2,948,880</u>
Total long-term investments	<u>62,139,705</u>	<u>51,868,782</u>	<u>114,008,487</u>
TOTAL ASSETS	<u>\$67,895,403</u>	<u>\$55,038,198</u>	<u>\$ 122,933,601</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$67,895,403</u>	<u>\$55,038,198</u>	<u>\$ 122,933,601</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,173,436	\$ 3,212,034	\$ 6,385,470
Plan member	<u>1,118,870</u>	<u>779,399</u>	<u>1,898,269</u>
Total contributions	<u>4,292,306</u>	<u>3,991,433</u>	<u>8,283,739</u>
Investment earnings:			
Interest and dividends	1,485,251	1,120,925	2,606,176
Net increase in the fair value of investments	<u>8,095,476</u>	<u>7,107,435</u>	<u>15,202,911</u>
Total investment income	9,580,727	8,228,360	17,809,087
Less investment expense	<u>159,340</u>	<u>110,734</u>	<u>270,074</u>
Net investment income	<u>9,421,387</u>	<u>8,117,626</u>	<u>17,539,013</u>
Total additions	<u>13,713,693</u>	<u>12,109,059</u>	<u>25,822,752</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

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

F. Financial Statements (Continued)

	Police Pension Fund	Fire Pension Fund	Total
DEDUCTIONS			
Benefits and refunds	\$ 4,608,403	\$ 5,277,101	\$ 9,885,504
Administrative expense	<u>55,943</u>	<u>73,110</u>	<u>129,053</u>
Total deductions	<u>4,664,346</u>	<u>5,350,211</u>	<u>10,014,557</u>
Net increase	9,049,347	6,758,848	15,808,195
NET ASSETS, BEGINNING OF YEAR	<u>58,846,056</u>	<u>48,279,350</u>	<u>107,125,406</u>
NET ASSETS, END OF YEAR	<u>\$67,895,403</u>	<u>\$55,038,198</u>	<u>\$ 122,933,601</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, 2010, 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, 2010

NOTE 12 – COMMITMENTS

The City has the following commitments:

- 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 require 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 accounting standards related to accounting for leases, 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 12-month lease with the Decatur Public Building Commission (DPBC). During the year ended April 30, 2010, the City paid \$278,092 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.

As of April 30, 2010 there are no future minimum rental payments and the lease expires November 30, 2010.

- 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, 2010 is as follows:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 12 – COMMITMENTS (CONTINUED)

<u>Year Ending</u> <u>April 30</u>	<u>Amount</u>
2011	\$ 146,804
2012	146,804
2013	137,834
2014	98,306
2015	<u>97,066</u>
Total	<u>\$ 626,814</u>

D. The City has committed to the expenditure of up to \$10,339,218, of which \$7,295,864 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.

E. Other Commitments:

At April 30, 2010, the City had contractual commitments of approximately \$1,421,792 for capital improvement programs.

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 \$7,113,173 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of \$25,000 - \$200,000 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, 2010

NOTE 13 – RISK MANAGEMENT (CONTINUED)

The claims liability of \$4,966,726 and \$3,491,311 reported in the Fund at April 30, 2010 and 2009 respectively, is based on the requirements of accounting standards related to 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 2010 and 2009 were:

	<u>May 1, 2009 to April 30, 2010</u>	<u>May 1, 2008 to April 30, 2009</u>
Beginning of fiscal year liability	\$ 3,491,311	\$ 3,077,412
Current year claims and changes in estimates	9,746,336	9,146,037
Claims payments	<u>(8,270,921)</u>	<u>(8,732,138)</u>
Total	<u>\$ 4,966,726</u>	<u>\$ 3,491,311</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 2010, the City contributed \$545,000 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, 2010**

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	\$ 156,551	\$ 210,746
Due in: 2011	<u>-</u>	<u>13,878</u>	<u>13,878</u>
	54,195	170,429	224,624
Current	<u>-</u>	<u>(13,878)</u>	<u>(13,878)</u>
Noncurrent	<u>\$ 54,195</u>	<u>\$ 156,551</u>	<u>\$ 210,746</u>

Accrued interest on the deferred prior year payments as of April 30, 2010 is as follows:

<u>HVAC System</u>	<u>Roof and Tuckpointing</u>	<u>Total</u>
<u>\$ 9.805</u>	<u>\$ 68,448</u>	<u>\$ 78,253</u>

NOTE 15 – FUND EQUITY

The following funds had a deficit fund balance at April 30, 2010:

CDBG Fund	\$ 204,712
Self-Insurance Fund	\$2,232,474

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described in Note 9, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities.

B. Benefits Provided

The City provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the City's plan at a Medicare Supplement rate.

C. Membership

The City's Retiree Healthcare Program includes three employee groups: Fire, Police and all other City, which are the same as those used for the pension plan.

At May 1, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	127
Active employees	<u>550</u>
Total	<u><u>677</u></u>
Participating employers	<u><u>1</u></u>

D. Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010**

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay 100 percent of the premium cost for single and dependent coverage.

E. Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City had an actuarial valuation performed for the plan as of May 1, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2010. The City's annual OPEB cost (expense) of \$828,311 was less than the ARC for the fiscal year 2010, as the transition liability was set at \$311,091 as of May 1, 2009. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 828,311	\$ 358,361	43.3%	\$ 781,041
April 30, 2009	\$ 744,600	\$ 433,509	58.2%	\$ 311,091

The net OPEB obligation as of May 1, 2009 (most recent information available), was calculated as follows:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual required contribution	\$ 834,400
Interest on net prior year OPEB obligation	10,110
Adjustment to annual required contribution	<u>(16,199)</u>
Annual OPEB cost	828,311
Contributions made	<u>358,361</u>
Increase in net OPEB obligation	469,950
Net OPEB obligation, beginning of year	<u>311,091</u>
Net OPEB obligation, end of year	<u>\$ 781,041</u>

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 16,119,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	16,119,100
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2010

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

In the May 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 3.25 percent and an ultimate healthcare trend rate of 4.03 percent. The calculations assume a level-percentage-of-pay 30-year open amortization period for ECO and Regular retirees. The remaining amortization period at May 1, 2009, was 29 years.

The actuarial value of assets was not determined as the City has not advance funded its obligation.

NOTE 17 – SUBSEQUENT EVENT

Management evaluated subsequent events through October 25, 2010, the date the financial statements were available to be issued. Events or transactions occurring after April 30, 2010, but prior to October 25, 2010 that provided additional evidence about conditions that existed at April 30, 2010, have been recognized in the financial statements for the year ended April 30, 2010. Events or transactions that provided evidence about conditions that did not exist at April 30, 2010 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended April 30, 2010.

NOTE 18 – NEW GOVERNMENT ACCOUNTING STANDARD

In February 2009, the Governmental Accounting Standards Board issued a new accounting statement for *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The City will be required to adopt the new accounting standard in its April 30, 2012 financial statements. The City has not determined the effect, if any, the adoption of the new accounting standard will have on the City's net assets.

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, 2010

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
IMRF						
2009	\$ 26,009,239	\$ 37,331,787	\$ 11,322,548	69.7%	\$ 15,469,723	73.2%
2008	32,983,627	42,879,285	9,895,658	76.9%	15,636,313	63.3%
2007	40,110,028	36,941,811	(3,168,217)	108.6%	13,301,974	0.0%
2006	38,059,512	37,138,451	(921,061)	102.5%	13,274,612	0.0%
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%	12,856,004	2.8%
*Police Pension						
2009	\$ 68,889,401	\$ 102,697,489	\$ 33,808,088	67.1%	\$ 11,214,984	301.5%
2008	66,058,169	98,045,970	31,987,801	67.4%	9,872,894	324.0%
2007	64,965,624	88,733,350	23,767,726	73.2%	9,474,589	250.9%
2006	58,980,897	82,481,592	23,500,695	71.5%	9,126,496	257.5%
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%
*Fire Pension						
2009	\$ 57,852,069	\$ 91,703,077	\$ 33,851,008	63.1%	\$ 8,119,535	416.9%
2008	57,057,466	83,723,383	26,665,917	68.2%	6,639,308	401.6%
2007	56,101,465	78,757,103	22,655,638	71.2%	6,464,348	350.5%
2006	52,418,918	75,989,748	23,570,830	69.0%	6,597,222	357.3%
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%
OPEB						
2009	\$ -	\$ 10,119	\$ 10,119	0.0%	N/A	N/A
2008	-	8,760	8,760	0.0%	N/A	N/A

*Effective with the actuarial valuation for the fiscal year beginning May 1, 2009, the actuarial value of asset method was changed from the adjusted market value of asset method to an asset method with 3-year recognition of investment gains/losses different than expected.

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended April 30, 2010**

<u>Year Ended April 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
POLICE PENSION FUND		
2009	\$ 3,777,600	85.80%
2008	2,968,274	100.00%
2007	2,890,037	100.00%
2006	2,766,759	100.00%
2005	2,311,360	100.00%
2004	2,160,100	100.00%
FIREFIGHTERS' PENSION FUND		
2009	\$ 3,434,550	95.30%
2008	2,992,651	100.00%
2007	3,069,618	100.00%
2006	2,782,070	100.00%
2005	2,172,022	100.00%
2004	1,991,190	100.00%
IMRF		
2009	\$ 143,868	100.00%
2008	1,246,214	100.00%
2007	1,324,877	100.00%
2006	1,278,345	100.00%
2005	880,429	100.00%
2004	370,253	100.00%
OPEB		
2010	\$ 834,400	42.89%
2009	744,600	58.22%

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, 2010

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 15,845,517	\$ 15,845,517	\$ 15,193,566	\$ (651,951)
Charges for service	86,800	86,800	94,978	8,178
Investment income and net increase in fair value of investments	64,880	64,880	11,120	(53,760)
Intergovernmental	32,454,655	32,454,655	27,727,709	(4,726,946)
Licenses and permits	771,000	771,000	747,028	(23,972)
Fines and fees	1,080,000	1,080,000	1,197,975	117,975
Other revenue	240,300	240,300	317,496	77,196
Total revenues	<u>50,543,152</u>	<u>50,543,152</u>	<u>45,289,872</u>	<u>(5,253,280)</u>
EXPENDITURES				
Current:				
Legislative	93,257	93,293	70,991	22,302
Executive	527,655	529,083	500,703	28,380
Management services	607,099	608,524	546,069	62,455
Legal	614,110	612,338	573,747	38,591
Financial management	1,574,715	1,604,974	1,660,988	(56,014)
Police	22,437,556	23,425,793	22,360,958	1,064,835
Fire	15,425,199	15,474,699	14,669,527	805,172
Economic and urban development	2,731,579	3,162,231	2,261,964	900,267
Public works	9,426,718	9,517,111	7,556,224	1,960,887
Other non-departmental charges	2,599,350	2,650,524	2,441,690	208,834
Total expenditures	<u>56,037,238</u>	<u>57,678,570</u>	<u>52,642,861</u>	<u>5,035,709</u>
Deficiency of revenues over expenditures	<u>(5,494,086)</u>	<u>(7,135,418)</u>	<u>(7,352,989)</u>	<u>(217,571)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	20,500	20,500	78,694	58,194
Transfers in	6,069,487	6,069,487	8,078,571	2,009,084
Transfers out	(1,696,783)	(1,696,783)	(1,547,531)	149,252
Total other financing sources (uses)	<u>4,393,204</u>	<u>4,393,204</u>	<u>6,609,734</u>	<u>2,216,530</u>
Deficiency of revenues over expenditures and other financing sources (uses)	<u>\$ (1,100,882)</u>	<u>\$ (2,742,214)</u>	<u>(743,255)</u>	<u>\$ 1,998,959</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>(1,843,065)</u>	
Deficiency of revenues over expenditures and other financing sources (uses) - GAAP basis			<u>(2,586,320)</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>7,841,549</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,255,229</u>	

Library Fund

Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
\$ 3,387,001	\$ 3,387,001	\$ 3,359,619	\$ (27,382)
-	-	-	-
15,777	15,777	3,708	(12,069)
465,663	465,663	401,892	(63,771)
-	-	-	-
98,700	98,700	87,772	(10,928)
28,072	28,072	18,553	(9,519)
<u>3,995,213</u>	<u>3,995,213</u>	<u>3,871,544</u>	<u>(123,669)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,356,705</u>	<u>4,358,670</u>	<u>3,966,788</u>	<u>391,882</u>
<u>4,356,705</u>	<u>4,358,670</u>	<u>3,966,788</u>	<u>391,882</u>
<u>(361,492)</u>	<u>(363,457)</u>	<u>(95,244)</u>	<u>268,213</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>\$ (362,692)</u>	<u>\$ (364,657)</u>	(96,444)	<u>\$ 268,213</u>
		<u>(35,633)</u>	
		(132,077)	
		<u>801,789</u>	
		<u>\$ 669,712</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying budgetary schedules are prepared on the cash basis of accounting.

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.

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 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 Debt Service 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.

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 2004 Bond Capital Fund is used to account for capital improvements that are financed by the proceeds of the 2004A General Obligation Bonds.

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 Wabash Crossing LOC Fund is used to account for the City's portion of Wabash Crossing Phase II.

The 2008 Project Fund is used to account for capital improvements that are financed by the proceeds from the 2008A General Obligation Bonds.

