

CITY OF DECATUR, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended April 30, 2011

Prepared and Issued by
The Financial Management Department

RON E. NEUFELD
Director of Financial Management

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October 24, 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, 2011, is hereby submitted. This report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2010-2011 and the financial condition of the various funds at April 30, 2011. 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 2007</u>	<u>April 2008</u>	<u>April 2009</u>	<u>April 2010</u>	<u>April 2011</u>
Decatur Metro Area	5.2%	5.7%	9.8%	12.8%	9.7%
State	4.8%	5.4%	9.4%	10.8%	8.6%
National	4.5%	5.0%	9.0%	9.5%	8.7%

While the overall rate in the Decatur Metro Area is slightly higher than the state and national economy, it is important to point out that the unemployment rate for Decatur dropped by 3.1%, while the State dropped by 2.2% and the National average dropped by .8%. The improvement over the past year has been far more significant in Decatur.

The City of Decatur and the Decatur Park District continue working 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. The Park District authorized a \$4.0 million bond issue to pay for some of the construction.

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.

The U.S. Department of Energy announced that Archer Daniels Midland (ADM) will receive \$99 million from the American Recovery and Reinvestment Act to demonstrate large-scale carbon capture and storage from industrial sources. The second project is led by ADM with an investment of \$43.6 million, in addition to the federal grant.

Archer Daniels Midland has purchased the Reynolds Building in downtown Decatur. ADM intends to move about 350 employees from other facilities located in the city to this new building. This will bring their downtown workforce to 700.

Caterpillar Inc. has announced that it is accelerating previous capacity expansion plans for production of the 250-ton capacity 793F mining truck and the 400-ton capacity 797, the world's largest mining truck. Caterpillar has called back every employee that had been laid off.

The City of Decatur will be spending about \$12.8 million in the downtown area on streetscape, parking garage and parking lot improvements and improvements to Central Park and the Transfer House. The funds for these improvements are coming from the 2010 GO Bond Issue and will be spent over the next three years.

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. Caterpillar just recently announced that they will contribute \$11.5 million to the campaign.

LONG TERM FINANCIAL PLANNING

The General Fund closed the fiscal year with nearly \$9.3 million in fund balance. That is an increase of more than \$4.0 million over the previous year. This was accomplished primarily by under spending the budget by nearly \$3.4 million.

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 2010-11, which total more than \$16.7 million, include:

Street and Bridge Repairs	\$ 2,020,400
Equipment Replacement	2,446,200
Sewer Repairs	1,636,500
Dredging Lake Decatur	1,926,600
Other Water Improvements	6,591,300
Dam Repairs	2,064,600

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

FINANCIAL INFORMATION

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

Brief Overview of City Funds

Funds are arranged as follows:

- I. MAJOR GOVERNMENTAL FUNDS
 - A. General Fund
 - B. Library Fund
 - C. 2010 Project 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 2011 and a comparison, where available, to performance in 2010, 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

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, 2011 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, 2010. This was the thirty-eighth 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, 2010 .

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.



President

Executive Director

OFFICERS AND OFFICIALS

Mayor

Michael T. McElroy (2011-2015)

Council

Jerry J. Dawson (2009-2013)

Pat McDaniel (2011-2013)

Larry W. Foster (2011-2015)

Julie Moore-Wolfe (2009-2013)

Patrick S. Laegeler (2011-2015)

Dana M. Ray (2011-2015)

City Staff

Ryan P. McCrady
City Manager

Wendy L. Morthland, Corporation Counsel
Legal Department

Gerard J. Bauer
Assistant City Manager - Administration

Lee Ann Fisher, Librarian
Library

Billy Tyus
Assistant City Manager - Development Services

Todd A. Walker, Chief
Police Department

Ron E. Neufeld, Director
Financial Management Department

Richard G. Marley, Director
Public Works Department

Matthew J. Sekosky, Chief
Fire Department

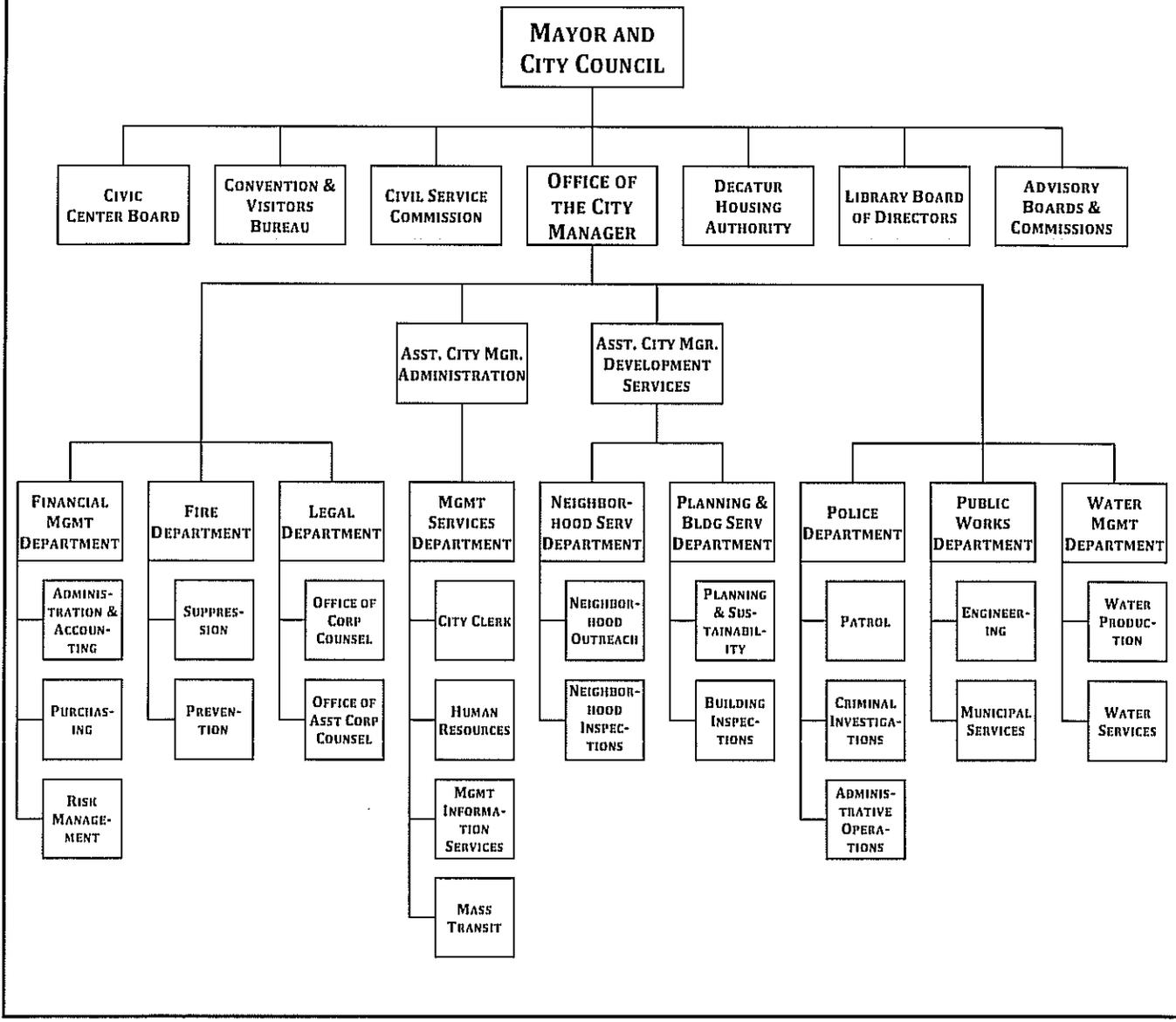
Keith D. Alexander, Director
Water Management Department

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, 2011, 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, 2011 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 24, 2011, 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 24, 2011

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

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, 2011. 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 continue working 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 have been finalized and some of the work has already begun. The Park District authorized a \$4.0 million bond to pay for some of the construction.

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 and will be done in 2011 or early 2012. Total for all phases is expected to be about \$70.0 million.

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The City of Decatur will be spending about \$12.8 million in the downtown area on streetscape, parking improvements and improvements to Central Park and to the Transfer House. The funds for these improvements are coming from the 2010 GO Bond issue.

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

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. Caterpillar just recently announced that they will contribute \$11.5 million to the campaign.