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 3,009,001	\$ 145,491	\$ 3,717,360	\$ 6,871,852
Receivables:				
Property taxes, net	1,142,538	1,233,682	-	2,376,220
Other taxes	-	-	383,128	383,128
Due from other governments	349,367	-	-	349,367
Due from other funds	97,009	-	2,000,000	2,097,009
Accounts receivable	46,523	20,155	26,698	93,376
Notes receivable	757,634	-	-	757,634
Other	552	434	-	986
TOTAL ASSETS	\$ 5,402,624	\$ 1,399,762	\$ 6,127,186	\$ 12,929,572
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 206,989	\$ -	\$ -	\$ 206,989
Contracts payable	-	-	271,505	271,505
Due to other funds	285,248	-	-	285,248
Other accrued liabilities	378,052	-	-	378,052
Deferred revenue	1,157,988	1,253,837	296,379	2,708,204
Total liabilities	2,028,277	1,253,837	567,884	3,849,998
Fund Balances:				
Reserved for:				
Debt service	-	145,925	-	145,925
Encumbrances	700,017	-	4,451,589	5,151,606
Unreserved, as reported in:				
Special revenue	2,674,330	-	-	2,674,330
Capital projects	-	-	1,107,713	1,107,713
Total fund balances	3,374,347	145,925	5,559,302	9,079,574
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,402,624	\$ 1,399,762	\$ 6,127,186	\$ 12,929,572

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 2,678,867	\$ 199,463	\$ -	\$ 2,878,330
Investment income and net increase in fair value of investments	26,003	5,918	34,315	66,236
Intergovernmental	4,595,902	-	1,173,593	5,769,495
Fines and fees	350,901	-	107,064	457,965
Other revenue	70,863	-	22,670	93,533
Total revenues	<u>7,722,536</u>	<u>205,381</u>	<u>1,337,642</u>	<u>9,265,559</u>
EXPENDITURES				
Current:				
General government	4,653,695	146,805	-	4,800,500
Public safety	274,689	-	-	274,689
Culture and recreation	69,951	-	-	69,951
Highways and streets	2,625,665	-	4,055,602	6,681,267
Debt service:				
Principal retirement	120,000	2,580,995	-	2,700,995
Interest and fiscal charges	35,247	3,369,235	405	3,404,887
Total expenditures	<u>7,779,247</u>	<u>6,097,035</u>	<u>4,056,007</u>	<u>17,932,289</u>
Deficiency of revenues over expenditures	<u>(56,711)</u>	<u>(5,891,654)</u>	<u>(2,718,365)</u>	<u>(8,666,730)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	250,000	250,000
Transfers in	332,170	5,832,242	-	6,164,412
Transfers out	(1,215,605)	-	(1,014,012)	(2,229,617)
Total other financing sources (uses)	<u>(883,435)</u>	<u>5,832,242</u>	<u>(764,012)</u>	<u>4,184,795</u>
Net change in fund balances	(940,146)	(59,412)	(3,482,377)	(4,481,935)
FUND BALANCES, BEGINNING OF YEAR	<u>4,314,493</u>	<u>205,337</u>	<u>9,041,679</u>	<u>13,561,509</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,374,347</u>	<u>\$ 145,925</u>	<u>\$ 5,559,302</u>	<u>\$ 9,079,574</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2010

	IMRF	Main Place Section 108 Loan Guarantee Fund	HOME Fund	CDBG Fund
ASSETS				
Cash and investments	\$ 253,662	\$ -	\$ 113,680	\$ 22
Receivables:				
Property taxes, net	1,142,538	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	97,009
Accounts receivable	-	-	-	-
Notes receivable	-	-	712,880	44,754
Other	552	-	-	-
TOTAL ASSETS	\$ 1,396,752	\$ -	\$ 826,560	\$ 141,785
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 154,699	\$ 52,290
Due to other funds	-	-	-	285,248
Other accrued liabilities	30,137	-	-	8,959
Deferred revenue	1,141,243	-	-	-
Total liabilities	1,171,380	-	154,699	346,497
Fund Balances:				
Reserved for encumbrances	-	-	-	51,275
Unreserved	225,372	-	671,861	(255,987)
Total funds balance (deficit)	225,372	-	671,861	(204,712)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,396,752	\$ -	\$ 826,560	\$ 141,785

<u>TIF Fund</u>	<u>Drug Enforcement Fund</u>	<u>Municipal Band Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total</u>
\$ 947,827	\$ 778,569	\$ 15,110	\$ 900,131	\$ 3,009,001
-	-	-	-	1,142,538
-	-	-	349,367	349,367
-	-	-	-	97,009
-	-	-	46,523	46,523
-	-	-	-	757,634
-	-	-	-	552
<u>\$ 947,827</u>	<u>\$ 778,569</u>	<u>\$ 15,110</u>	<u>\$ 1,296,021</u>	<u>\$ 5,402,624</u>
\$ -	\$ -	\$ -	\$ -	\$ 206,989
-	-	-	-	285,248
-	338,956	-	-	378,052
-	-	-	16,745	1,157,988
<u>-</u>	<u>338,956</u>	<u>-</u>	<u>16,745</u>	<u>2,028,277</u>
-	-	-	648,742	700,017
<u>947,827</u>	<u>439,613</u>	<u>15,110</u>	<u>630,534</u>	<u>2,674,330</u>
<u>947,827</u>	<u>439,613</u>	<u>15,110</u>	<u>1,279,276</u>	<u>3,374,347</u>
<u>\$ 947,827</u>	<u>\$ 778,569</u>	<u>\$ 15,110</u>	<u>\$ 1,296,021</u>	<u>\$ 5,402,624</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2010

	<u>IMRF</u>	<u>Main Place Section 108 Loan Guarantee Fund</u>	<u>HOME Fund</u>	<u>CDBG Fund</u>
REVENUES				
Taxes	\$ 1,044,308	\$ -	\$ -	\$ -
Investment income and net increase in fair value of investments	3,594	-	-	-
Intergovernmental	-	-	694,047	1,635,048
Fines and fees	-	-	-	-
Other revenue	<u>24,763</u>	<u>-</u>	<u>18,619</u>	<u>-</u>
Total revenues	<u>1,072,665</u>	<u>-</u>	<u>712,666</u>	<u>1,635,048</u>
EXPENDITURES				
Current:				
General government	1,219,969	-	925,449	1,587,802
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Highways and streets	-	-	-	-
Debt service:				
Principal retirement	-	120,000	-	-
Interest and fiscal charges	<u>-</u>	<u>35,247</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,219,969</u>	<u>155,247</u>	<u>925,449</u>	<u>1,587,802</u>
Excess (deficiency) of revenues over expenditures	<u>(147,304)</u>	<u>(155,247)</u>	<u>(212,783)</u>	<u>47,246</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	176,723	155,247	-	200
Transfers out	<u>-</u>	<u>(109)</u>	<u>-</u>	<u>(172,820)</u>
Total other financing sources (uses)	<u>176,723</u>	<u>155,138</u>	<u>-</u>	<u>(172,620)</u>
Net change in fund balances	29,419	(109)	(212,783)	(125,374)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>195,953</u>	<u>109</u>	<u>884,644</u>	<u>(79,338)</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 225,372</u>	<u>\$ -</u>	<u>\$ 671,861</u>	<u>\$ (204,712)</u>

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	Motor Fuel Tax Fund	Total
\$ 1,560,106	\$ -	\$ 74,453	\$ -	\$ 2,678,867
11,861	6,675	36	3,837	26,003
200,074	-	-	2,066,733	4,595,902
-	350,901	-	-	350,901
-	-	2,482	24,999	70,863
<u>1,772,041</u>	<u>357,576</u>	<u>76,971</u>	<u>2,095,569</u>	<u>7,722,536</u>
920,475	-	-	-	4,653,695
-	274,689	-	-	274,689
-	-	69,951	-	69,951
-	-	-	2,625,665	2,625,665
-	-	-	-	120,000
-	-	-	-	35,247
<u>920,475</u>	<u>274,689</u>	<u>69,951</u>	<u>2,625,665</u>	<u>7,779,247</u>
<u>851,566</u>	<u>82,887</u>	<u>7,020</u>	<u>(530,096)</u>	<u>(56,711)</u>
-	-	-	-	332,170
<u>(746,806)</u>	<u>-</u>	<u>-</u>	<u>(295,870)</u>	<u>(1,215,605)</u>
<u>(746,806)</u>	<u>-</u>	<u>-</u>	<u>(295,870)</u>	<u>(883,435)</u>
104,760	82,887	7,020	(825,966)	(940,146)
<u>843,067</u>	<u>356,726</u>	<u>8,090</u>	<u>2,105,242</u>	<u>4,314,493</u>
<u>\$ 947,827</u>	<u>\$ 439,613</u>	<u>\$ 15,110</u>	<u>\$ 1,279,276</u>	<u>\$ 3,374,347</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, 2010

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,052,801	\$ 1,044,308	\$ (8,493)
Investment income	4,000	3,594	(406)
Other revenue	-	24,763	24,763
	<u>1,056,801</u>	<u>1,072,665</u>	<u>15,864</u>
EXPENDITURES			
General Government:			
Contributions for employees' pension and social security	<u>1,301,800</u>	<u>1,240,427</u>	<u>61,373</u>
Deficiency of revenues over expenditures	(244,999)	(167,762)	77,237
OTHER FINANCING SOURCES			
Transfers in	<u>253,600</u>	<u>176,723</u>	<u>(76,877)</u>
Excess of revenues over expenditures and other financing sources	<u>\$ 8,601</u>	<u>\$ 8,961</u>	<u>\$ 360</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, 2010

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
EXPENDITURES			
Debt Service:			
Principal retirement	\$ 120,000	\$ 120,000	\$ -
Interest and fiscal charges	35,247	35,247	-
Total expenditures	<u>155,247</u>	<u>155,247</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers in	155,247	155,247	-
Transfers out	<u>(109)</u>	<u>(109)</u>	<u>-</u>
Total other financing sources	<u>155,138</u>	<u>155,138</u>	<u>-</u>
Deficiency of other financing sources over expenditures	<u>\$ (109)</u>	<u>\$ (109)</u>	<u>\$ -</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, 2010

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	\$ 1,672,732	\$ 694,047	\$ (978,685)
Loan repayment	59,884	84,191	24,307
Total revenues	<u>1,732,616</u>	<u>778,238</u>	<u>(954,378)</u>
EXPENDITURES			
General Government:			
Economic and urban development	<u>1,670,132</u>	<u>733,837</u>	<u>936,295</u>
Excess of revenues over expenditures	<u>\$ 62,484</u>	<u>\$ 44,401</u>	<u>\$ (18,083)</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Federal grant	\$ 2,462,916	\$ 1,635,048	\$ (827,868)
Other revenue	3,000	-	(3,000)
	<u>2,465,916</u>	<u>1,635,048</u>	<u>(830,868)</u>
Total revenues			
EXPENDITURES			
General Government:			
Public services	1,689,078	877,025	812,053
Personnel services	553,802	528,374	25,428
Contractual services	91,942	73,516	18,426
Commodities	500	-	500
Other charges	1,843	1,093	750
	<u>2,337,165</u>	<u>1,480,008</u>	<u>857,157</u>
Total expenditures			
Excess of revenues over expenditures	<u>128,751</u>	<u>155,040</u>	<u>26,289</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,200	4,434	234
Transfers out	<u>(172,820)</u>	<u>(172,820)</u>	<u>-</u>
Total other financing uses	<u>(168,620)</u>	<u>(168,386)</u>	<u>234</u>
Deficiency of revenues over expenditures and other financing uses	<u>\$ (39,869)</u>	<u>\$ (13,346)</u>	<u>\$ 26,523</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,505,000	\$ 1,560,106	\$ 55,106
Sales tax	230,000	200,074	(29,926)
Investment income	<u>11,350</u>	<u>11,861</u>	<u>511</u>
 Total revenues	 1,746,350	 1,772,041	 25,691
 EXPENDITURES			
General government	<u>1,200,400</u>	<u>920,475</u>	<u>279,925</u>
 Excess of revenues over expenditures	 545,950	 851,566	 305,616
 OTHER FINANCING USES			
Transfers out	<u>(784,206)</u>	<u>(746,806)</u>	<u>37,400</u>
 Excess (deficiency) of revenues over expenditures and other financing uses	 <u>\$ (238,256)</u>	 <u>\$ 104,760</u>	 <u>\$ 343,016</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, 2010

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 7,500	\$ 6,675	\$ (825)
Fines and fees	207,000	350,901	143,901
Other revenue	500	-	(500)
	<u>215,000</u>	<u>357,576</u>	<u>142,576</u>
EXPENDITURES			
Public safety	<u>306,250</u>	<u>274,689</u>	<u>31,561</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (91,250)</u>	<u>\$ 82,887</u>	<u>\$ 174,137</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 75,000	\$ 74,453	\$ (547)
Investment income	100	36	(64)
Other revenue	<u>3,000</u>	<u>2,482</u>	<u>(518)</u>
 Total revenues	 78,100	 76,971	 (1,129)
 EXPENDITURES			
Culture and recreation	<u>74,203</u>	<u>69,951</u>	<u>4,252</u>
 Excess of revenues over expenditures	 <u>\$ 3,897</u>	 <u>\$ 7,020</u>	 <u>\$ 3,123</u>

CITY OF DECATUR, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ 27,198	\$ 3,837	\$ (23,361)
Intergovernmental:			
Motor fuel tax	2,150,000	2,051,807	(98,193)
Other	164,500	52,290	(112,210)
Other revenue	<u>21,000</u>	<u>24,999</u>	<u>3,999</u>
 Total revenues	 2,362,698	 2,132,933	 (229,765)
EXPENDITURES			
Highways and streets:			
Maintenance of traffic lights and overpass	<u>3,095,000</u>	<u>2,625,665</u>	<u>469,335</u>
 Deficiency of revenues over expenditures	 (732,302)	 (492,732)	 239,570
OTHER FINANCING USES			
Transfers out	<u>(402,000)</u>	<u>(295,870)</u>	<u>106,130</u>
 Deficiency of revenues over expenditures and other financing uses	 <u>\$ (1,134,302)</u>	 <u>\$ (788,602)</u>	 <u>\$ 345,700</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 199,058	\$ 199,463	\$ 405
Investment income	5,200	5,918	718
Total revenues	<u>204,258</u>	<u>205,381</u>	<u>1,123</u>
EXPENDITURES			
Current:			
General government	146,205	146,805	(600)
Debt Service:			
Principal retirement	2,580,995	2,580,995	-
Interest and fiscal charges	<u>3,557,367</u>	<u>3,369,235</u>	<u>188,132</u>
Total expenditures	<u>6,284,567</u>	<u>6,097,035</u>	<u>187,532</u>
Deficiency of revenues over expenditures	(6,080,309)	(5,891,654)	188,655
OTHER FINANCING SOURCES			
Transfers in	<u>6,018,546</u>	<u>5,832,242</u>	<u>(186,304)</u>
Deficiency of revenues over expenditures and other financing sources	<u>\$ (61,763)</u>	<u>\$ (59,412)</u>	<u>\$ (2,351)</u>

CITY OF DECATUR, ILLINOIS
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 April 30, 2010

	2004 Bond Capital Fund	Capital Projects Fund	Wabash Crossing LOC Fund	2008 Project Fund	Total
ASSETS					
Cash and investments	\$ -	\$ 902,198	\$ -	\$ 2,815,162	\$ 3,717,360
Receivables:					
Other taxes	-	383,128	-	-	383,128
Due from other funds	-	-	-	2,000,000	2,000,000
Accounts receivable	-	24,268	-	2,430	26,698
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,309,594</u>	<u>\$ -</u>	<u>\$ 4,817,592</u>	<u>\$ 6,127,186</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Contracts payable	\$ -	\$ 271,505	\$ -	\$ -	\$ 271,505
Deferred revenue	-	296,379	-	-	296,379
Total liabilities	<u>-</u>	<u>567,884</u>	<u>-</u>	<u>-</u>	<u>567,884</u>
Fund Balances:					
Reserved for encumbrances	-	741,710	-	3,709,879	4,451,589
Unreserved	-	-	-	1,107,713	1,107,713
Total fund balances	<u>-</u>	<u>741,710</u>	<u>-</u>	<u>4,817,592</u>	<u>5,559,302</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 1,309,594</u>	<u>\$ -</u>	<u>\$ 4,817,592</u>	<u>\$ 6,127,186</u>

CITY OF DECATUR, ILLINOIS
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year Ended April 30, 2010

		2004 Bond Capital Fund		Capital Projects Fund		Wabash Crossing LOC Fund		2008 Project Fund		Total
REVENUES										
Investment income and net increase in fair value of investments	\$	4	\$	11,641	\$	3	\$	22,667	\$	34,315
Intergovernmental		-		1,173,593		-		-		1,173,593
Fines and fees		-		107,064		-		-		107,064
Other revenue		-		1,626		-		21,044		22,670
Total revenues		<u>4</u>		<u>1,293,924</u>		<u>3</u>		<u>43,711</u>		<u>1,337,642</u>
EXPENDITURES										
Current:										
Highways and streets		1,727		2,364,290		250,000		1,439,585		4,055,602
Debt Service:										
Interest and fiscal charges		-		-		-		405		405
Total expenditures		<u>1,727</u>		<u>2,364,290</u>		<u>250,000</u>		<u>1,439,990</u>		<u>4,056,007</u>
Deficiency of revenues over expenditures		<u>(1,723)</u>		<u>(1,070,366)</u>		<u>(249,997)</u>		<u>(1,396,279)</u>		<u>(2,718,365)</u>
OTHER FINANCING SOURCES (USES)										
Debt proceeds		-		-		250,000		-		250,000
Transfers out		-		(1,013,330)		(682)		-		(1,014,012)
Total other financing sources (uses)		<u>-</u>		<u>(1,013,330)</u>		<u>249,318</u>		<u>-</u>		<u>(764,012)</u>
Deficiency of revenues over expenditures and other financing sources (uses)		<u>(1,723)</u>		<u>(2,083,696)</u>		<u>(679)</u>		<u>(1,396,279)</u>		<u>(3,482,377)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>1,723</u>		<u>2,825,406</u>		<u>679</u>		<u>6,213,871</u>		<u>9,041,679</u>
FUND BALANCES, END OF YEAR	\$	<u>-</u>	\$	<u>741,710</u>	\$	<u>-</u>	\$	<u>4,817,592</u>	\$	<u>5,559,302</u>

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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment interest	\$ 100	\$ 4	\$ (96)
 EXPENDITURES			
Capital projects	1,800	1,727	73
 Deficiency of revenues over expenditures	<u>\$ (1,700)</u>	<u>\$ (1,723)</u>	<u>\$ (23)</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, 2010

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment interest	\$ 35,245	\$ 11,641	\$ (23,604)
Intergovernmental	1,983,000	1,520,274	(462,726)
Fines and fees	98,100	107,064	8,964
Other revenues	206,100	1,626	(204,474)
	<u>2,322,445</u>	<u>1,640,605</u>	<u>(681,840)</u>
EXPENDITURES			
Capital projects	3,842,086	2,292,643	1,549,443
Deficiency of revenues over expenditures	<u>(1,519,641)</u>	<u>(652,038)</u>	<u>867,603</u>
OTHER FINANCING USES			
Transfers out	<u>(1,013,330)</u>	<u>(1,013,330)</u>	<u>-</u>
Deficiency of revenues over expenditures and other financing uses	<u>\$ (2,532,971)</u>	<u>\$ (1,665,368)</u>	<u>\$ 867,603</u>

CITY OF DECATUR, ILLINOIS
WABASH CROSSING LETTER OF CREDIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment interest	\$ -	\$ 3	\$ 3
EXPENDITURES			
Capital projects	<u>250,680</u>	<u>250,000</u>	<u>680</u>
Deficiency of revenues over expenditures	<u>(250,680)</u>	<u>(249,997)</u>	<u>683</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	250,000	250,000
Transfers out	<u>-</u>	<u>(682)</u>	<u>(682)</u>
Total other financing sources	<u>-</u>	<u>249,318</u>	<u>249,318</u>
Deficiency of revenues over expenditures and other financing sources	<u>\$ (250,680)</u>	<u>\$ (679)</u>	<u>\$ 250,001</u>

CITY OF DECATUR, ILLINOIS
2008 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment interest	\$ 41,600	\$ 32,501	\$ (9,099)
Other revenues	<u>-</u>	<u>21,044</u>	<u>21,044</u>
Total revenues	<u>41,600</u>	<u>53,545</u>	<u>11,945</u>
EXPENDITURES			
Current:			
Capital projects	6,120,714	1,600,506	4,520,208
Debt Service:			
Interest and fiscal charges	<u>-</u>	<u>211</u>	<u>(211)</u>
Total expenditures	<u>6,120,714</u>	<u>1,600,717</u>	<u>4,519,997</u>
Deficiency of revenues over expenditures	<u>(6,079,114)</u>	<u>(1,547,172)</u>	<u>4,531,942</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(2,000,000)</u>	<u>2,000,000</u>
Deficiency of revenues over expenditures and other financing sources (uses)	<u>\$ (6,079,114)</u>	<u>\$ (3,547,172)</u>	<u>\$ 2,531,942</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.

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

The Hotel Fund accounts for management fee income and debt service of a hotel purchased in 2008 and subsequently sold in 2009.

CITY OF DECATUR, ILLINOIS
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 April 30, 2010

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Hotel Fund	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 74,846	\$ 2,066,512	\$ 325,287	\$ 96	\$ 95,376	\$ -	\$ 2,562,117
Receivables:							
Accounts receivable	65,893	177,638	253	2,539	116,055	-	362,378
Other	75	1,107	-	-	-	-	1,182
Due from other funds	-	-	285,248	-	-	-	285,248
Assets held for sale	-	-	22,940	-	-	-	22,940
Prepaid expenses	33,600	-	-	-	-	-	33,600
Total current assets	<u>174,414</u>	<u>2,245,257</u>	<u>633,728</u>	<u>2,635</u>	<u>211,431</u>	<u>-</u>	<u>3,267,465</u>
Notes receivable	-	-	394,855	-	-	-	394,855
Property, plant and equipment							
Land	2,158,991	-	-	-	-	-	2,158,991
Buildings	5,497,739	-	-	-	-	-	5,497,739
Improvements other than buildings	381,950	10,372,642	-	-	-	-	10,754,592
Machinery and equipment	534,025	-	-	-	-	-	534,025
Less accumulated depreciation	8,572,705	10,372,642	-	-	-	-	18,945,347
	6,036,438	6,154,116	-	-	-	-	12,190,554
Total property, plant and equipment	<u>2,536,267</u>	<u>4,218,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,754,793</u>
TOTAL ASSETS	<u>\$ 2,710,661</u>	<u>\$ 6,463,783</u>	<u>\$ 1,028,583</u>	<u>\$ 2,635</u>	<u>\$ 211,431</u>	<u>\$ -</u>	<u>\$ 10,417,113</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Current liabilities:							
Accounts payable	\$ 9,825	-	\$ 84	-	\$ 38,799	-	\$ 48,708
Contracts payable	-	195,006	-	-	-	-	195,006
Other accrued liabilities	12,701	-	-	-	-	-	12,701
Due to other funds	-	-	97,009	-	-	-	97,009
Total current liabilities	<u>22,526</u>	<u>195,006</u>	<u>97,093</u>	<u>-</u>	<u>38,799</u>	<u>-</u>	<u>353,424</u>
Net assets:							
Invested in capital assets, net of related debt	2,536,267	4,218,526	-	-	-	-	6,754,793
Unrestricted	151,868	2,050,251	931,490	2,635	172,632	-	3,308,896
Total net assets	<u>2,688,135</u>	<u>6,268,777</u>	<u>931,490</u>	<u>2,635</u>	<u>172,632</u>	<u>-</u>	<u>10,063,689</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,710,661</u>	<u>\$ 6,463,783</u>	<u>\$ 1,028,583</u>	<u>\$ 2,635</u>	<u>\$ 211,431</u>	<u>\$ -</u>	<u>\$ 10,417,113</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended April 30, 2010

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Hotel Fund	Total
OPERATING REVENUES							
Charges for services	\$ 530,951	\$ 1,943,815	\$ -	\$ -	\$ 560,390	\$ -	\$ 3,035,156
Other revenue	-	6,658	14,526	34	-	-	21,218
Total operating revenues	530,951	1,950,473	14,526	34	560,390	-	3,056,374
OPERATING EXPENSES							
Personnel services	282,339	-	-	-	-	-	282,339
Contractual services	259,262	1,386,075	6,700	-	538,585	-	2,190,822
Commodities	9,752	-	-	-	5,149	-	14,901
Other charges	16,542	236,019	439	3,847	-	20	256,867
Depreciation and amortization	122,498	255,731	-	-	-	-	378,229
Total operating expenses	690,393	1,877,825	7,139	3,847	543,734	20	3,122,958
Operating income (loss)	(159,442)	72,648	7,387	(3,813)	16,656	(20)	(66,564)
NONOPERATING REVENUES							
Investment income and net increase in fair value of investments	103	17,992	4,142	12	682	119,987	142,918
Interest expense	-	-	-	-	-	(46,511)	(46,511)
Total nonoperating revenues	103	17,992	4,142	12	682	73,476	96,407
Income (loss) before transfers	(159,339)	90,640	11,529	(3,801)	17,338	73,456	29,823
TRANSFERS							
Transfers in	175,000	-	-	-	25,000	-	200,000
Transfers out	(60,264)	(646,278)	(500,000)	(2,000)	-	(216,832)	(1,425,374)
Net transfers	114,736	(646,278)	(500,000)	(2,000)	25,000	(216,832)	(1,225,374)
Change in net assets	(44,603)	(555,638)	(488,471)	(5,801)	42,338	(143,376)	(1,195,551)
NET ASSETS, BEGINNING OF YEAR	2,732,758	6,824,415	1,419,961	8,436	130,294	143,376	11,259,240
NET ASSETS, END OF YEAR	\$ 2,688,155	\$ 6,268,777	\$ 931,490	\$ 2,635	\$ 172,632	\$ -	\$ 10,063,689

CITY OF DECATUR, ILLINOIS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
 Year Ended April 30, 2010

	Motor Vehicle Parking System Fund	Sewer Fund	DCOF Fund	Home Mortgage Fund	Recycling Fund	Hotel Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from charges for services	\$ 532,144	\$ 1,846,690	\$ 30,305	\$ 4,816	\$ 546,811	\$ -	\$ 3,060,866
Cash paid to suppliers for goods and services	(279,112)	(1,571,937)	(7,139)	(3,047)	(546,536)	(20)	(2,408,651)
Cash paid to employees	(302,384)	-	-	-	-	-	(302,384)
Net cash provided by (used in) operating activities	(49,352)	374,693	31,166	969	375	(20)	357,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	175,000	-	-	-	25,000	-	200,000
Transfers to other funds	(60,264)	(646,278)	(500,000)	(2,000)	-	(216,632)	(1,425,374)
Net cash provided by (used in) noncapital financing activities	114,735	(646,278)	(500,000)	(2,000)	25,000	(216,632)	(1,225,374)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of property, plant and equipment	-	(85,456)	-	-	-	-	(85,456)
Principal payments - note	-	-	-	-	-	(7,225,000)	(7,225,000)
Interest payments	-	-	-	-	-	(1,168,044)	(1,168,044)
Net cash provided by (used in) capital and related financing activities	-	(85,456)	-	-	-	(7,411,044)	(7,506,500)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	103	17,982	4,142	12	682	206,099	226,010
Proceeds from sales and maturities of investments	-	-	-	-	-	7,418,100	7,418,100
Net cash provided by investing activities	103	17,982	4,142	12	682	7,622,199	7,645,130
NET INCREASE (DECREASE) IN CASH	65,487	(348,049)	(464,882)	(1,019)	26,057	(5,697)	(728,913)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,359	2,415,561	788,978	1,115	69,310	5,697	3,291,030
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 74,946	\$ 2,066,512	\$ 325,297	\$ 96	\$ 95,376	\$ -	\$ 2,562,117
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	\$ (159,442)	\$ 72,648	\$ 7,387	\$ (3,613)	\$ 16,656	\$ (20)	\$ (66,584)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	122,498	255,731	-	-	-	-	378,229
Effects of changes in operating assets and liabilities:							
Receivables	1,193	(3,783)	22,501	4,782	(13,479)	-	11,214
Prepaid items	4,200	-	-	-	-	-	4,200
Accounts payable	2,244	-	-	-	(2,802)	-	(558)
Contracts payable	-	50,087	-	-	-	-	50,087
Due to other funds	-	-	1,278	-	-	-	1,278
Other accrued liabilities	(20,045)	-	-	-	-	-	(20,045)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (49,352)	\$ 374,693	\$ 31,166	\$ 969	\$ 375	\$ (20)	\$ 357,831

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/ERF Fund accounts for services provided by the City's garage for repair and maintenance of motorized vehicles and equipment and 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.