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, 2011

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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Library Fund, and 2010 Project Fund, each considered to be a major fund. Information for the City's 10 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 and other post-retirement 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, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

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

	Governmental Activities	Business-Type Activities	Total Primary Government
	2011	2011	2011
Assets:			
Current & other assets	\$ 72.1	\$ 17.0	\$ 89.1
Capital assets	75.5	62.5	138.0
Total assets	147.6	79.5	227.1
Liabilities:			
Current liabilities	21.4	1.5	22.9
Long-term liabilities	92.2	9.6	101.8
Total liabilities	113.6	11.1	124.7
Net Assets:			
Invested in capital assets, net	15.7	52.8	68.5
Restricted for capital projects	28.0	0.0	28.0
Unrestricted	(9.7)	15.6	5.9
Total Net Assets	\$ 34.0	\$ 68.4	\$ 102.4

	Governmental Activities	Business-Type Activities	Total Primary Government
	2010	2010	2010
Assets:			
Current & 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

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

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 assets to provide services; consequently they are not available for future spending. 66 percent of the net assets are invested in capital assets.

Net assets in governmental activities total \$34.0 million, a decrease of \$0.9 million from the prior year. Long term debt is \$92.2 million, of which only \$6.1 million must be retired within the next twelve months. The City's liquidity position is very good with total assets at \$147.6 million, with only \$21.4 million in current liabilities.

Net assets in business-type activities total \$68.4 million, a decrease of \$3.8 million from the prior year. There is a total increase in capital assets of \$1.1 million. Liabilities have increased \$3.3 million.

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

	<u>Governmental Activities</u> <u>2011</u>	<u>Business-type Activities</u> <u>2011</u>	<u>Total Government</u> <u>2011</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 2.3	\$ 20.7	\$ 23.0
Oper. Grants/Contrib.	10.1	4.3	14.4
Capital Grants/Contrib.	0.0	1.6	1.6
General Revenues:			
Property Taxes	13.3	0.0	13.3
Sales Taxes	23.0	0.0	23.0
Other	17.6	(0.7)	16.9
Total Revenues	66.3	25.9	92.2
EXPENSES			
General Government	11.7	0.0	11.7
Public Safety	35.4	0.0	35.4
Public Works	19.4	0.0	19.4
Culture and Recreation	4.5	0.0	4.5
Interest on Debt	3.3	0.0	3.3
Water	0.0	13.6	13.6
Parking	0.0	0.5	0.5
Mass Transit	0.0	6.6	6.6
Waste Removal	0.0	0.6	0.6
Sewer	0.0	1.3	1.3
Total Expenses	74.3	22.6	96.9
Excess (Deficiency) of			
Revenues over Expenses	(8.0)	3.3	(4.7)
Transfers	7.1	(7.1)	0.0
Change in Net Assets	\$ (0.9)	\$ (3.8)	\$ (4.7)

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

	<u>Governmental</u> <u>Activities</u> <u>2010</u>	<u>Business-type</u> <u>Activities</u> <u>2010</u>	<u>Total</u> <u>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)

The change in net assets reflects a decrease in governmental activities of \$0.9 million and in business-type activities a decrease of \$3.8 million. The total government wide change in net assets is a decrease of \$4.7 million.

Last year's change in business-type net assets was negative \$4.8 million; this year it is negative \$3.8 million.

**CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011**

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 \$48.0 million, an increase of approximately \$33 million from the prior year. The increase was due primarily to the addition of the 2010 Project Fund as a major fund and the related \$41 million debt issuance. The General Fund has an increase of \$4.1 million in fund balance. That was due primarily to the fact that the General Fund budget was under spent by \$3.4 million. The Library continues to maintain their fund balance in spite of the fact that their funding from property taxes has been reduced and payment of State grants has been late.

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

	Major Governmental Funds			Nonmajor Governmental	
	General Fund	Library Fund	Project Fund	Funds	Total
Revenues	\$ 49.8	\$ 3.5	\$ 0.0	\$ 13.6	\$ 66.9
Expenditures	<u>49.7</u>	<u>3.4</u>	<u>13.3</u>	<u>16.3</u>	<u>82.7</u>
Excess (Deficiency) of Revenues over Expenditures	0.1	0.1	(13.3)	(2.7)	(15.8)
Other Financing Sources	<u>4.0</u>	<u>0.0</u>	<u>41.2</u>	<u>3.6</u>	<u>48.8</u>
Net Change in Fund Balances	4.1	0.1	27.9	0.9	33.0
Fund Balance at Beginning of Year	<u>5.2</u>	<u>0.7</u>	<u>0.0</u>	<u>9.1</u>	<u>15.0</u>
Fund Balance at End of Year	<u>\$ 9.3</u>	<u>\$ 0.8</u>	<u>\$27.9</u>	<u>\$ 10.0</u>	<u>\$ 48.0</u>

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

Proprietary Funds

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

There was an operating income of \$3.8 million in the Water Fund this year. If you consider the transfers to other funds, the change in net assets is a negative \$3.2 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 which was spread evenly over the past three years. That has helped to lower the negative change in net assets. The Internal Service Funds had a negative \$1.9 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

	<u>Water Fund</u>	<u>Mass Transit Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Operating Revenues	\$ 17.0	\$ 0.5	\$ 3.2	\$ 20.7	\$ 13.5
Operating Expenses	<u>13.2</u>	<u>6.5</u>	<u>2.4</u>	<u>22.1</u>	<u>15.1</u>
Operating Income (Loss)	3.8	(6.0)	0.8	(1.4)	(1.6)
Nonoperating Revenues (Expenses)	<u>(0.8)</u>	<u>5.7</u>	<u>0.0</u>	<u>4.9</u>	<u>0.0</u>
Income (Loss) Before Transfers	3.0	(0.3)	0.8	3.5	(1.6)
Net Transfers	<u>(6.2)</u>	<u>0.1</u>	<u>(1.0)</u>	<u>(7.1)</u>	<u>(0.3)</u>
Change In Net Assets	(3.2)	(0.2)	(0.2)	(3.6)	(1.9)
Net Assets, Beginning of Year	<u>55.4</u>	<u>7.0</u>	<u>10.1</u>	<u>72.5</u>	<u>5.6</u>
Net Assets, End of Year	<u>\$ 52.2</u>	<u>\$ 6.8</u>	<u>\$ 9.9</u>	<u>\$ 68.9</u>	<u>\$ 3.7</u>

**CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011**

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget projected that the fund balance would remain constant. The actual numbers were much better than expected in the budget. The expenses were \$3.4 million less than the approved budget. The decision to under spend the budget was made so that the ending fund balance could be increased. Revenues and other financing sources were \$0.6 million higher than the budget. Again, the goal was to increase the ending fund balance, and that was accomplished with an increase of \$4.0 million or 78.9%.

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

General Fund:	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 15.3	\$ 15.1
Intergovernmental	32.2	32.7
Other	<u>2.3</u>	<u>2.2</u>
Total Revenues	<u>49.8</u>	<u>50.0</u>
 Expenditures:	 <u>53.4</u>	 <u>50.0</u>
 Other Financing Sources (Uses):	 <u>3.6</u>	 <u>4.0</u>
 Change in Fund Balance	 <u><u>\$ 0.0</u></u>	 <u><u>\$ 4.0</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, 2011, amounts to \$137.9 million (net of accumulated depreciation). Capital assets used in governmental activities increased by \$0.7 million. Capital assets used in business-type activities increased by \$1.2 million. Refer to Note 6 for more detailed information on capital assets activity.