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.

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
April 30, 2010

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,254,885	\$ 2,216,291	\$ 656,881	\$ 4,128,057
Investments	268,400	515,735	150,544	934,679
Receivables:				
Accounts receivable	2,744	690	-	3,434
Other	-	1,536	-	1,536
Inventories	195,042	-	-	195,042
Total current assets	<u>1,721,071</u>	<u>2,734,252</u>	<u>807,425</u>	<u>5,262,748</u>
Property, plant and equipment				
Machinery and equipment	8,295,606	-	1,052,208	9,347,814
Less accumulated depreciation	<u>3,147,340</u>	<u>-</u>	<u>696,436</u>	<u>3,843,776</u>
Total property, plant and equipment	<u>5,148,266</u>	<u>-</u>	<u>355,772</u>	<u>5,504,038</u>
TOTAL ASSETS	<u>\$ 6,869,337</u>	<u>\$ 2,734,252</u>	<u>\$ 1,163,197</u>	<u>\$ 10,766,786</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 174,339	\$ -	\$ -	\$ 174,339
Other accrued liabilities	28,057	-	17,535	45,592
Claims payable	-	4,966,726	-	4,966,726
Unearned revenue	269	-	6,565	6,834
Total liabilities	<u>202,665</u>	<u>4,966,726</u>	<u>24,100</u>	<u>5,193,491</u>
Net assets:				
Invested in capital assets, net of related debt	5,148,266	-	355,772	5,504,038
Unrestricted	1,518,406	(2,232,474)	783,325	69,257
Total net assets (deficit)	<u>6,666,672</u>	<u>(2,232,474)</u>	<u>1,139,097</u>	<u>5,573,295</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 6,869,337</u>	<u>\$ 2,734,252</u>	<u>\$ 1,163,197</u>	<u>\$ 10,766,786</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
Year Ended April 30, 2010

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,582,960	\$ 7,949,515	\$ 983,301	\$ 10,515,776
Payroll deductions/retiree contributions	-	1,801,174	-	1,801,174
Other revenue	<u>72,669</u>	<u>99,837</u>	<u>2,660</u>	<u>175,166</u>
Total operating revenues	<u>1,655,629</u>	<u>9,850,526</u>	<u>985,961</u>	<u>12,492,116</u>
OPERATING EXPENSES				
Personnel services	273,726	-	1,005,389	1,279,115
Contractual services	318,992	660,060	259,312	1,238,364
Supplies and materials	897,362	4,033	2,502	903,897
Insurance and other charges	259,873	11,041,107	61,530	11,362,510
Depreciation	<u>1,147,049</u>	<u>-</u>	<u>101,311</u>	<u>1,248,360</u>
Total operating expenses	<u>2,897,002</u>	<u>11,705,200</u>	<u>1,430,044</u>	<u>16,032,246</u>
Operating loss	<u>(1,241,373)</u>	<u>(1,854,674)</u>	<u>(444,083)</u>	<u>(3,540,130)</u>
NONOPERATING REVENUES				
Investment interest	20,726	25,697	8,605	55,028
Gain on disposal of city property	<u>21,480</u>	<u>-</u>	<u>-</u>	<u>21,480</u>
Total nonoperating revenues	<u>42,206</u>	<u>25,697</u>	<u>8,605</u>	<u>76,508</u>
Loss before transfers	<u>(1,199,167)</u>	<u>(1,828,977)</u>	<u>(435,478)</u>	<u>(3,463,622)</u>
TRANSFERS				
Transfers in	74,936	-	16,500	91,436
Transfers out	<u>(295,732)</u>	<u>(148,882)</u>	<u>(400,000)</u>	<u>(844,614)</u>
Net transfers	<u>(220,796)</u>	<u>(148,882)</u>	<u>(383,500)</u>	<u>(753,178)</u>
Net loss	(1,419,963)	(1,977,859)	(818,978)	(4,216,800)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>8,086,635</u>	<u>(254,615)</u>	<u>1,958,075</u>	<u>9,790,095</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 6,666,672</u>	<u>\$ (2,232,474)</u>	<u>\$ 1,139,097</u>	<u>\$ 5,573,295</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2010

	Fleet Maintenance/ERF	Self Insurance	Management Information Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 1,655,360	\$ 9,850,526	\$ 985,961	\$ 12,491,847
Cash paid to suppliers for goods and services	(1,299,806)	(10,229,785)	(323,344)	(11,852,935)
Cash paid to employees	(302,396)	-	(1,040,663)	(1,343,059)
	<u>53,158</u>	<u>(379,259)</u>	<u>(378,046)</u>	<u>(704,147)</u>
Net cash provided by (used in) operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers from other funds	74,936	-	16,500	91,436
Cash transfers to other funds	(295,732)	(148,662)	(400,000)	(844,614)
	<u>(220,796)</u>	<u>(148,662)</u>	<u>(383,500)</u>	<u>(753,178)</u>
Net cash used in noncapital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment	(1,651,836)	-	(41,522)	(1,693,360)
Proceeds on sale of city property	21,480	-	-	21,480
	<u>(1,630,356)</u>	<u>-</u>	<u>(41,522)</u>	<u>(1,671,880)</u>
Net cash used in capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	20,726	25,697	8,605	55,028
Purchase of investments	(268,400)	(515,735)	(150,544)	(934,679)
	<u>(247,674)</u>	<u>(490,038)</u>	<u>(141,939)</u>	<u>(879,651)</u>
Net cash used in investing activities				
NET DECREASE IN CASH	(2,045,670)	(1,016,179)	(945,007)	(4,008,856)
CASH, BEGINNING OF YEAR	3,300,555	3,234,470	1,601,888	8,136,913
CASH, END OF YEAR	\$ 1,254,885	\$ 2,218,291	\$ 656,881	\$ 4,128,057
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	\$ (1,241,373)	\$ (1,854,674)	\$ (444,083)	\$ (3,540,130)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	1,147,049	-	101,311	1,248,360
Effects of changes in operating assets and liabilities:				
Receivables	(269)	-	-	(269)
Inventories	17,220	-	-	17,220
Accounts payable	158,932	1,475,415	-	1,634,347
Other current liabilities	(28,670)	-	(35,274)	(63,944)
Unearned revenue	269	-	-	269
	<u>53,158</u>	<u>(379,259)</u>	<u>(378,046)</u>	<u>(704,147)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				

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 one type of Fiduciary Fund: Pension Trust Fund.

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
April 30, 2010

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 5,383,861	\$ 2,930,905	\$ 8,314,766
Taxes receivable	68,482	55,903	124,385
Accrued interest	303,355	182,608	485,963
Long-term investments, at fair value:			
U.S. Government obligations	32,104,204	20,713,932	52,818,136
Mutual funds	23,996,280	21,277,466	45,273,746
Common stock	4,741,460	4,314,536	9,055,996
Certificate of deposits	-	3,804,513	3,804,513
Annuities	-	107,216	107,216
Corporate bonds	1,297,761	1,651,119	2,948,880
Total long-term investments	<u>62,139,705</u>	<u>51,868,782</u>	<u>114,008,487</u>
TOTAL ASSETS	<u>\$ 67,895,403</u>	<u>\$ 55,038,198</u>	<u>\$ 122,933,601</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 67,895,403</u>	<u>\$ 55,038,198</u>	<u>\$ 122,933,601</u>

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2010**

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,173,436	\$ 3,212,034	\$ 6,385,470
Plan member	<u>1,118,870</u>	<u>779,399</u>	<u>1,898,269</u>
Total contributions	<u>4,292,306</u>	<u>3,991,433</u>	<u>8,283,739</u>
Investment earnings:			
Interest and dividends	1,485,251	1,120,925	2,606,176
Net increase in the fair value of investments	<u>8,095,476</u>	<u>7,107,435</u>	<u>15,202,911</u>
Total investment income	9,580,727	8,228,360	17,809,087
Less investment expense	<u>159,340</u>	<u>110,734</u>	<u>270,074</u>
Net investment income	<u>9,421,387</u>	<u>8,117,626</u>	<u>17,539,013</u>
Total additions	<u>13,713,693</u>	<u>12,109,059</u>	<u>25,822,752</u>
DEDUCTIONS			
Benefits and refunds	4,608,403	5,277,101	9,885,504
Administrative expense	<u>55,943</u>	<u>73,110</u>	<u>129,053</u>
Total deductions	<u>4,664,346</u>	<u>5,350,211</u>	<u>10,014,557</u>
Net increase	9,049,347	6,758,848	15,808,195
NET ASSETS, BEGINNING OF YEAR	<u>58,846,056</u>	<u>48,279,350</u>	<u>107,125,406</u>
NET ASSETS, END OF YEAR	<u>\$ 67,895,403</u>	<u>\$ 55,038,198</u>	<u>\$ 122,933,601</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

	Fiscal Year						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 19,313,839	\$ 20,694,671	\$ 20,186,970	\$ 21,827,108	\$ 59,290,174	\$ 17,251,831	\$ 14,982,634
Restricted	16,605,645	9,486,926	3,979,821	2,407,527	-	-	4,751,759
Unrestricted	(30,561,374)	(26,992,521)	(22,243,869)	(17,699,526)	(15,918,386)	23,755,421	15,153,850
Total governmental activities net assets	<u>5,358,110</u>	<u>3,189,076</u>	<u>1,922,922</u>	<u>6,535,109</u>	<u>43,371,788</u>	<u>41,007,252</u>	<u>34,888,243</u>
Business-type activities							
Invested in capital assets, net of related debt	62,562,784	63,584,906	60,305,067	57,930,995	59,440,235	56,724,998	56,063,710
Restricted		-	-	28,846,361	25,198,923	-	-
Unrestricted	37,228,430	36,781,035	31,253,474	-	-	20,270,332	16,129,718
Total business-type activities net assets	<u>99,791,214</u>	<u>100,365,941</u>	<u>91,558,541</u>	<u>86,777,356</u>	<u>84,639,158</u>	<u>76,995,330</u>	<u>72,193,428</u>
Primary government							
Invested in capital assets, net of related debt	81,876,623	84,279,577	80,492,037	79,758,103	118,730,409	73,976,829	71,046,344
Restricted	16,605,645	9,486,926	3,979,821	31,253,888	25,198,923	-	4,751,759
Unrestricted	6,667,056	9,788,514	9,009,605	(17,699,526)	(15,918,386)	44,025,753	31,283,568
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET ASSETS	<u>\$ 105,149,324</u>	<u>\$ 103,555,017</u>	<u>\$ 93,481,463</u>	<u>\$ 93,312,465</u>	<u>\$ 128,010,946</u>	<u>\$ 118,002,582</u>	<u>\$ 107,081,671</u>

CITY OF DECATUR, ILLINOIS
CHANGES IN NET ASSETS
LAST TEN YEARS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES										
Governmental Activities										
General government	\$ 29,374,894	\$ 22,020,990	\$ 18,929,105	\$ 14,751,089	\$ 11,231,794	\$ 12,355,329	\$ 12,752,403	\$ 12,899,611	\$ 11,667,513	\$ 10,469,200
Public safety	22,052,857	23,383,312	25,191,374	28,332,963	29,959,590	30,901,106	31,958,049	33,878,086	37,007,402	38,406,935
Public works	6,420,125	6,561,080	6,318,476	9,229,510	14,764,122	17,390,666	10,562,237	15,604,712	16,395,618	17,190,569
Culture and recreation	2,589,082	2,865,054	3,230,450	3,468,287	3,609,189	3,749,474	3,916,250	4,441,150	4,443,700	4,359,055
Interest on debt	3,327,847	2,821,452	2,905,874	3,029,752	3,039,104	3,078,850	2,952,352	3,076,008	3,568,996	3,434,867
Total governmental activities expenses	63,764,805	57,651,888	56,575,279	58,811,601	62,603,799	67,475,425	62,141,291	69,899,567	73,083,229	73,860,626
Business-type activities										
Water	13,390,398	13,187,502	17,313,477	12,729,900	11,387,369	12,977,816	12,547,968	13,161,424	13,807,253	15,017,552
Parking	718,735	735,421	709,071	679,620	682,392	746,042	748,568	757,198	721,662	745,510
Mass Transit	3,910,410	3,636,231	4,278,068	4,698,845	4,722,404	4,947,093	4,936,203	5,788,725	5,661,346	5,994,281
Housing programs	199,864	75,780	186,003	38,512	278,361	42,466	11,322	72,653	39,512	10,986
Waste removal	510,831	584,114	564,112	505,584	481,492	496,095	518,561	536,549	554,083	545,302
Hotel	-	-	-	-	-	-	-	320,859	43,020	46,531
Sewer	3,045,099	1,543,972	1,231,754	1,729,595	932,591	780,498	755,444	1,279,797	1,487,939	1,890,168
Total business-type activities expenses	21,775,337	19,763,020	24,282,485	20,382,056	18,484,609	19,990,010	19,518,066	21,917,205	22,314,815	24,250,330
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 85,540,142	\$ 77,414,908	\$ 80,857,764	\$ 79,193,657	\$ 81,088,408	\$ 87,465,435	\$ 81,659,357	\$ 91,816,772	\$ 95,398,044	\$ 98,110,956
PROGRAM REVENUES										
Governmental activities										
Charges for services	\$ 4,032,921	\$ 4,098,699	\$ 4,900,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	1,134,218	1,034,913	1,626,091	1,509,879	1,593,067	1,543,847	1,907,784
Public safety	-	-	-	717,390	770,040	219,965	230,736	426,660	427,804	471,925
Other activities	-	-	-	271,850	292,338	130,483	129,989	105,338	183,892	194,837
Operating grants and contributions	264,575	343,554	13,537,000	5,358,138	3,533,131	4,760,023	6,321,264	6,462,730	6,010,850	6,030,644
Capital grants and contributions	-	-	-	17,554	-	-	-	-	-	-
Total governmental activities program revenues	4,297,496	4,442,253	4,913,870	7,499,150	5,630,422	6,736,562	8,191,868	8,587,995	8,166,393	8,605,190
Business-type activities										
Charges for services										
Water	14,348,281	12,863,356	11,587,608	12,618,005	14,209,199	12,252,193	11,509,404	12,620,045	12,368,956	13,690,334
Other activities	3,627,058	3,239,332	3,493,165	3,478,711	3,343,276	3,640,434	3,332,874	3,964,874	3,762,684	3,518,967
Operating grants and contributions	-	-	-	3,140,921	3,285,819	2,423,190	5,239,319	4,095,141	4,372,081	9,433,023
Capital grants and contributions	406,084	602,153	786,486	122,467	-	-	-	-	-	-
Total business-type activities program revenues	18,381,423	16,704,841	15,867,259	19,360,104	20,838,294	18,315,817	20,081,597	20,680,060	20,503,721	26,642,324
TOTAL PRIMARY GOVERNMENT REVENUES	\$ 22,678,919	\$ 21,147,094	\$ 20,781,129	\$ 26,859,254	\$ 26,468,716	\$ 25,052,379	\$ 28,273,465	\$ 29,268,055	\$ 28,670,114	\$ 35,247,514

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
NET (EXPENSE) REVENUE										
Governmental activities	\$ (59,467,309)	\$ (53,209,635)	\$ (51,661,409)	\$ (51,312,451)	\$ (56,973,377)	\$ (60,738,863)	\$ (53,949,423)	\$ (61,311,572)	\$ (64,916,836)	\$ (65,255,436)
Business-type activities	(3,393,914)	(3,058,179)	(8,415,226)	(1,021,952)	2,353,685	(1,674,193)	563,531	(1,237,145)	(1,811,094)	2,391,994
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (62,861,223)	\$ (56,267,814)	\$ (60,076,635)	\$ (52,334,403)	\$ (54,619,692)	\$ (62,413,056)	\$ (53,385,892)	\$ (62,548,717)	\$ (66,727,930)	\$ (62,863,442)
General Revenues and Other										
Changes in Net Assets										
Governmental activities										
Taxes	\$ 47,502,505	\$ 43,635,504	\$ 44,611,858	-	-	-	-	-	-	-
Property taxes	-	-	-	9,952,854	10,581,082	11,258,757	11,703,520	12,063,453	12,446,870	12,582,958
Sales and use taxes	-	-	-	19,486,593	21,855,409	21,814,347	22,041,088	23,160,806	23,133,533	21,585,950
Income taxes	-	-	-	4,938,597	6,221,442	6,465,031	6,410,060	7,712,550	7,209,039	6,028,973
Utility taxes	-	-	-	-	5,760,454	5,924,807	5,341,719	5,316,258	5,575,225	5,366,459
Food and beverage taxes	-	-	-	-	2,611,781	2,665,731	2,714,786	2,877,615	2,951,196	3,081,976
Hotel and motel taxes	-	-	-	-	620,000	661,629	652,839	681,483	649,612	677,313
Other taxes	-	-	-	10,060,189	938,657	1,444,728	991,002	1,643,308	1,584,417	1,435,493
Investment earnings	1,248,318	388,133	955,964	309,847	425,431	713,716	1,023,446	786,557	327,253	136,092
Miscellaneous	1,408,177	1,168,745	1,892,251	1,424,398	844,783	1,386,026	909,144	649,408	1,212,713	529,756
Transfers	2,703,118	4,276,196	3,927,598	4,468,419	4,935,470	7,349,755	6,774,006	6,612,277	7,073,376	7,711,457
Total governmental activities	52,862,118	49,468,578	51,387,671	50,640,897	54,794,509	59,684,527	58,561,610	61,503,715	62,163,234	59,136,427
Business-type activities										
Property taxes	147,798	150,449	150,291	151,519	151,654	217,322	217,091	218,254	216,872	-
Investment earnings	1,019,066	605,472	527,995	319,320	549,191	1,023,657	1,212,199	1,017,691	621,036	415,711
Miscellaneous	2,799,355	20,521,279	3,615,205	-	20,964	(1,024,431)	-	(119,958)	402,734	101,850
Transfers	(1,162,697)	(3,129,244)	(3,197,160)	(4,468,419)	(4,935,470)	(7,349,755)	(6,774,006)	(6,612,277)	(7,073,376)	(7,711,457)
Total business-type activities	2,803,522	18,147,956	1,096,331	(3,997,580)	(4,213,661)	(7,133,207)	(5,344,716)	(5,496,290)	(5,832,734)	(7,193,896)
TOTAL PRIMARY GOVERNMENT	55,665,640	67,616,534	52,484,002	46,643,317	50,580,848	52,551,320	53,216,894	56,007,425	56,330,500	51,942,531
CHANGE IN NET ASSETS										
Governmental activities	\$ (6,605,191)	\$ (3,741,057)	\$ (273,738)	\$ (671,554)	\$ (2,178,868)	\$ (1,054,336)	\$ 4,612,187	\$ 192,143	\$ (2,753,602)	\$ (6,119,009)
Business-type activities	(590,392)	15,089,777	(7,318,895)	(5,019,532)	(1,859,976)	(8,807,400)	(4,781,185)	(6,733,435)	(7,643,828)	(4,801,902)
TOTAL PRIMARY GOVERNMENT	\$ (7,195,583)	\$ 11,348,720	\$ (7,592,633)	\$ (5,691,086)	\$ (4,038,844)	\$ (9,861,736)	\$ (168,998)	\$ (6,541,292)	\$ (10,397,430)	\$ (10,920,911)

CITY OF DECATUR, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 31,047	\$ 30,431	\$ 34,105	\$ 254,788	\$ 1,508,645	\$ 465,499	\$ 1,244,305	\$ 1,136,354	\$ 666,740	\$ 301,594
Unreserved	8,304,907	6,103,875	7,230,267	9,571,619	11,479,722	13,326,187	12,373,608	10,484,848	7,174,809	4,953,635
Total general fund	<u>8,335,954</u>	<u>6,134,306</u>	<u>7,264,372</u>	<u>9,826,407</u>	<u>12,988,367</u>	<u>13,791,686</u>	<u>13,617,913</u>	<u>11,621,202</u>	<u>7,841,549</u>	<u>5,255,229</u>
All other governmental funds										
Reserved	6,444,999	1,371,038	1,605,397	14,272,610	7,319,800	1,333,910	3,047,814	1,770,534	3,258,830	5,297,531
Unreserved reported in:										
Special revenue funds	4,361,710	4,379,010	4,639,115	3,762,315	3,241,868	3,570,733	3,415,306	3,846,689	4,704,765	3,344,042
Capital projects funds	-	3,291,042	1,436,225	1,833,611	2,195,084	1,893,486	(264,923)	34,085	6,399,703	1,107,713
Total all other governmental funds	<u>10,806,709</u>	<u>9,041,090</u>	<u>7,680,737</u>	<u>19,868,536</u>	<u>12,756,752</u>	<u>6,798,129</u>	<u>6,198,197</u>	<u>5,958,308</u>	<u>14,363,298</u>	<u>9,749,286</u>
TOTAL FUND BALANCE	<u>\$ 19,142,663</u>	<u>\$ 15,175,396</u>	<u>\$ 14,945,109</u>	<u>\$ 29,694,943</u>	<u>\$ 25,745,119</u>	<u>\$ 20,589,815</u>	<u>\$ 19,816,110</u>	<u>\$ 17,579,510</u>	<u>\$ 22,204,847</u>	<u>\$ 15,004,515</u>

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

Fiscal Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 28,709,795	\$ 29,904,512	\$ 29,900,358	\$ 18,667,393	\$ 15,869,064	\$ 20,510,924	\$ 20,412,864	\$ 20,938,809	\$ 21,622,903	\$ 21,708,706
Charges for service	2,457,455	2,656,131	3,383,576	147,086	157,203	163,721	140,221	98,878	61,208	94,978
Investment income and net increase in fair value of investments	987,874	381,107	244,119	255,580	334,709	514,380	680,310	526,969	234,071	81,064
Intergovernmental	13,009,247	11,208,612	14,154,510	30,940,013	37,652,299	34,520,731	35,755,784	38,890,223	37,944,081	32,901,498
Licenses and permits	703,415	653,375	653,161	893,767	775,198	786,276	824,540	790,214	734,515	743,221
Fines and fees	677,210	817,908	879,150	979,705	1,106,679	1,026,542	905,843	1,236,173	1,359,823	1,736,347
Other revenue	2,160,275	1,397,828	1,766,127	594,540	538,209	914,670	430,613	387,717	1,168,836	429,582
Total revenues	<u>48,705,271</u>	<u>47,019,473</u>	<u>50,981,001</u>	<u>52,478,084</u>	<u>56,433,361</u>	<u>58,437,244</u>	<u>59,150,175</u>	<u>62,868,983</u>	<u>63,125,437</u>	<u>57,695,396</u>
Expenditures										
General government	10,347,160	9,981,821	9,077,370	12,526,719	11,083,220	12,348,085	12,861,179	14,222,410	13,714,869	13,007,676
Public safety	18,879,531	21,217,268	22,145,786	27,323,352	28,681,398	30,999,294	32,484,928	34,627,287	37,043,722	36,451,503
Culture and recreation	3,136,752	2,713,338	2,768,200	3,226,952	3,377,323	3,620,570	3,910,134	4,030,476	3,961,788	3,950,374
Highways and streets	15,752,216	16,117,609	13,699,610	11,597,896	17,118,331	17,437,894	17,398,138	16,409,318	13,619,381	14,173,622
Debt service										
Principal retirement	1,820,000	1,671,513	1,641,397	2,404,032	2,468,228	2,570,078	2,515,152	2,518,462	5,803,265	2,700,995
Interest and fiscal charges	1,279,149	3,606,075	3,644,781	3,388,433	3,000,675	2,864,065	2,940,944	3,050,429	3,391,628	3,404,887
Total expenditures	<u>51,214,808</u>	<u>55,307,624</u>	<u>52,977,144</u>	<u>60,467,384</u>	<u>65,729,175</u>	<u>69,839,986</u>	<u>72,110,475</u>	<u>74,858,382</u>	<u>77,534,653</u>	<u>73,689,057</u>
Deficiency of revenues over expenditures	<u>(2,509,537)</u>	<u>(8,288,151)</u>	<u>(1,996,143)</u>	<u>(7,989,300)</u>	<u>(9,295,814)</u>	<u>(11,402,742)</u>	<u>(12,960,300)</u>	<u>(11,989,399)</u>	<u>(14,409,216)</u>	<u>(15,993,661)</u>
Other Financing Sources										
Bond proceeds	-	-	700,000	13,914,162	62,653	100,000	5,021,960	2,925,000	11,322,400	250,000
Sale of assets	-	-	-	37,076	10,021	331,480	243,886	7,750	36,107	78,694
Transfers in	3,159,801	6,158,454	4,820,028	7,597,108	8,030,834	9,161,249	9,810,513	10,630,370	10,559,161	12,242,983
Transfers out	(2,413,772)	(1,805,986)	(1,770,441)	(2,824,408)	(2,767,352)	(3,345,291)	(2,889,764)	(3,810,321)	(3,272,181)	(3,778,348)
Total other financing sources	<u>746,029</u>	<u>4,352,468</u>	<u>3,749,587</u>	<u>18,723,938</u>	<u>5,336,156</u>	<u>6,247,438</u>	<u>12,186,595</u>	<u>9,752,799</u>	<u>18,645,487</u>	<u>8,793,329</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,763,508)</u>	<u>\$ (3,935,683)</u>	<u>\$ 1,753,444</u>	<u>\$ 10,734,638</u>	<u>\$ (3,959,658)</u>	<u>\$ (5,155,304)</u>	<u>\$ (773,705)</u>	<u>\$ (2,236,600)</u>	<u>\$ 4,236,271</u>	<u>\$ (7,200,332)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	6.05%	9.54%	9.98%	10.17%	8.71%	7.90%	8.33%	8.15%	11.86%	8.29%