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011

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

Governmental Activities

	<u>Balance</u> <u>April 30, 2010</u>	<u>Net</u> <u>Additions/</u> <u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>
Non-Depreciable Assets:			
Land/CIP	\$ 7.5	\$ 1.5	\$ 9.0
Other Capital Assets:			
Infrastructure	92.9	1.4	94.3
Buildings & Improvements	26.2	1.2	27.4
Vehicles	13.8	0.1	13.9
Office Equipment	2.9	0.0	2.9
Other Equipment	9.4	0.3	9.7
Accum. Depreciation on Capital Assets	<u>(76.6)</u>	<u>(5.2)</u>	<u>(81.8)</u>
Totals	<u>\$ 76.1</u>	<u>\$ (0.7)</u>	<u>\$ 75.4</u>

Business-Type Activities

	<u>Balance</u> <u>April 30, 2010</u>	<u>Net</u> <u>Additions/</u> <u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>
Non-Depreciable Assets:			
Land/CIP	\$ 9.4	\$ 5.0	\$ 14.4
Other Capital Assets:			
Infrastructure	21.3	0.0	21.3
Buildings & Improvements	99.4	0.5	99.9
Vehicles	8.6	(0.7)	7.9
Office Equipment	0.0	0.0	0.0
Other Equipment	4.8	(2.9)	1.9
Accum. Depreciation on Capital Assets	<u>(82.2)</u>	<u>(0.7)</u>	<u>(82.9)</u>
Totals	<u>\$ 61.3</u>	<u>\$ 1.2</u>	<u>\$ 62.5</u>

**CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2011**

Debt Administration

At April 30, 2011, the City had outstanding debt as follows:

	Obligations Outstanding <u>April 30, 2011</u>	Due Within <u>One Year</u>
Governmental Activities:		
General Obligation Bonds:		
Series of 1991	\$ 358,643	\$ 358,643
Series of 2004A	9,095,000	500,000
Series of 2004B	21,545,000	1,185,000
Series of 2005	4,270,000	175,000
Series of 2008	10,000,000	235,000
Series of 2010A	8,715,000	90,000
Series of 2010B	28,270,000	590,000
Series of 2010C	2,800,000	-
Series of 2010D	1,805,000	275,000
Notes Payable:		
HUD Section 108, 1999-A	390,000	120,000
HUD Section 108, 2002-A	<u>2,190,000</u>	<u>155,000</u>
Total Governmental Activities	<u>\$ 89,438,643</u>	<u>\$3,683,643</u>
Business-type Activities:		
Notes Payable:		
2001 IEPA Loan	\$ 4,620,377	\$ 352,679
IEPA Water Loan	<u>5,039,152</u>	<u>-</u>
Total Business-type Activities	<u>\$ 9,659,529</u>	<u>\$ 352,679</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, 2011

ECONOMIC FACTORS

The unemployment rate for the City metro area is currently 9.7 percent. That is down 24.2% percent from the year before. While the rate is not as low as the state rate of 8.6 percent or the national rate of 8.7 percent, Decatur dropped by 3.1%, while the state dropped by 2.2% and the national rate only dropped by .8%. The improvement over the past year has been far more significant in Decatur. Many if not all of the major employers have called back the employees that had been laid off.

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 48,276,449	\$ 7,226,143	\$ 55,502,592	\$ 64,882
Investments	-	5,507,151	5,507,151	-
Receivables:				
Property taxes, net	11,353,699	-	11,353,699	-
Illinois municipal sales tax	5,596,303	-	5,596,303	-
Other taxes	3,672,068	-	3,672,068	-
Due from other governments	363,699	-	363,699	-
Accounts receivable	189,884	3,262,172	3,452,056	25,337
Notes receivable	639,572	377,588	1,017,160	-
Other	44,377	382,355	426,732	375
Internal balances	425,443	(425,443)	-	-
Prepaid items	6,326	210,700	217,026	-
Deferred charges	1,140,929	-	1,140,929	-
Due from component unit	224,624	-	224,624	-
Inventories	220,502	463,404	683,906	9,088
Assets held for resale	-	22,940	22,940	-
Restricted investments	-	-	-	63,391
Capital assets not being depreciated	8,959,472	14,377,549	23,337,021	3,130,762
Capital assets being depreciated, net	66,493,728	48,092,621	114,586,349	3,379,782
TOTAL ASSETS	\$ 147,607,075	\$ 79,497,180	\$ 227,104,255	\$ 6,673,617
LIABILITIES				
Accounts payable	\$ 1,147,624	\$ 750,221	\$ 1,897,845	\$ 17,892
Contracts payable	232,115	187,636	419,751	-
Interest payable	1,937,393	139,321	2,076,714	79,224
Claims payable	5,801,433	-	5,801,433	-
Other accrued liabilities	899,899	411,426	1,311,325	837
Unearned revenue	11,403,531	-	11,403,531	18,571
Long-term obligations, due within one year:				
Bonds payable	3,408,643	-	3,408,643	-
Notes payable	275,000	352,679	627,679	-
Due to primary government	-	-	-	13,878
Compensated absences	2,446,769	-	2,446,769	26,851
Long-term obligations, due in more than one year:				
Bonds payable	81,693,673	-	81,693,673	-
Notes payable	2,305,000	9,306,850	11,611,850	-
Due to primary government	-	-	-	210,746
Deferred compensation plan	-	-	-	63,391
Pension obligation	671,925	-	671,925	-
Other post-employment benefits	996,703	-	996,703	-
Compensated absences	398,311	-	398,311	-
Total liabilities	113,618,019	11,148,133	124,766,152	431,390
NET ASSETS				
Invested in capital assets, net of related debt	15,721,174	52,810,641	68,531,815	6,285,920
Restricted for capital projects	27,950,290	-	27,950,290	-
Unrestricted net assets (deficit)	(9,682,408)	15,538,406	5,855,998	(43,693)
Total net assets	\$ 33,989,056	\$ 68,349,047	\$ 102,338,103	\$ 6,242,227

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 11,735,004	\$ 1,693,970	\$ 5,176,144	\$ 33,120	\$ (4,831,770)	\$ -	\$ (4,831,770)	\$ -
Public safety	35,477,795	420,751	-	-	(35,057,044)	-	(35,057,044)	-
Public works	19,443,483	101,809	4,818,813	-	(14,522,861)	-	(14,522,861)	-
Culture and recreation	4,514,057	77,131	98,587	-	(4,338,339)	-	(4,338,339)	-
Interest and other charges	3,332,503	-	-	-	(3,332,503)	-	(3,332,503)	-
Total government activities	<u>74,502,842</u>	<u>2,293,661</u>	<u>10,093,544</u>	<u>33,120</u>	<u>(62,082,517)</u>	<u>-</u>	<u>(62,082,517)</u>	<u>-</u>
Business-type activities:								
Water	13,631,171	17,008,482	241,203	-	-	3,618,514	3,618,514	-
Parking	509,932	565,252	-	-	-	55,320	55,320	-
Mass Transit	6,626,503	532,473	4,048,824	1,605,270	-	(439,936)	(439,936)	-
Housing programs	6,633	16,618	-	-	-	9,985	9,985	-
Waste removal	556,721	577,656	-	-	-	20,935	20,935	-
Sewer	1,317,412	2,061,100	-	-	-	743,688	743,688	-
Total business-type activities	<u>22,648,372</u>	<u>20,761,581</u>	<u>4,290,027</u>	<u>1,605,270</u>	<u>-</u>	<u>4,008,506</u>	<u>4,008,506</u>	<u>-</u>
Total primary government	\$ 97,151,214	\$ 23,055,242	\$ 14,383,571	1,638,390	(62,082,517)	4,008,506	(58,074,011)	-
Component unit								
Civic Center Authority	<u>\$ 1,167,334</u>	<u>\$ 583,422</u>	<u>\$ -</u>	<u>\$ 532,951</u>				<u>(50,961)</u>
General revenues:								
Taxes:								
Property taxes					13,337,710	-	13,337,710	-
Utility taxes					5,268,016	-	5,268,016	-
Food and beverage taxes					2,806,014	-	2,806,014	-
Hotel and motel taxes					498,812	-	498,812	-
Sales and use taxes					22,975,574	-	22,975,574	-
Income taxes					6,797,068	-	6,797,068	-
Other taxes					1,596,000	-	1,596,000	-
Investment earnings					56,420	97,133	153,553	-
Gain on sale of capital assets					108,383	(816,446)	(708,063)	(5,097)
Other general revenues					605,759	-	605,759	15,227
Transfers					7,133,574	(7,133,574)	-	-
Total general revenues and transfers					<u>61,183,330</u>	<u>(7,852,887)</u>	<u>53,330,443</u>	<u>10,130</u>
Change in net assets					(899,187)	(3,844,381)	(4,743,568)	(40,831)
Net assets, May 1, 2010					<u>34,888,243</u>	<u>72,193,428</u>	<u>107,081,671</u>	<u>6,283,058</u>
Net assets, April 30, 2011					<u>\$ 33,989,056</u>	<u>\$ 68,349,047</u>	<u>\$ 102,338,103</u>	<u>\$ 6,242,227</u>