CITY OF DECATUR, ILLINOIS
SIGNIFICANT OWN SOURCE REVENUE - WATER UTILITY
LAST TEN YEARS YEARS

<u>Fiscal Year</u>	<u>Water Utility Billed</u>			<u>Direct rate per 700 gallons</u>		<u>Actual Receipts</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Domestic and Non-Domestic</u>	<u>Large Users</u>	
2001				1.37	2.10	14,042,946
2002				1.37	2.10	13,621,393
2003				1.37	2.10	11,415,100
2004	\$ 3,533,694	\$ 5,925,509	\$ 119,801	1.37	2.10	10,981,658
2005	3,078,785	7,882,285	310,688	1.37	2.10	11,344,858
2006	3,201,423	7,681,239	324,152	1.37	2.10	11,079,028
2007	3,102,937	7,665,383	322,649	1.37	2.10	11,194,002
2008	3,306,843	7,442,905	349,014	1.37	2.10	11,405,485
2009	3,266,713	7,932,315	348,853	1.58	2.42	11,731,801
2010	3,792,121	8,213,894	399,863	1.81	2.78	12,275,664

Note: Government accounts were not coded separately prior to the accounting system conversion in FY04. The first six months of 2004 are included in the Residential and Commercial totals.

**CITY OF DECATUR, ILLINOIS
REVENUE RATES - WATER UTILITY
LAST TEN YEARS**

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Service Charge Per Meter										
Domestic-all meters (quarterly)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.82	\$ 4.39
Non-Domestic (quarterly)	8.97	8.97	8.97	8.97	8.97	8.97	8.97	8.97	10.32	11.86
Meter size 5/8"-3/4"	33.15	33.15	33.15	33.15	33.15	33.15	33.15	33.15	38.12	43.84
Meter size 1"-1 1/2"	117.00	117.00	117.00	117.00	117.00	117.00	117.00	117.00	134.55	154.73
Meter size 2"-4"	546.00	546.00	546.00	546.00	546.00	546.00	546.00	546.00	627.90	722.09
Meter size 7"-12"	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,578.88	2,965.71
Meter size 14"-18"										
Non-Domestic & large Users (monthly)										
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	3.44	3.95
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05	11.05	11.05	11.05	11.05	12.71	14.61
Meter size 2"-4"	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	44.85	51.58
Meter size 7"-12"	182.00	182.00	182.00	182.00	182.00	182.00	182.00	182.00	209.30	240.70
Meter size 14"-18"	747.50	747.50	747.50	747.50	747.50	747.50	747.50	747.50	859.63	988.57
Usage Charge-cu ft (monthly equiv)										
Domestic and Non-Domestic										
1st 700	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.58	1.81
Next 1,500	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.43	1.64
Next 12,900	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.28	1.47
Next 18,300	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	1.02	1.18
Next 133,300	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.81	0.93
Next 833,300	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.76	0.87
Next 1,000,000	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.63	0.73
All Over 2,000,000	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.45	0.52
Large User										
1st 700	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.42	2.78
Next 1,500	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	2.19	2.51
Next 12,900	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.94	2.24
Next 18,300	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.56	1.80
Next 133,300	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.24	1.43
Next 833,300	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.15	1.32
Next 1,000,000	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.97	1.11
All Over 2,000,000	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.69	0.79

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

<u>Fiscal Year</u>	<u>Total Water Billed</u>	<u>Industrial</u>	<u>Top Users Commercial</u>	<u>Government</u>	<u>Percentage of Total</u>
2001	14,725,556				
2002	12,814,848				
2003	10,213,394				
2004	9,579,004				
2005	11,271,758	6,082,481	138,366	280,029	57.7%
2006	11,206,814	6,083,537	140,089	306,877	58.3%
2007	11,090,969	5,899,731	117,977	291,625	56.9%
2008	11,098,762	5,714,968	197,870	315,586	56.1%
2009	11,547,881	6,052,058	186,708	316,887	56.8%
2010	12,405,878	6,267,839	207,533	306,451	54.7%

Note: Disclosure of principle payers is prohibited. Due to accounting system conversion during FY04, data is not available prior to FY05.

**CITY OF DECATUR, ILLINOIS
SIGNIFICANT OWN SOURCE REVENUE - PROPERTY TAX
LAST TEN YEARS YEARS**

Property Assessment and Tax Information

Property Tax Levy Year	Residential Property	Farm Property	Commercial Property	Industrial Property	Railway Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual	
								Taxable Value	Actual Tax Collections
1999	\$ 420,586,123	\$ 1,111,223	\$ 150,983,448	\$ 48,997,384	\$ 9,368,115	\$ 631,046,293	1.3716	\$ 8,655,429	\$ 8,873,421
2000	432,304,704	1,336,443	154,688,365	43,900,011	6,840,364	639,069,887	1.3939	8,907,994	9,125,234
2001	455,808,764	1,343,325	179,600,426	47,369,665	6,894,171	691,016,351	1.2857	8,884,399	9,169,784
2002	477,481,878	1,249,670	183,745,323	53,867,596	7,080,352	723,424,819	1.2796	9,256,944	9,483,139
2003	493,889,337	1,285,044	235,916,714	68,776,940	7,397,351	807,265,386	1.1925	9,626,639	9,880,591
2004	475,558,981	1,803,573	241,451,022	66,838,936	7,386,224	793,038,736	1.2717	10,097,408	10,305,508
2005	496,338,195	1,881,258	253,877,341	69,231,386	7,769,509	829,097,689	1.2700	10,529,462	10,744,806
2006	517,434,461	1,878,674	260,821,905	70,998,967	9,370,115	860,504,122	1.2418	10,685,396	10,938,772
2007	540,861,975	2,298,573	268,880,438	70,557,378	10,788,003	893,386,367	1.2324	11,009,825	11,234,839
2008	548,398,322	2,871,111	273,386,858	74,870,604	12,487,285	912,014,180	1.2064	11,002,265	11,239,787

Note: Actual tax collections do not include receipts from Tax Increment Districts or Special Assessments.

Source: Macon County Clerk

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

<u>GOVERNMENTAL UNIT</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City of Decatur	\$ 1.3716	\$ 1.3939	\$ 1.2857	\$ 1.2796	\$ 1.1925	\$ 1.2717	\$ 1.2700	\$ 1.2417	\$ 1.2324	\$ 1.2064
County of Macon	1.1517	1.1290	1.1049	1.1337	1.0987	0.9876	1.0245	0.9403	0.9468	0.9370
Sanitary District	0.3380	0.3301	0.3047	0.2873	0.2617	0.2964	0.2828	0.2644	0.2727	0.2640
Decatur School District	3.2946	3.6250	3.9862	4.1053	4.0734	4.1670	4.3201	4.3107	4.3615	4.3361
Decatur Park District	0.9910	0.9980	0.9325	0.9721	0.9988	0.9988	1.0141	1.0288	1.0280	1.0382
Decatur Township	0.2686	0.2840	0.2653	0.2647	0.2494	0.2664	0.2678	0.2691	0.2745	0.2739
Mosquito abatement	0.0333	0.0330	0.0325	0.0327	0.0311	0.0334	0.0334	0.0336	0.0338	0.0349
Conservation District	0.1097	0.1070	0.1052	0.1061	0.1082	0.1146	0.1088	0.1056	0.1035	0.1026
Mental Health	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1397	0.1416
Richland Community College	0.3328	0.3721	0.3723	0.3840	0.3839	0.3895	0.3890	0.3868	0.3941	0.3943
Macon County Health	0.1012	0.1070	0.1035	0.1070	0.1070	0.1070	0.1054	0.0821	0.0921	0.1042
Cooperative Extension	0.0245	0.0238	0.0236	0.0228	0.0272	0.0274	0.0271	0.0259	0.0246	0.0239

TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	<u>\$ 8.1670</u>	<u>\$ 8.5529</u>	<u>\$ 8.6664</u>	<u>\$ 8.8453</u>	<u>\$ 8.6819</u>	<u>\$ 8.8098</u>	<u>\$ 8.9930</u>	<u>\$ 8.8390</u>	<u>\$ 8.9037</u>	<u>\$ 8.8571</u>
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Share of Total Tax Rate Levied by City of Decatur	16.79%	16.30%	14.84%	14.47%	13.74%	14.44%	14.12%	14.05%	13.84%	13.62%
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Source: Macon County Clerk

CITY OF DECATUR, ILLINOIS
MAJOR PROPERTY TAXPAYERS
April 30, 2010

<u>Name of Company</u>	<u>Current Year</u>			<u>Nine Years Ago</u>		
	<u>2008</u>	<u>Percent</u>	<u>Percent</u>	<u>2000</u>	<u>Rank</u>	<u>Percent</u>
	<u>Assessed</u>	<u>to</u>	<u>to</u>	<u>Assessed</u>	<u>Rank</u>	<u>to</u>
	<u>Valuation</u>	<u>Rank</u>	<u>Total</u>	<u>Valuation</u>	<u>Rank</u>	<u>Total</u>
Archer Daniels Midland Co.	\$29,730,297	1	3.3%	\$24,770,667	1	3.9%
Wal-Mart Stores, Inc.	8,739,374	2	1.0%	7,694,491	2	1.2%
Caterpillar Tractor Co.	7,438,600	3	0.8%	6,795,738	3	1.1%
Tate & Lyle fka AE Staley Mfg. Co.	5,989,456	4	0.7%	3,546,927	5	0.6%
LHPT Decatur LLC fka DMH Fund	5,093,028	5	0.6%	3,926,866	4	0.6%
Ameren fka Illinois Power Co	4,439,664	6	0.5%	2,971,771	8	0.5%
Northgate Limited Partners	3,996,018	7	0.4%	**	**	**
Brettwood Village Assoc	3,811,085	8	0.4%	3,076,716	7	0.5%
Millikin University (The Woods Apts.)	3,209,430	9	0.4%	3,249,664	6	0.5%
Decatur Memorial Hospital	3,027,580	10	0.3%	**	**	**
Bridgestone/Firestone	-		0.0%	2,704,222	9	0.4%
Demirjian, J. Gerald & Mary	-		0.0%	2,294,903	10	0.4%
	<u>\$75,474,532</u>		<u>8.4%</u>	<u>\$61,031,965</u>		<u>9.7%</u>
	<u>\$912,014,180</u>		<u>100.0%</u>	<u>\$639,069,887</u>		<u>100.0%</u>

Source: Macon County Supervisor of Assessments

**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 of Prior Year's Taxes During Fiscal Period</u>		<u>Total Collections as a % of Current Levy</u>		<u>Accumulated Delinquent Taxes as a % of Current Levy</u>	
1999	\$ 8,652,306	\$ 8,655,429	\$ 8,630,613	100%	\$ (242,808)	\$ 8,873,421	103%	\$ 7,866	0.09%					
2000	8,904,865	8,907,994	9,102,701	102%	(22,533)	9,125,234	102%	13,545	0.15%					
2001	8,881,128	8,884,399	9,128,925	103%	(40,859)	9,169,784	103%	4,583	0.05%					
2002	9,253,069	9,256,944	9,442,398	102%	(40,741)	9,483,139	102%	4,108	0.04%					
2003	9,624,048	9,626,639	9,877,672	103%	2,919	9,880,591	103%	9,234	0.10%					
2004	10,093,476	10,097,408	10,279,384	102%	(26,125)	10,305,508	102%	16,509	0.16%					
2005	10,529,076	10,529,462	10,702,883	102%	(41,922)	10,744,806	102%	23,419	0.22%					
2006	10,685,006	10,685,396	10,918,703	102%	(20,069)	10,938,772	102%	23,820	0.22%					
2007	11,009,404	11,009,825	11,234,839	102%	N/A	11,234,839	102%	N/A	N/A					
2008	11,001,990	11,002,265	11,239,787	102%	N/A	11,239,787	102%	N/A	N/A					

(1) Actual Levy for the City of Decatur. Years 1999-2008 are used because of the two year collection lag between levy and actual collection. 2009 levy will be collected during fiscal year 2011.

(2) Includes additions, refunds, and other adjustments

(3) Adjusted for refunds.

Source: Macon County Treasurer
N/A - Currently Not Available

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

REAL PROPERTY

<u>TAX YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)</u>	<u>DIRECT RATE PER \$100 ASSESSED VALUATION</u>
1999	\$ 631,046,296	\$ 1,893,138,888	33.33%	1.3716
2000	639,069,887	1,917,209,661	33.33%	1.3939
2001	691,016,351	2,073,049,053	33.33%	1.2857
2002	723,424,819	2,170,274,457	33.33%	1.2796
2003	807,265,386	2,421,796,158	33.33%	1.1925
2004	794,049,821	2,382,149,463	33.33%	1.2717
2005	829,097,689	2,487,293,067	33.33%	1.2700
2006	860,504,122	2,581,512,366	33.33%	1.2418
2007	893,386,367	2,680,159,101	33.33%	1.2324
2008	912,014,180	2,736,042,540	33.33%	1.2064

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

Source: Macon County Clerk. There is a two year lag, thus tax year 2009 real estate taxes are collected during fiscal year 2011.