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2011

	<u>Major Governmental Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Library Fund</u>	<u>2010 Project Fund</u>	<u>Nonmajor Governmental Funds</u>	
ASSETS					
Cash and investments	\$ 4,500,751	\$ 765,049	\$ 28,647,036	\$ 9,640,793	\$ 43,553,629
Receivables:					
Property taxes, net	7,099,321	2,970,000	-	1,284,378	11,353,699
Illinois municipal sales tax	5,596,303	-	-	-	5,596,303
Other taxes	3,629,293	42,775	-	-	3,672,068
Due from other governments	28,998	-	-	334,701	363,699
Due from component unit	224,624	-	-	-	224,624
Due from other funds	-	-	-	97,009	97,009
Accounts receivable	69,026	-	-	116,876	185,902
Notes receivable	-	-	-	639,572	639,572
Other	41,855	-	-	986	42,841
Prepaid items	6,326	-	-	-	6,326
Inventories	16,879	-	-	-	16,879
TOTAL ASSETS	<u>\$ 21,213,376</u>	<u>\$ 3,777,824</u>	<u>\$ 28,647,036</u>	<u>\$ 12,114,315</u>	<u>\$ 65,752,551</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 255,846	\$ -	\$ 625,005	\$ 238,971	\$ 1,119,822
Contracts payable	43,812	-	71,741	116,562	232,115
Due to other funds	-	-	-	285,248	285,248
Other accrued liabilities	610,293	48,229	-	199,356	857,878
Deferred revenue	11,027,964	2,976,862	-	1,283,083	15,287,909
Total liabilities	<u>11,937,915</u>	<u>3,025,091</u>	<u>696,746</u>	<u>2,123,220</u>	<u>17,782,972</u>
Fund Balances:					
Reserved for:					
Inventories and prepaid items	23,205	-	-	-	23,205
Amounts due from component unit	224,624	-	-	-	224,624
Debt service	-	-	-	316,303	316,303
Encumbrances	598,018	-	9,789,457	2,695,077	13,082,552
Unreserved, as reported in:					
General fund	8,429,614	-	-	-	8,429,614
Special revenue funds	-	752,733	-	6,602,913	7,355,646
Capital projects funds	-	-	18,160,833	376,802	18,537,635
Total fund balances	<u>9,275,461</u>	<u>752,733</u>	<u>27,950,290</u>	<u>9,991,095</u>	<u>47,969,579</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,213,376</u>	<u>\$ 3,777,824</u>	<u>\$ 28,647,036</u>	<u>\$ 12,114,315</u>	<u>\$ 65,752,551</u>

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, 2011

Total fund balances – Governmental funds \$ 47,969,579

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	\$ 157,238,692	
Accumulated depreciation	<u>(81,785,492)</u>	
Net capital assets		75,453,200

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

Taxes receivable	3,891,760
------------------	-----------

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

(332,995)

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

1,140,929

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

(1,937,393)

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	(2,845,080)	
Pension obligation	(671,925)	
Post-employment benefits	(996,703)	
General obligation bonds payable	(85,102,316)	
Notes payable	<u>(2,580,000)</u>	
Total long-term liabilities		<u>(92,196,024)</u>

Net assets of governmental activities **\$ 33,989,056**

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, 2011

	<u>General Fund</u>	<u>Library Fund</u>	<u>2010 Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES					
Taxes	\$ 14,747,904	\$ 2,972,478	\$ -	\$ 4,190,170	\$ 21,910,552
Charges for service	83,722	-	-	-	83,722
Investment income and net increase in fair value of investments	8,192	2,136	5,938	20,625	36,891
Intergovernmental	32,848,017	424,980	-	8,535,976	41,808,973
Licenses and permits	659,054	-	-	-	659,054
Fines and fees	1,058,225	77,131	-	415,529	1,550,885
Other revenue	<u>383,194</u>	<u>6,675</u>	<u>-</u>	<u>429,310</u>	<u>819,179</u>
Total revenues	<u>49,788,308</u>	<u>3,483,400</u>	<u>5,938</u>	<u>13,591,610</u>	<u>66,869,256</u>
EXPENDITURES					
Current:					
General government	8,194,037	-	-	5,379,119	13,573,156
Public safety	34,604,879	-	-	240,141	34,845,020
Culture and recreation	-	3,399,179	-	69,227	3,468,406
Highways and streets	6,937,918	-	4,911,739	4,880,686	16,730,343
Debt service:					
Principal retirement	-	-	8,123,472	2,599,557	10,723,029
Interest and other charges	<u>-</u>	<u>-</u>	<u>262,283</u>	<u>3,148,160</u>	<u>3,410,443</u>
Total expenditures	<u>49,736,834</u>	<u>3,399,179</u>	<u>13,297,494</u>	<u>16,316,890</u>	<u>82,750,397</u>
Excess (deficiency) of revenues over expenditures	<u>51,474</u>	<u>84,221</u>	<u>(13,291,556)</u>	<u>(2,725,280)</u>	<u>(15,881,141)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	41,381,208	-	41,381,208
Sale of capital assets	83,217	-	-	-	83,217
Transfers in	5,344,075	-	-	5,908,419	11,252,494
Transfers out	<u>(1,458,534)</u>	<u>(1,200)</u>	<u>(139,362)</u>	<u>(2,271,618)</u>	<u>(3,870,714)</u>
Total other financing sources (uses)	<u>3,968,758</u>	<u>(1,200)</u>	<u>41,241,846</u>	<u>3,636,801</u>	<u>48,846,205</u>
Net change in fund balances	4,020,232	83,021	27,950,290	911,521	32,965,064
FUND BALANCES, BEGINNING OF YEAR	<u>5,255,229</u>	<u>669,712</u>	<u>-</u>	<u>9,079,574</u>	<u>15,004,515</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,275,461</u>	<u>\$ 752,733</u>	<u>\$ 27,950,290</u>	<u>\$ 9,991,095</u>	<u>\$ 47,969,579</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, 2011**

Net change in total fund balances	\$ 32,965,064
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 2010 to 2011 consists of:	
Taxes received from the State of Illinois	(199,157)
In governmental funds, debt is not reported as a liability. In the current period, proceeds were received in the amount of	(41,590,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds.	
Increase in long-term compensated absences	\$ (35,788)
Increase in accrued interest on debt	<u>(796,171)</u>
Total expenses of non-current resources	(831,959)
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	4,937,640
Depreciation	<u>(5,584,482)</u>
Capital expenditures in excess of depreciation	(646,842)
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	(856,150)
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	10,860,557
Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statement of Activities	(215,662)

STATEMENT 6

Government Accounting Standards Board requires accrual of pension obligations in the Statement of Activities		(671,925)
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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

Amortization on bond discount and loss on refunding	\$ (156,237)	
Amortization on deferred issuance costs	(17,887)	
Deferred bond issuance costs	891,998	
Deferred bond premium	<u>(430,987)</u>	
Total deferred costs		<u>286,887</u>

Change in Net Assets of Governmental Activities		<u>\$ (899,187)</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
April 30, 2011**

	<u>Business-type Activities</u>				Governmental Activities- Internal Service Funds
	<u>Major Enterprise Funds</u>			Total Enterprise Funds	
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 5,166,863	\$ 1,034,611	\$ 1,024,669	\$ 7,226,143	\$ 1,762,055
Investments	4,183,426	54,838	1,268,887	5,507,151	2,960,765
Receivables:					
Accounts receivable	2,268,181	615,290	378,701	3,262,172	3,982
Other	382,280	-	75	382,355	1,536
Due from other funds	-	-	285,248	285,248	-
Inventories	313,071	150,333	-	463,404	203,623
Assets held for sale	-	-	22,940	22,940	-
Prepaid expenses, current	25,900	-	29,400	55,300	-
Total current assets	<u>12,339,721</u>	<u>1,855,072</u>	<u>3,009,920</u>	<u>17,204,713</u>	<u>4,931,961</u>
Noncurrent Assets:					
Prepaid expense, net of current	155,400	-	-	155,400	-
Notes receivable	-	-	377,588	377,588	-
Property, plant, and equipment					
Land	3,318,778	899,399	2,158,991	6,377,168	-
Buildings	44,705,535	4,036,423	5,497,739	54,239,697	-
Improvements other than buildings	63,651,510	116,788	11,201,548	74,969,846	-
Machinery and equipment	2,117,092	7,142,398	534,025	9,793,515	9,683,770
	113,792,915	12,195,008	19,392,303	145,380,226	9,683,770
Less accumulated depreciation	<u>63,371,205</u>	<u>6,997,144</u>	<u>12,541,707</u>	<u>82,910,056</u>	<u>5,020,194</u>
Total property, plant, and equipment	<u>50,421,710</u>	<u>5,197,864</u>	<u>6,850,596</u>	<u>62,470,170</u>	<u>4,663,576</u>
Total noncurrent assets	<u>50,577,110</u>	<u>5,197,864</u>	<u>7,228,184</u>	<u>63,003,158</u>	<u>4,663,576</u>
TOTAL ASSETS	<u>62,916,831</u>	<u>7,052,936</u>	<u>10,238,104</u>	<u>80,207,871</u>	<u>9,595,537</u>
LIABILITIES					
Current liabilities:					
Accounts payable	655,173	47,105	47,943	750,221	27,802
Contracts payable	23,919	-	163,717	187,636	-
Claims payable	-	-	-	-	5,801,433
Interest payable	139,321	-	-	139,321	-
Other accrued liabilities	161,183	244,298	5,945	411,426	42,021
Unearned revenue	-	-	-	-	7,382
Note payable	352,679	-	-	352,679	-
Due to other funds	-	-	97,009	97,009	-
Total current liabilities	<u>1,332,275</u>	<u>291,403</u>	<u>314,614</u>	<u>1,938,292</u>	<u>5,878,638</u>
Long-term liabilities:					
Note payable	9,306,850	-	-	9,306,850	-
Total liabilities	<u>10,639,125</u>	<u>291,403</u>	<u>314,614</u>	<u>11,245,142</u>	<u>5,878,638</u>
NET ASSETS					
Invested in capital assets, net of related debt	40,762,181	5,197,864	6,850,596	52,810,641	4,663,576
Unrestricted	11,515,525	1,563,669	3,072,894	16,152,088	(946,677)
Total net assets	<u>\$ 52,277,706</u>	<u>\$ 6,761,533</u>	<u>\$ 9,923,490</u>	<u>68,962,729</u>	<u>\$ 3,716,899</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

(613,682)

Net assets of business-type activities

\$ 68,349,047

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year Ended April 30, 2011

	<u>Business-type Activities</u>				Governmental Activities- Internal Service Funds
	<u>Major Enterprise Funds</u>			Total Enterprise Funds	
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES					
Charges for services	\$ 14,406,019	\$ 532,473	\$ 3,200,009	\$ 18,138,501	\$ 11,467,096
Payroll deductions/retiree contributions	-	-	-	-	1,858,328
Other revenue	<u>2,602,463</u>	<u>-</u>	<u>20,617</u>	<u>2,623,080</u>	<u>166,513</u>
Total operating revenues	<u>17,008,482</u>	<u>532,473</u>	<u>3,220,626</u>	<u>20,761,581</u>	<u>13,491,937</u>
OPERATING EXPENSES					
Personnel services	3,399,580	3,592,552	137,605	7,129,737	1,352,642
Contractual services	4,099,451	420,960	1,731,238	6,251,649	1,148,298
Commodities	2,387,599	1,142,982	40,509	3,571,090	991,333
Other charges	79,089	507,690	111,702	698,481	10,373,380
Depreciation and amortization	<u>3,250,157</u>	<u>869,788</u>	<u>351,153</u>	<u>4,471,098</u>	<u>1,274,540</u>
Total operating expenses	<u>13,215,876</u>	<u>6,533,972</u>	<u>2,372,207</u>	<u>22,122,055</u>	<u>15,140,193</u>
Operating income (loss)	<u>3,792,606</u>	<u>(6,001,499)</u>	<u>848,419</u>	<u>(1,360,474)</u>	<u>(1,648,256)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income and net increase in fair value of investments	89,734	1,092	6,307	97,133	14,900
Intergovernmental revenue	241,203	4,048,824	-	4,290,027	-
Capital grants and contributions	-	1,605,270	-	1,605,270	-
Interest expense	(252,023)	-	-	(252,023)	-
Gain (loss) on disposal of city property	<u>(844,185)</u>	<u>27,739</u>	<u>-</u>	<u>(816,446)</u>	<u>25,166</u>
Total nonoperating revenues (expenses)	<u>(765,271)</u>	<u>5,682,925</u>	<u>6,307</u>	<u>4,923,961</u>	<u>40,066</u>
Income (loss) before transfers	<u>3,027,335</u>	<u>(318,574)</u>	<u>854,726</u>	<u>3,563,487</u>	<u>(1,608,190)</u>
TRANSFERS					
Transfers in	179,252	213,453	12,000	404,705	291,138
Transfers out	<u>(6,401,212)</u>	<u>(130,142)</u>	<u>(1,006,925)</u>	<u>(7,538,279)</u>	<u>(539,344)</u>
Net transfers	<u>(6,221,960)</u>	<u>83,311</u>	<u>(994,925)</u>	<u>(7,133,574)</u>	<u>(248,206)</u>
Change in net assets	(3,194,625)	(235,263)	(140,199)	(3,570,087)	(1,856,396)
NET ASSETS, BEGINNING OF YEAR	<u>55,472,331</u>	<u>6,996,796</u>	<u>10,063,689</u>		<u>5,573,295</u>
NET ASSETS, END OF YEAR	<u>\$ 52,277,706</u>	<u>\$ 6,761,533</u>	<u>\$ 9,923,490</u>		<u>\$ 3,716,899</u>

Reconciliation to Statement of Activities:

Certain amounts for the internal service funds are allocated to
business-type activities in the Statement of Activities

(274,294)

Net Business-type Activities

\$ (3,844,381)

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, 2011

	<u>Business-type Activities</u>				Governmental Activities-
	<u>Major Enterprise Funds</u>				
	<u>Water Fund</u>	<u>Mass Transit Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 16,856,514	\$ 532,473	\$ 3,222,677	\$ 20,611,664	\$ 13,491,389
Cash paid to suppliers for goods and services	(7,584,921)	(2,052,366)	(1,911,303)	(11,548,590)	(11,832,874)
Cash paid to employees	(3,417,197)	(3,575,648)	(144,361)	(7,137,206)	(1,356,213)
Net cash provided by (used in) operating activities	<u>5,854,396</u>	<u>(5,095,541)</u>	<u>1,167,013</u>	<u>1,925,868</u>	<u>302,302</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	980,921	4,692,257	-	5,673,178	-
Capital grants and contributions	-	1,605,270	-	1,605,270	-
Cash transfers from other funds	179,252	213,453	12,000	404,705	291,138
Cash transfers to other funds	(6,401,212)	(130,142)	(1,006,925)	(7,538,279)	(539,344)
Net cash provided by (used in) noncapital financing activities	<u>(5,241,039)</u>	<u>6,380,838</u>	<u>(994,925)</u>	<u>144,874</u>	<u>(248,206)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant, and equipment	(4,494,324)	(1,497,383)	(446,956)	(6,438,663)	(434,078)
Proceeds on sale of city property	-	27,739	-	27,739	25,166
Proceeds from the acquisition of debt	4,834,212	-	-	-	-
Principal payments - note	(462,945)	-	-	(462,945)	-
Interest payments	73,610	-	-	73,610	-
Net cash used in capital and related financing activities	<u>(49,447)</u>	<u>(1,469,644)</u>	<u>(446,956)</u>	<u>(1,966,047)</u>	<u>(408,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	89,734	1,092	6,307	97,133	14,900
Proceeds from sales and maturities of investments	7,737,456	-	-	7,737,456	-
Purchase of investments	(6,721,951)	(5,567)	(1,268,887)	(7,996,405)	(2,026,086)
Net cash provided by (used in) investing activities	<u>1,105,239</u>	<u>(4,475)</u>	<u>(1,262,580)</u>	<u>(161,816)</u>	<u>(2,011,186)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,669,149	(188,822)	(1,537,448)	(57,121)	(2,366,002)
CASH AND CASH EQUIVALENTS, BEGINNING 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>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,166,863</u>	<u>\$ 1,034,611</u>	<u>\$ 1,024,669</u>	<u>\$ 7,226,143</u>	<u>\$ 1,762,055</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 3,792,606	\$ (6,001,499)	\$ 848,419	\$ (1,360,474)	\$ (1,648,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,250,157	869,788	351,153	4,471,098	1,274,540
Effects of changes in operating assets and liabilities:					
Receivables	(151,968)	-	2,051	(149,917)	(548)
Inventories	(8,731)	13,683	-	4,952	(8,581)
Prepaid items	25,900	-	4,200	30,100	-
Accounts payable	(104,589)	5,583	(765)	(99,771)	688,170
Contracts payable	(931,362)	-	(31,289)	(962,651)	-
Other liabilities	(17,617)	16,904	(6,756)	(7,469)	(3,571)
Unearned revenue	-	-	-	-	548
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 5,854,396</u>	<u>\$ (5,095,541)</u>	<u>\$ 1,167,013</u>	<u>\$ 1,925,868</u>	<u>\$ 302,302</u>

There were no noncash investing or financing activities in 2011.