Note: This schedule is being provided as a supplement to the property tax information.

CITY OF DECATUR, ILLINOIS
TAX INFORMATION
April 30, 2010

- 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**

<u>PURPOSE OR FUND</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Library	\$ 0.4003	\$ 0.4205	\$ 0.4006	\$ 0.3942	\$ 0.3638	\$ 0.3810	\$ 0.3759	\$ 0.3803	\$ 0.3920	\$ 0.3714
Police Pension	0.1272	0.1338	0.2036	0.2163	0.2373	0.2603	0.3042	0.3074	0.3048	0.3285
Fire Pension	0.1516	0.1858	0.2068	0.2361	0.2219	0.2484	0.3114	0.3335	0.3126	0.3368
Municipal Band	0.0097	0.0096	0.0089	0.0090	0.0081	0.0082	0.0085	0.0082	0.0084	0.0082
Mass Transit System	0.0239	0.0236	0.0219	0.0210	0.0188	0.0191	0.0264	0.0254	0.0245	0.0240
Social Security and Retirement	0.1520	0.1308	0.0921	0.0604	0.0366	0.0651	0.0923	0.0759	0.0839	0.1154
Law Enforcement Facility Lease	0.0941	0.0940	0.0882	0.0869	0.0798	0.0517	0.0338			
Insurance						0.0504				
Police Protection	0.1408	0.1312	0.1214	0.1160	0.1039	0.0248				
Public Benefit	0.0033	0.0031								
<u>BOND AND INTEREST</u>										
General obligation	<u>0.2687</u>	<u>0.2615</u>	<u>0.1422</u>	<u>0.1397</u>	<u>0.1223</u>	<u>0.1627</u>	<u>0.1175</u>	<u>0.1111</u>	<u>0.1062</u>	<u>0.0221</u>
ALL PURPOSE - TOTAL	<u>\$ 1.3716</u>	<u>\$ 1.3939</u>	<u>\$ 1.2857</u>	<u>\$ 1.2796</u>	<u>\$ 1.1925</u>	<u>\$ 1.2717</u>	<u>\$ 1.2700</u>	<u>\$ 1.2418</u>	<u>\$ 1.2324</u>	<u>\$ 1.2064</u>
Actual Rate Extended	<u>\$ 1.3716</u>	<u>\$ 1.3939</u>	<u>\$ 1.2857</u>	<u>\$ 1.2796</u>	<u>\$ 1.1925</u>	<u>\$ 1.2717</u>	<u>\$ 1.2700</u>	<u>\$ 1.2418</u>	<u>\$ 1.2324</u>	<u>\$ 1.2064</u>

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

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

<u>PURPOSE OR FUND</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Library	\$2,525,910	\$2,687,288	\$2,768,212	\$2,851,741	\$2,936,831	\$3,025,330	\$3,116,776	\$3,272,583	\$3,501,717	\$3,387,001
Police Pension	802,249	855,075	1,406,909	1,564,767	1,915,640	2,066,912	2,521,810	2,645,104	2,723,310	2,995,601
Fire Pension	956,539	1,187,391	1,429,022	1,708,005	1,791,321	1,972,420	2,582,169	2,869,695	2,792,726	3,071,916
Municipal Band	60,743	61,350	61,500	65,108	65,388	65,112	70,059	70,045	75,044	75,000
Mass Transit System	150,323	150,820	151,332	151,918	151,765	151,664	218,635	218,654	218,701	218,623
Social Security and Retirement	958,393	835,903	636,425	436,948	295,458	516,926	765,182	653,123	749,730	1,052,801
Law Enforcement Facility Lease	593,713	600,730	609,480	628,660	644,203	410,524	280,570			
Insurance						400,201				
Police Protection	888,446	838,459	838,893	839,173	838,748	196,924				
Public Benefit	20,558	19,810								
<u>BOND AND INTEREST</u>										
General obligation	<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>	<u>974,366</u>	<u>956,192</u>	<u>948,598</u>	<u>201,048</u>
<u>ALL PURPOSE - TOTAL</u>	<u>\$8,652,306</u>	<u>\$8,907,993</u>	<u>\$8,884,398</u>	<u>\$9,256,944</u>	<u>\$9,626,639</u>	<u>\$10,097,932</u>	<u>\$10,529,567</u>	<u>\$10,685,396</u>	<u>\$11,009,826</u>	<u>\$11,001,990</u>

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

**CITY OF DECATUR, ILLINOIS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Assessed Valuation	Per Capita
	General Obligation		Loan			
2001	\$ 42,767,124			\$ 42,767,124	6.78%	\$ 522
2002	41,054,825			41,054,825	6.42%	502
2003	44,313,428		7,172,169	51,485,597	7.45%	629
2004	55,823,558		6,823,796	62,647,354	8.66%	765
2005	55,346,242		6,535,592	61,881,834	7.67%	756
2006	53,172,401		6,238,954	59,411,355	7.48%	726
2007	53,565,637		5,933,637	59,499,274	7.18%	727
2008	53,028,412		12,844,386	65,872,798	7.66%	805
2009	58,703,783		12,520,940	71,224,723	7.97%	870
2010	56,365,649		5,288,262	61,653,911	6.76%	753

**CITY OF DECATUR, ILLINOIS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income	Per Capita
2001	\$ 42,726,337	\$ 1,309,389	\$ 41,416,948	2.66%	\$ 506
2002	41,054,825	1,371,038	39,683,787	2.55%	485
2003	39,413,428	1,605,397	37,808,031	2.43%	462
2004	50,168,424	884,830	49,283,594	3.17%	602
2005	47,946,433	853,134	47,093,299	3.03%	575
2006	45,882,592	868,037	45,014,555	2.89%	550
2007	43,774,249	380,993	43,393,256	2.79%	530
2008	41,678,968	372,473	41,306,495	2.65%	505
2009	49,474,407	205,337	49,269,070	3.17%	602
2010	47,194,649	145,925	47,048,724	3.02%	575

CITY OF DECATUR, ILLINOIS
SCHEDULE OF DIRECT AND OVERLAPPING DEBT
April 30, 2010

	<u>Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City of Decatur</u>	<u>City of Decatur's Share of Debt</u>
DIRECT DEBT			
City of Decatur	\$ 56,365,649	100.00%	\$ 56,365,649
OVERLAPPING DEBT			
Decatur Park District	9,535,000	98.52%	9,394,235
Decatur School District #61	14,135,000	97.53%	13,786,038
Argenta School District #1	8,250,000	31.22%	2,575,311
Macon County	902,270	57.79%	521,441
Maroa/Forsyth School District	24,600,000	13.55%	3,333,713
Meridian School District #15	215,000	16.05%	34,510
Mt. Zion School District #3	8,800,000	13.28%	1,168,551
Public Building Commission	6,960,000	60.60%	4,217,760
Richland Community College	5,385,000	42.51%	2,289,154
Sangamon Valley #9	250,000	0.83%	2,085
Warrensburg School District #11	12,825,000	47.38%	6,076,430
TOTAL OVERLAPPING DEBT	<u>91,857,270</u>	47.25%	<u>43,399,228</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 148,222,919</u>	67.31%	<u>\$ 99,764,877</u>
Per Capita Direct and Overlapping Debt	<u>\$ 1,811</u>		

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2001	81,860	19,009	1,556,007	37.2	18,168	6.0%
2002	81,860	19,009	1,556,007	37.2	18,300	7.3%
2003	81,860	19,009	1,556,007	37.2	18,290	6.8%
2004	81,860	19,009	1,556,007	37.2	18,290	6.1%
2005	81,860	19,009	1,556,007	37.2	18,047	5.8%
2006	81,860	19,009	1,556,007	37.2	17,201	7.2%
2007	81,860	19,009	1,556,007	37.2	16,820	5.8%
2008	81,860	19,009	1,556,007	37.2	17,410	5.7%
2009	81,860	19,009	1,556,007	37.2	16,113	9.8%
2010	81,860	19,009	1,556,007	37.2	16,877	12.8%

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

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

	2010			2001		
	<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>
Employer						
Archer Daniels Midland Co.	4,185	1	13.07%	3,382	1	9.75%
Caterpillar Tractor Co.	2,600	2	8.12%	2,400	2	6.92%
Decatur Memorial Hospital	2,313	3	7.22%	2,201	3	6.35%
Decatur Public Schools	1,512	4	4.72%	1,900	5	5.48%
St. Mary's Hospital	1,250	5	3.90%	1,100	7	3.17%
Tate & Lyle fka AE Staley Mfg. Co.	741	6	2.31%	700	8	2.02%
Millikin University	631	7	1.97%	**	**	**
Macon County	525	8	1.64%	**	**	**
City of Decatur	519	9	1.62%	**	**	**
Norfolk Southern Railroad	500	10	1.56%	600	9	1.73%
Bridgestone/Firestone				1,927	4	5.56%
Ameren aka Illinois Power Company				1,250	6	3.60%
Mueller Co., Inc.				590	10	1.70%

Source: Economic Development Foundation and Illinois Department of Employment Security

**CITY OF DECATUR, ILLINOIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS**

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	80	77	76	80	80	84	82	88	86	76
Public safety										
Police:										
Officers	171	162	163	169	172	167	165	160	175	165
Civilians	25	27	23	22	23	24	21	23	24	25
Fire:										
Firefighters and officers	114	113	113	108	114	113	110	114	118	117
Civilians	3	2	2	2	2	2	2	2	2	2
Public works	73	69	72	79	81	79	77	78	79	72
Culture and recreation	43	45	47	43	47	48	46	46	48	40
Water	57	55	53	54	57	58	51	55	56	46
Parking	5	5	5	5	5	5	5	5	5	3
Mass Transit	1	1	1	1	1	1	1	1	1	1
Total primary government employees	572	556	555	563	582	581	560	572	594	547

Source: City of Decatur Records.

Note: Part-time employee data is unavailable prior to FY05 due to mid-year accounting system conversion in FY04.
Full-time equivalent for 2010 was 5 employees.

CITY OF DECATUR, ILLINOIS
OPERATING INDICATORS BY FUNCTION
LAST 10 YEARS

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police:										
Calls for Service	67,534	68,358	67,217	66,648	68,834	66,571	66,732	65,439	63,776	58,443
Traffic Citations	7,628	8,205	7,236	14,078	11,031	12,201	6,804	14,188	15,689	16,650
Parking Tickets	1,960	2,219	2,767	2,720	2,357	2,083	1,688	1,225	1,153	1,124
Fire:										
Call Calls	N/A	N/A	N/A	7,297	7,661	8,035	8,623	8,981	8,790	8,659
Inspections	N/A	N/A	N/A	347	335	487	616	834	1,658	206
Public works										
Street Surface Improv (LA MI)	27.1	37.2	21.8	22.3	31.6	18.6	20.5	22.5	15.4	37.4
Potholes Repaired	N/A	N/A	N/A	18,266	10,985	10,619	10,200	16,722	16,589	31,670
Pavement markings-paint (LF)	N/A	N/A	N/A	164,149	390,934	362,500	448,412	275,461	71,690	53,739
Culture and recreation										
Library Items Loaned	578,372	584,406	568,839	601,929	546,550	533,276	635,162	596,504	611,071	638,186
Extension (bookmobiles)	92,669	93,746	91,092	92,207	92,608	92,295	89,925	57,550	56,269	61,840
Water										
Water Consumption (CU FT)	1,906,916,571	1,706,706,261	1,045,182,229	929,736,391	887,679,789	892,237,277	859,211,576	866,545,609	851,382,595	785,159,158
Metered Services	32,407	31,377	31,439	31,488	31,462	31,555	31,489	31,557	31,489	31,466
Sediment Dredged (Dry TON)	0	0	0	0	57,182	162,388	201,227	180,435	302,145	154,713
Parking										
Tickets Issued	N/A	N/A	N/A	11,404	13,929	16,335	15,543	15,091	15,709	15,310
Parking Lot Maintenance (Hours)	N/A	N/A	N/A	1,618	1,477	1,466	1,498	1,562	1,538	1,120
Mass Transit (CALENDAR YEAR)										
Buses & Trolleys (Ridership)	835,795	827,853	847,515	903,251	960,796	1,039,354	1,121,789	1,173,301	1,257,931	1,242,425
Paratransit Vans/Taxis	47,243	54,491	53,905	53,253	49,289	39,113	34,872	34,050	34,068	34,142
Housing programs										
Amount of Loans	\$25,366	\$22,221	\$0	\$0	\$14,613	\$16,900	\$0	\$0	\$0	\$0
Waste removal										
Recycling (Pounds)	N/A	N/A	2,799,245	2,814,479	2,815,784	2,799,502	2,785,959	2,690,720	2,861,919	2,865,162
Sewer										
Sanitary Sewer Televised (LF)	134,795	128,520	411,400	273,624	224,024	205,737	208,991	250,000	469,923	150,000

Source: City of Decatur Records
Information unavailable prior to FY04 is noted above.
N/A - Not Available

**CITY OF DECATUR, ILLINOIS
CAPITAL ASSETS BY FUNCTION
ALL AVAILABLE YEARS**

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public safety							
Police:							
Patrol Units	54	40	39	32	38	37	41
Fire Stations	7	7	7	7	7	7	7
Public works							
Bridges	17	17	17	17	17	17	18
Sidewalks (ft)	506,088	519,088	528,150	536,944	536,944	536,944	536,944
Streets (sq yd)	1,213,915	1,242,341	1,282,051	1,301,406	1,301,406	1,423,166	1,473,854
Storm Sewers (ft)	277,684	282,431	284,038	284,203	284,203	288,204	288,204
Culture and recreation							
Library Bookmobiles	2	2	2	2	2	2	2
Water (1)							
Water Mains (miles)	516	520	524	527	527	527	527
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36
Parking							
Garages	2	2	2	2	2	2	2
Lots	6	6	6	5	5	5	5
Mass Transit							
Buses	25	25	25	25	25	25	32
Trolleys	2	2	2	2	2	2	2
Sewer							
Sanitary Sewers (ft)	368,209	368,573	369,494	370,179	370,179	370,179	370,179

(1) There were no projects completed during FY10.