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, 2011**

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 7,010,237
Taxes receivable	145,194
Accrued interest	490,658
Long-term investments, at fair value:	
U.S. Government obligations	42,696,234
Mutual funds	57,087,468
Common stock	19,895,660
Certificate of deposits	2,491,846
Annuities	112,829
Corporate bonds	2,046,528
Total long-term investments	124,330,565
TOTAL ASSETS	\$ 131,976,654
NET ASSETS	
Held in trust for pension benefits	\$ 131,976,654

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, 2011**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 6,310,125
Plan member	<u>1,811,195</u>
Total contributions	<u>8,121,320</u>
Investment earnings:	
Interest and dividends	2,481,559
Net increase in the fair value of investments	<u>9,522,158</u>
Total investment income	12,003,717
Less investment expense	<u>273,561</u>
Net investment income	<u>11,730,156</u>
Total additions	<u>19,851,476</u>
DEDUCTIONS	
Benefits and refunds	10,689,190
Administrative expense	<u>119,233</u>
Total deductions	<u>10,808,423</u>
Change in net assets	9,043,053
NET ASSETS, BEGINNING OF YEAR	<u>122,933,601</u>
NET ASSETS, END OF YEAR	<u>\$ 131,976,654</u>

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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, 2011

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, 2011

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 statement of net assets 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, 2011

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, 2011

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.

2010 Project Fund – This fund accounts for capital improvements that are financed by the proceeds from the 2010 general obligations bonds.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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, 2011

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 or 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, 2011

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, 2011

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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (CONTINUED)

Based on collection histories, the City has provided at April 30, 2011 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, and Library 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, 2011

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, 2011

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

6. The level of budgetary control 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's General Fund divisions 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.

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, 2011.

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, 2011

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, 2011. At year end the carrying value of the City's deposits, including certificates of deposit, was \$11,658,212 and the respective bank balances totaled \$12,033,506, not including cash on hand of \$7,005.

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. 31% of the government's investments in municipal bonds were rated Aaa by Moody's, 9% were rated Aa1, 9% were rated Aa2, 7% were rated Aa3, 9% were rated A1, and ratings were not available for the remaining 35%.

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, 2011, the City's bank deposits were fully collateralized.

As of April 30, 2011, 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	\$ 4,747,160	\$ 4,747,160	\$ -	\$ -	\$ -
Certificates of deposit	2,580,428	644,619	1,085,552	226,476	623,781
U.S. Government Agencies	75,174,046	20,329,906	26,620,269	10,305,801	17,918,070
Corporate bonds	3,576,143	553,171	1,430,164	1,592,808	-
Municipal bonds	4,515,098	180,687	2,089,394	388,236	1,856,781

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 bonds	\$ 4,923,567	\$ -	\$ 2,267,205	\$ 2,529,032	\$ 127,330
U.S. Treasury notes	4,472,155	-	514,180	-	3,957,975
Annuities	112,829	112,829	-	-	-
Mutual funds	58,716,554	58,716,554	-	-	-
Common stock	<u>9,587,592</u>	<u>9,587,592</u>	-	-	-
Total	<u>\$ 168,405,572</u>	<u>\$ 94,872,518</u>	<u>\$ 34,006,764</u>	<u>\$ 15,042,353</u>	<u>\$24,483,937</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, 2011, the City had \$12,279,756 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, 2011, cash and cash equivalents for the Civic Center Authority are comprised of bank deposits totaling \$6,727, cash on hand of \$2,340, and deposits with the Illinois Funds of \$57,530. 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>\$ 63,391</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation of notes to financial statements:

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 11,658,212
Cash on hand – per note above	7,005
Investments – per note above (including Illinois Fund)	<u>180,685,328</u>
Total	<u>\$ 192,350,545</u>
 Statement 1	
Cash and equivalents	\$ 55,502,592
Long-term investments	5,507,151
 Statement 10	
Cash and short-term investments	7,010,237
Long-term investments	<u>124,330,565</u>
Total	<u>\$ 192,350,545</u>

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2011 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Nonmajor Governmental Funds	\$ 97,009	\$ 285,248
Nonmajor Enterprise Funds	<u>285,248</u>	<u>97,009</u>
Total interfunds	<u>\$ 382,257</u>	<u>\$ 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, 2011

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	\$ 5,344,075	\$ 1,458,534
Library	-	1,200
2010 Project Fund	-	139,362
Nonmajor Governmental Funds	5,908,419	2,271,618
Major Enterprise Funds:		
Water	179,252	6,401,212
Mass Transit	213,453	130,142
Nonmajor Enterprise Funds	12,000	1,006,925
Internal Service Funds	<u>291,138</u>	<u>539,344</u>
Total interfunds	<u>\$ 11,948,337</u>	<u>\$ 11,948,337</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, 2011

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

Primary government

	<u>Balance May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,213,003	\$ 19,078	\$ -	\$ 6,232,081
Construction in progress	<u>1,250,000</u>	<u>2,727,391</u>	<u>1,250,000</u>	<u>2,727,391</u>
Subtotal	<u>7,463,003</u>	<u>2,746,469</u>	<u>1,250,000</u>	<u>8,959,472</u>
Capital assets being depreciated:				
Infrastructure	92,951,479	1,393,240	-	94,344,719
Buildings and improvements	26,188,404	1,250,000	30,380	27,408,024
Vehicles	13,802,694	436,037	317,960	13,920,771
Office equipment	2,898,370	-	28,513	2,869,857
Other equipment	<u>9,387,780</u>	<u>361,894</u>	<u>13,825</u>	<u>9,735,849</u>
Subtotal	<u>145,228,727</u>	<u>3,441,171</u>	<u>390,678</u>	<u>148,279,220</u>
Less accumulated depreciation for:				
Infrastructure	(45,754,093)	(2,846,412)	-	(48,600,505)
Buildings and improvements	(12,160,601)	(907,204)	(30,380)	(13,037,425)
Vehicles	(8,483,994)	(1,215,141)	(317,960)	(9,381,175)
Office equipment	(1,634,665)	(136,559)	(28,513)	(1,742,711)
Other equipment	<u>(8,558,335)</u>	<u>(479,166)</u>	<u>(13,825)</u>	<u>(9,023,676)</u>
Total accumulated depreciation	<u>(76,591,688)</u>	<u>(5,584,482)</u>	<u>(390,678)</u>	<u>(81,785,492)</u>
Total capital assets being depreciated, net	<u>68,637,039</u>	<u>(2,143,311)</u>	<u>-</u>	<u>66,493,728</u>
Total governmental activities capital assets, net	<u>\$ 76,100,042</u>	<u>\$ 603,158</u>	<u>\$ 1,250,000</u>	<u>\$ 75,453,200</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	<u>Balance</u> <u>May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 6,377,168	\$ -	\$ -	\$ 6,377,168
Construction in progress	<u>3,018,120</u>	<u>5,645,183</u>	<u>662,922</u>	<u>8,000,381</u>
Subtotal	<u>9,395,288</u>	<u>5,645,183</u>	<u>662,922</u>	<u>14,377,549</u>
Capital assets being depreciated:				
Infrastructure	21,334,372	-	-	21,334,372
Buildings and improvements	99,343,264	1,449,247	917,720	99,874,791
Vehicles	8,630,484	1,497,382	2,244,243	7,883,623
Office equipment	38,312	-	-	38,312
Other equipment	<u>4,787,187</u>	<u>21,578</u>	<u>2,937,186</u>	<u>1,871,579</u>
Subtotal	<u>134,133,619</u>	<u>2,968,207</u>	<u>6,099,149</u>	<u>131,002,677</u>
Less accumulated depreciation for:				
Infrastructure	(12,004,584)	(285,752)	-	(12,290,336)
Buildings and improvements	(61,595,007)	(3,373,888)	(881,672)	(64,087,223)
Vehicles	(6,488,226)	(675,328)	(2,233,826)	(4,929,728)
Office equipment	(36,685)	(1,595)	-	(38,280)
Other equipment	<u>(2,052,433)</u>	<u>(134,535)</u>	<u>(622,479)</u>	<u>(1,564,489)</u>
Total accumulated depreciation	<u>(82,176,935)</u>	<u>(4,471,098)</u>	<u>(3,737,977)</u>	<u>(82,910,056)</u>
Total capital assets being depreciated, net	<u>51,956,684</u>	<u>(1,502,891)</u>	<u>2,361,172</u>	<u>48,092,621</u>
Total business-type activities capital assets, net	<u>\$ 61,351,972</u>	<u>\$ 4,142,292</u>	<u>\$ 3,024,094</u>	<u>\$ 62,470,170</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$5,584,482 and \$4,471,098 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	\$ 1,147,749	Water	\$ 3,250,156
Public safety	543,458	Parking	118,657
Public works	3,374,235	Mass Transit	869,789
Culture and recreation	<u>519,040</u>	Sewer	<u>232,496</u>
Total	<u>\$ 5,584,482</u>	Total	<u>\$ 4,471,098</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended April 30, 2011, was as follows:

	<u>Balance May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	12,951,955	179,033	65,816	13,065,172
Less accumulated depreciation for:				
Buildings and equipment	<u>(9,456,907)</u>	<u>(289,202)</u>	<u>(60,719)</u>	<u>(9,685,390)</u>
Total capital assets being depreciated, net	<u>3,495,048</u>	<u>(110,169)</u>	<u>5,097</u>	<u>3,379,782</u>
Civic Center capital assets, net	<u>\$ 6,625,810</u>	<u>\$ (110,169)</u>	<u>\$ 5,097</u>	<u>\$ 6,510,544</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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, 2011. 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	\$ 81,996	\$ -	\$ -	\$ -	\$ -	\$ 81,996
Food and beverage tax	283,737	-	-	-	-	283,737
Cable TV tax	80,268	-	-	-	-	80,268
Utility tax	784,525	-	-	-	-	784,525
State income tax	2,398,767	-	-	-	-	2,398,767
State replacement tax	-	42,775	-	-	-	42,775
Total other taxes	<u>\$3,629,293</u>	<u>\$ 42,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,672,068</u>
Due from other governments:						
Grants	\$ 28,998	\$ -	\$ -	\$ -	\$ -	\$ 28,998
Allotments	-	334,701	-	-	-	334,701
Total due from other governments	<u>\$ 28,998</u>	<u>\$ 334,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,699</u>
Accounts receivable:						
General billings	\$ 18,875	\$ 70,023	\$ -	\$ 26,698	\$ 3,982	\$ 119,578
Boat licenses	50,151	-	-	-	-	50,151
Special assessments	-	-	20,155	-	-	20,155
Total accounts receivable	<u>\$ 69,026</u>	<u>\$ 70,023</u>	<u>\$ 20,155</u>	<u>\$ 26,698</u>	<u>\$ 3,982</u>	<u>\$ 189,884</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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	\$ -	\$ 18,678	\$ -	\$ -	\$ -	\$ 18,678
Deferred notes	-	18,042	-	-	-	18,042
Rental rehab loans	-	4,526	-	-	-	4,526
Home program loans	-	578,361	-	-	-	578,361
Gateway to Sertoma Club loan	-	159,211	-	-	-	159,211
Allowance for uncollectible notes	<u>-</u>	<u>(139,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,246)</u>
Total notes receivable	<u>\$ -</u>	<u>\$ 639,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,572</u>
Other:						
Investment income	\$ 3,276	\$ 552	\$ 434	\$ -	\$ 1,536	\$ 5,798
Parking tickets	<u>38,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,579</u>
Total other	<u>\$ 41,855</u>	<u>\$ 552</u>	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 44,377</u>

Business-Type Activities:

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 1,755,185
Watermain tapping	22,274
Sanitary District billings	490,722
Grants	615,290
Outstanding parking tickets	196,331
Revolving mortgage loans	2,138
Recycling fees	128,044
Sewer billings	182,853
DCDF loans	253
Reserve for uncollectible portion	<u>(130,918)</u>
Total accounts receivable	<u>\$ 3,262,172</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 7 – RECEIVABLES (CONTINUED)

	<u>Enterprise</u>
Notes receivable:	
Installment notes	\$ 355,814
Deferred notes	40,052
Reserve for uncollectible portion	<u>(18,278)</u>
Total notes receivable	<u>\$ 377,588</u>
Other:	
Investment income	\$ 31,488
USEPA Grant	241,203
IEPA Grant	<u>109,664</u>
Total other	<u>\$ 382,355</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, 2010</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Series of 1991	\$ 743,200	\$ -	\$ 384,557	\$ 358,643	\$ 358,643
Series of 1998	2,080,000	-	2,080,000	-	-
Series of 2004A	9,580,000	-	485,000	9,095,000	500,000
Series of 2004B	22,695,000	-	1,150,000	21,545,000	1,185,000
Series of 2005	4,440,000	-	170,000	4,270,000	175,000
Series of 2008	10,000,000	-	-	10,000,000	235,000
Series of 2010A	-	8,715,000	-	8,715,000	90,000
Series of 2010B	-	28,270,000	-	28,270,000	590,000
Series of 2010C	-	2,800,000	-	2,800,000	-
Series of 2010D	-	1,805,000	-	1,805,000	275,000
(Less) plus deferred amounts:					
For issuance premiums	-	430,987	-	430,987	-
For issuance discounts	(132,483)	-	(8,833)	(123,650)	-
On refunding	<u>(2,211,068)</u>	-	<u>(147,404)</u>	<u>(2,063,664)</u>	-
Total general obligation bonds	<u>47,194,649</u>	<u>42,020,987</u>	<u>4,113,320</u>	<u>85,102,316</u>	<u>3,408,643</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

	Obligations Outstanding May 1, 2010	Debt Additions	Debt Retirement	Obligations Outstanding April 30, 2011	Due Within One Year
Notes Payable:					
General Obligation Notes:					
Series of 2005A	\$ 354,071	\$ -	\$ 354,071	\$ -	\$ -
Series of 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	390,000	120,000
HUD Section 108, 2002-A	<u>2,340,000</u>	<u>-</u>	<u>150,000</u>	<u>2,190,000</u>	<u>155,000</u>
Total notes payable	<u>9,171,000</u>	<u>-</u>	<u>6,591,000</u>	<u>2,580,000</u>	<u>275,000</u>
Compensated absences	2,809,292	2,300,821	2,265,033	2,845,080	2,446,769
Pension obligation	-	671,925	-	671,925	-
Other post-employment benefits	<u>781,041</u>	<u>725,527</u>	<u>509,865</u>	<u>996,703</u>	<u>-</u>
Total governmental activities	<u>\$ 59,955,982</u>	<u>\$ 45,719,260</u>	<u>\$13,479,218</u>	<u>\$ 92,196,024</u>	<u>\$ 6,130,412</u>
Business-Type activities:					
Notes payable:					
2001 IEPA loan	\$ 4,963,029	\$ -	\$ 342,652	\$ 4,620,377	\$ 352,679
IEPA Water Loan	<u>325,233</u>	<u>4,713,919</u>	<u>-</u>	<u>5,039,152</u>	<u>-</u>
Total business-type activities	<u>\$ 5,288,262</u>	<u>\$ 4,713,919</u>	<u>\$ 342,652</u>	<u>\$ 9,659,529</u>	<u>\$ 352,769</u>

Long-term obligations outstanding at April 30, 2011 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:

Fiscal Year	Principal	Interest	Total Debt Service
2012	<u>\$ 358,643</u>	<u>\$ 1,096,357</u>	<u>\$ 1,455,000</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2004A

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

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	575,000	285,613	860,613
2017-2021	3,255,000	1,063,063	4,318,063
2022-2025	<u>3,160,000</u>	<u>340,338</u>	<u>3,500,338</u>
Total	<u>\$ 9,095,000</u>	<u>\$ 3,020,239</u>	<u>\$ 12,115,239</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.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	1,365,000	680,629	2,045,629
2017-2021	7,725,000	2,537,144	10,262,144
2022-2025	<u>7,465,000</u>	<u>815,131</u>	<u>8,280,131</u>
Total	<u>\$21,545,000</u>	<u>\$ 7,235,757</u>	<u>\$ 28,780,757</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2005

\$4,705,000 2005 General Obligation Bonds dated November 1, 2005 due December 15, 2014; interest of 3.00 to 3.60 percent (principal and interest to be serviced by annual tax levy) 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			Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
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	<u>675,000</u>	<u>24,300</u>	<u>699,300</u>
Total	<u>\$ 4,270,000</u>	<u>\$ 399,915</u>	<u>\$ 4,669,915</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, 2011, \$1,663,403 of the proceeds remained unexpended.