Source: City of Decatur Records

CITY OF DECATUR, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended April 30, 2010

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-17-2008	\$ 1,635,048	\$ 58,539
HOME Investment in Affordable Grants/Entitlement Grants	14.239	M-09-MC-17-0203	694,047	15,883
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	S-09-MY-17-0008	188,069	-
Get the Lead Out Program	14.901	N/A	<u>99,194</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>2,616,358</u>	<u>74,422</u>
U.S. Department of Justice				
Passed-through Illinois Criminal Justice Information Authority:				
Project Safety Neighborhoods	16.609	109026	<u>30,000</u>	<u>-</u>
Direct Programs:				
Weed and Seed	16.595	2009-WS-QX-0159	<u>61,550</u>	<u>-</u>
Total U.S. Department of Justice			<u>91,550</u>	<u>-</u>
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning Technical Studies Guide	20.205	SPR-PL-3000(45)	204,016	-
	20.205	IL-80-0005	<u>32,786</u>	<u>-</u>
Subtotal Highway Planning and Construction Cluster			<u>236,802</u>	<u>-</u>
Local Alcohol Program Grant	20.601	AL0-1410-121	52,837	-
SPEED Grant	20.602	SP9-1410-121	20,109	-
IMaGE	20.609	OP0-1410-144	52,042	-
IMaGE	20.609	OP9-1410-122	<u>29,125</u>	<u>-</u>
Subtotal Highway Safety Cluster			<u>154,113</u>	<u>-</u>
Subtotal Passed-through Illinois Department of Transportation:			<u>390,915</u>	<u>-</u>

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Direct Programs:				
Federal Transit Capital Investment Grants	20.500	IL-03-0266	\$ 300,000	\$ -
Federal Transit Capital Investment Grants	20.500	IL-03-0272	300,370	-
Federal Transit Capital Investment Grants	20.500	IL-04-0010	282,105	-
Federal Transit Capital Investment Grants	20.500	IL-04-0035	299,970	-
Subtotal Federal Transit Capital Investment Grants			<u>1,182,445</u>	<u>-</u>
Federal Transit Formula Grants	20.507	IL-90-X607	294,674	-
Federal Transit Formula Grants	20.507	IL-90-X633	628,924	-
Federal Transit Formula Grants	20.507	IL-90-X637	218,945	-
Federal Transit Formula Grants	20.507	IL-90-X654	981,055	-
ARRA - Federal Transit Formula Grants	20.507	IL-96-0014	106,438	-
Subtotal Federal Transit Formula Grants			<u>2,230,036</u>	<u>-</u>
Subtotal Federal Transit Formula Grant Cluster			<u>3,412,481</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,803,396</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
Firefighter Assistance Grant	97.044	EMW-2008-FO-12023	40,800	-
U.S. Department of Commerce				
Pass-through the City of Springfield, Illinois:				
Public Safety Interoperable Communications Grant Program	11.555	N/A	811,283	-
Environmental Protection Agency				
Pass-through the Illinois Environmental Protection Agency				
ARRA - Drinking Water State Revolving Fund	66.468	L17-2552	2,776,614	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,140,001</u>	<u>\$ 74,422</u>

This schedule should be read only in connection with the accompanying notes to the schedule.

CITY OF DECATUR, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
April 30, 2010

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 – NON-CASH ASSISTANCE

The City did not receive any federal non-cash assistance during the fiscal year ended April 30, 2010.

NOTE 3 - LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards resulted in loan balances of \$1,444,826 as of April 30, 2010, on the cash basis, plus an additional accrued amount of \$1,331,788 at April 30, for a total of \$2,776,614.

**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 the City of Decatur, Illinois as of and for the year ended April 30, 2010, and have issued our report thereon dated October 25, 2010. 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 of Decatur, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs and responses to be a material weakness in internal control over financial reporting (finding 2010-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Decatur, Illinois' 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 matters that we reported to management of the City of Decatur, Illinois in a separate letter dated October 25, 2010.

The City of Decatur, Illinois' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Decatur, Illinois' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Danville, Illinois
October 25, 2010

**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 the City of Decatur, Illinois with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2010. The City of Decatur, Illinois' 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 of Decatur, Illinois' management. Our responsibility is to express an opinion on the City of Decatur, Illinois' 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 of Decatur, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Decatur, Illinois' compliance with those requirements.

In our opinion, the City of Decatur, Illinois 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, 2010. 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 finding 2010-04.

Internal Control Over Compliance

The management of the City of Decatur, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Decatur, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2010-04 and 2010-05 to be material weaknesses. We also identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as findings 2010-2 and 2010-3. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City of Decatur, Illinois' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Decatur, Illinois' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor and City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Danville, Illinois
October 25, 2010

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes 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? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.555	Public Safety Interoperable Communications Grant Program
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment in Affordable Grants/Entitlement Grants
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit Formula Grant
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

FINDING NO. 2010-01 – FINANCIAL STATEMENT PREPARATION, INCLUDING CASH TO ACCRUAL BASIS ADJUSTMENTS

Criteria or Specific Requirement: Financial Statement Preparation, Including Cash to Accrual Basis Adjustments.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2010**

Section II – Financial Statement Findings (Continued)

**FINDING NO. 2010-01 – FINANCIAL STATEMENT PREPARATION, INCLUDING CASH
TO ACCRUAL BASIS ADJUSTMENTS (CONTINUED)**

Condition: The City engages Clifton Gunderson to assist in preparing the necessary cash to accrual basis adjustments and its financial statements and accompanying disclosures. However, as independent auditors, Clifton Gunderson cannot be considered part of the City's internal control system.

Context: The City Council and management share the ultimate responsibility for the City's internal control system.

Effect: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

Cause: Currently, the City's personnel do not have sufficient financial statement reporting and accounting knowledge to perform a review of the City's financial statements and related disclosures including the necessary cash to accrual basis adjustments, to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

Recommendation: The City should continue to analyze the cost versus benefit of enhancing the internal control system.

Views of Responsible Officials and Planned Corrective Action: The City's management is aware of the need for the knowledge necessary to complete the necessary cash to accrual basis adjustments, financial statements, including disclosures in accordance with generally accepted accounting principles and will continue to monitor the cost benefit in regards to the issue.

Section III – Federal Award Findings and Questioned Costs

**FINDING NO. 2010-02 – CONTROL OVER SUSPENSION AND DEBARMENT WAS NOT
PROPERLY MAINTAINED, U.S DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT, HOME INVESTMENT IN AFFORDABLE
GRANTS/ENTITLEMENT GRANTS, CFDA #14.239**

Criteria: Federal guidelines require controls be in place to ensure compliance with procurement, suspension, and debarment.

Condition: During the course of the audit, it was noted that the City does not have proper internal controls over the grant's compliance requirement of procurement, suspension, and debarment, as there was not always evidence that the contractor used was not suspended or debarred.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2010**

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING NO. 2010-02 – CONTROL OVER SUSPENSION AND DEBARMENT WAS NOT PROPERLY MAINTAINED, U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, HOME INVESTMENT IN AFFORDABLE GRANTS/ENTITLEMENT GRANTS, CFDA #14.239 (CONTINUED)

Context: A sample of seven files were selected for testing. Of those selected, three files did not have the Excluded Parties List System (EPLS) sheet included in the file.

Effect: Inclusion of the EPLS sheet in the file verifies the contractor selected for the project has not been suspended or debarred from the federal government. When suspension or debarment of contractors is not checked prior to release of grant funds, the results could be noncompliance with grant requirements.

Cause: The department's personnel were unaware of who was responsible for researching the contractors on the EPLS website and did not have appropriate controls to ensure the documentation was being obtained.

Recommendation: We recommend that the department's personnel generate an EPLS confirmation on contractors before any bid commitments are finalized. This confirmation should be printed and placed in the project file along with all other requirement documentation.

Views of Responsible Officials and Planned Corrective Actions: Management within the Urban Development department have been notified of the control deficiency and are working with the department's personnel to determine the appropriate employee to complete the task.

FINDING NO. 2010-03 – DOCUMENTATION OF INSURANCE COVERAGE WAS NOT MAINTAINED IN THE PROJECT FILE, U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, HOME INVESTMENT IN AFFORDABLE GRANTS/ENTITLEMENT GRANTS, CFDA #14.239

Criteria: Federal guidelines require controls be in place to ensure compliance with special tests, such as insurance coverage for residential projects.

Condition: During the course of the audit, an instance was noted in which there was not documentation of proper insurance coverage for a project.

Context: A sample of seven files were selected for testing. Of those selected, one file did not have the appropriate insurance documentation.

Effect: A property could be uninsured. In addition, noncompliance with grant requirements could lead to loss of funding.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2010**

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING NO. 2010-03 – DOCUMENTATION OF INSURANCE COVERAGE WAS NOT MAINTAINED IN THE PROJECT FILE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, HOME INVESTMENT IN AFFORDABLE GRANTS/ENTITLEMENT GRANTS, CFDA #14.239 (CONTINUED)

Cause: Due to an oversight of the department's personnel, the appropriate insurance documentation was not properly obtained and located in the project file as required.

Recommendation: We recommend that the department begin completing the file checklists and ensure that files are thoroughly reviewed to verify all documentation has been obtained.

Views of Responsible Officials and Planned Corrective Actions: Management within the Urban Development department have been notified of the control deficiency and are working with the department's personnel to ensure all project files have the required documentation.

FINDING NO. 2010-04 – ON-SITE INSPECTIONS OF RENTAL PROJECTS WERE NOT BEING PERFORMED IN A TIMELY MANNER, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, HOME INVESTMENT IN AFFORDABLE GRANTS/ENTITLEMENT GRANTS, CFDA #14.239

Criteria: Multi-family and single family rental projects are required to have on-site inspections performed based on the number of rental properties. These inspections are performed to ensure proper compliance with the program's required Special Tests.

Condition: Required on-site inspections are not consistently being performed.

Context: Three of seven rental projects selected for testing were not properly inspected.

Effect: Performance of the on-site inspection verifies that the rental project does not have any construction defects or flaws.

Cause: Due to recent turnover in department personnel and a lack of adequate training, the on-site inspections of the single family rental properties were not completed within the required three-year timeframe.

Recommendation: We recommend that the department set up appropriate controls to ensure that all required on-site inspections are being completed within the timeframe allotted.

Views of Responsible Officials and Planned Corrective Actions: Management within the Urban Development department have been notified of the control and compliance deficiency and are working with the department's personnel to ensure corrective action in the future. Due to the staff turnover the department has experienced, it has been difficult to provide proper training in the area of timeliness of on-site inspections.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2010**

Section III – Federal Award Findings and Questioned Costs (Continued)

**FINDING NO. 2010-05 – CONTROL OVER REPORTING WAS NOT PROPERLY MAINTAINED,
U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL TRANSIT
FORMULA GRANT CLUSTER, CFDA #20.500 AND 20.507**

Criteria: Federal guidelines require controls be in place to ensure compliance with reporting.

Condition: During the course of the audit, it was noted that the City does not have proper internal controls over the grant's compliance requirement of reporting, as there is no formal review process by City personnel of the required filings.

Context: During testing, we noted no formal review process of any of the filings prior to submission.

Effect: Review of the filings by City personnel verifies the filings have been completed accurately and in a timely manner, which will ensure compliance with the grant requirements.

Cause: The Mass Transit has only one employee, which does not allow for a formal review by someone other than the individual who prepares the filing.

Recommendation: We recommend that all reports be reviewed by a knowledgeable individual and that the review be documented prior to submission of the filing.

Views of Responsible Officials and Planned Corrective Actions: The Mass Transit Director and City management have been notified of the control deficiency and are working together to determine the appropriate individual to complete the review.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended April 30, 2010**

Finding No. 2009-1

FINANCIAL STATEMENT PREPARATION, INCLUDING CASH TO ACCRUAL BASIS ADJUSTMENTS

Condition: The City engages Clifton Gunderson to assist in preparing the necessary cash to accrual basis adjustments and its financial statements and accompanying disclosures. However, as independent auditors, Clifton Gunderson cannot be considered part of the City's internal control system.

Condition has not been corrected. This finding is repeated as 2010-01.

Finding No. 2009-2

MATCHING REPORT GENERATED FROM THE IDIS SYSTEM DOES NOT PROPERLY REFLECT PERCENTAGE BEING MATCHED

Condition: The City's matching report does not properly reflect the correct percentage of matching. As of April 30, 2009 the report reflects matching of only 12.5%.

Condition has been corrected as of April 30, 2010.