Remaining principal and interest payments to maturity are as follows:

Fiscal			Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
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	790,000	380,713	1,170,713
2017-2021	4,490,000	1,383,975	5,873,975
2022-2025	<u>3,630,000</u>	<u>359,900</u>	<u>3,989,900</u>
Total	<u>\$10,000,000</u>	<u>\$ 3,752,477</u>	<u>\$ 13,752,477</u>

General Obligation Bonds, Series 2010A

\$8,715,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 3.50 to 6.30 percent (principal and interest to be serviced by annual tax levy) to refund Series 2005, 2005A, and 2008A general obligation notes which were used for various capital projects. Remaining funds will be used to finance capital improvements in the City. As of April 30, 2011, approximately \$20,000 of the proceeds remained unexpended. No economic gain (loss) was calculated on the refunding since future variable interest rates were not determinable.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Fiscal			Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012	\$ 90,000	\$ 472,862	\$ 562,862
2013	115,000	459,433	574,433
2014	130,000	455,407	585,407
2015	140,000	450,858	590,858
2016	150,000	445,782	595,782
2017-2021	1,870,000	2,080,038	3,950,038
2022-2026	3,430,000	1,445,812	4,875,812
2027-2030	<u>2,790,000</u>	<u>487,700</u>	<u>3,277,700</u>
Total	<u>\$ 8,715,000</u>	<u>\$ 6,297,892</u>	<u>\$ 15,012,892</u>

General Obligation Bonds, Series 2010B

\$28,270,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 1.50 to 7.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2011, approximately \$25,000,000 of the proceeds remained unexpended.

Fiscal			Treasury	Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Rebate</u>	<u>Debt Service</u>
2012	\$ 590,000	\$ 1,462,677	\$ (535,575)	\$ 1,517,102
2013	795,000	1,422,030	(520,835)	1,696,195
2014	840,000	1,408,118	(515,965)	1,732,153
2015	890,000	1,391,317	(510,085)	1,771,232
2016	955,000	1,369,068	(502,298)	1,821,770
2017-2021	6,285,000	6,250,881	(2,303,429)	10,232,452
2022-2026	8,265,000	4,592,725	(1,845,620)	11,012,105
2027-2030	<u>9,650,000</u>	<u>1,993,885</u>	<u>(669,213)</u>	<u>10,974,672</u>
Total	<u>\$28,270,000</u>	<u>\$ 19,890,701</u>	<u>\$ (7,403,020)</u>	<u>\$ 40,757,681</u>

General Obligation Bonds, Series 2010C

\$2,800,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2024; interest of 2.00 to 4.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2011, the proceeds have not been expended.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ -	\$ 96,907	\$ 96,907
2013	185,000	94,800	279,800
2014	185,000	91,100	276,100
2015	190,000	87,400	277,400
2016	195,000	83,600	278,600
2017-2021	1,055,000	320,900	1,375,900
2022-2025	990,000	101,000	1,091,000
Total	<u>\$ 2,800,000</u>	<u>\$ 875,707</u>	<u>\$ 3,675,707</u>

General Obligation Bonds, Series 2010D

\$1,805,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2017; interest of 2.00 to 4.00 percent (principal and interest to be serviced by annual tax levy) to refund Series 1998 general obligation bonds which were used for the construction of the City's Library. As of April 30, 2011, all of the proceeds had been expended. This transaction had an economic gain of approximately \$186,000.

Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ 275,000	\$ 44,211	\$ 319,211
2013	265,000	37,750	302,750
2014	265,000	32,450	297,450
2015	265,000	27,150	292,150
2016	255,000	21,850	276,850
2017-2018	480,000	26,150	506,150
Total	<u>\$ 1,805,000</u>	<u>\$ 189,561</u>	<u>\$ 1,994,561</u>

B. Notes Payable

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2012	\$ 120,000	\$ 20,703	\$ 140,703
2013	120,000	13,251	133,251
2014	150,000	4,748	154,748
Total	<u>\$ 390,000</u>	<u>\$ 38,702</u>	<u>\$ 428,702</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.

Fiscal Year	Principal	Interest	Total Debt Service
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	175,000	85,720	260,720
2017-2021	950,000	269,852	1,219,852
2022-2023	415,000	25,500	440,500
Total	<u>\$ 2,190,000</u>	<u>\$ 813,275</u>	<u>\$ 3,003,275</u>

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	395,805	88,553	484,358
2017-2021	2,159,679	262,111	2,421,790
2022-2024	591,044	15,527	606,571
Total	<u>\$ 4,620,377</u>	<u>\$ 829,772</u>	<u>\$ 5,450,149</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 City has drawn down \$5,039,152 on this loan as of April 30, 2011. The repayment term will not commence until the project is completed.

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 \$2,845,080.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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.

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 statute requires 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 2010 was 8.50 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 12.35 percent. 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Annual Pension Cost. For December 31, 2010, the City of Decatur’s actual contributions for pension cost for the regular were \$1,190,856. Its required contribution for calendar year 2010 was \$1,730,244.

Three-Year Trend Information for the Regular Plan

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 1,730,244	69%	\$ 539,388
2009	143,868	100%	-
2008	1,246,214	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. The City of Decatur’s Regular plan’s unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 69.74 percent funded. The actuarial accrued liability for benefits was \$38,997,358 and the actuarial value of assets was \$27,195,156, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,802,202. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$14,010,076 and the ratio of UAAL to the covered payroll was 84%.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued 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, 2010 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	124
Current employees	124
Vested and nonvested	<u>158</u>
Total	<u><u>282</u></u>

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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, 2010 the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	123
Current employees	118
Vested and nonvested	118
Total	241

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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

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.

Related Party Transactions

There are no securities of the City of Decatur or any other related parties included in plan assets.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

C. Annual Pension Cost

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Contribution Rates:			
Employer	8.5%	36.02%	48.46%
Employee	4.5%	9.91%	9.46%
Annual pension cost	\$ 1,730,244	\$ 3,080,287	\$ 3,277,075
Contributions made	\$ 1,190,856	\$ 3,173,436	\$ 3,212,034
Actuarial valuation date	12/31/10	05/01/10	05/01/10
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	23.17 years	23.17 years
Asset valuation method	5-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
Actuarial assumptions:			
Investment rate of return	7.5% Compounded Annually	7.5% Compounded Annually	7.5% Compounded Annually
Projected salary increases	0.4 to 10.0%	4.50%	4.50%
Inflation rate included	4.00%	3.50%	3.50%
Cost of living adjustments	3.00%	3.00%	3.00%

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

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	\$ 1,246,214	\$ 2,968,274	\$ 2,992,651
	2009	143,868	3,777,600	3,434,550
	2010	1,730,244	3,080,287	3,277,075
Percentage of APC contributed	2008	100%	100%	100%
	2009	100%	85%	95%
	2010	69%	103%	98%
Net pension obligation	2008	\$ -	\$ -	\$ -
	2009	-	536,999	163,034
	2010	539,388	443,850	228,075

E. Funded Status and Funding Progress

The funded status of the plans as of May 1, 2010 was as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>
Actuarial accrued liability (AAL)	\$ 110,125,805	\$ 96,531,895
Actuarial value of plan assets	70,348,106	58,035,930
Unfunded actuarial accrued liability (UAAL)	39,777,699	38,495,965
Funded ratio (actuarial value of plan assets/AAL)	63.9%	60.1%
Covered payroll (active plan members)	11,040,825	8,148,301
UAAL as a percentage of covered payroll	360.3%	472.4%

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

F. Financial Statements

Multi-year trend information for the Schedule of Funding Progress can be found in the required supplemental information section.

The following information represents the financial position and activity of the pension trust funds at April 30, 2011:

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 2,662,474	\$ 4,347,763	\$ 7,010,237
Taxes receivable	76,924	68,270	145,194
Accrued interest	350,782	139,876	490,658
Long-term investments, at fair value:			
U.S. Government obligations	36,295,984	6,400,250	42,696,234
Mutual funds	27,792,289	29,295,179	57,087,468
Common stock	4,540,263	15,355,397	19,895,660
Certificate of deposits	-	2,491,846	2,491,846
Annuities	-	112,829	112,829
Corporate bonds	<u>874,717</u>	<u>1,171,811</u>	<u>2,046,528</u>
Total long-term investments	<u>69,503,253</u>	<u>54,827,312</u>	<u>124,330,565</u>
TOTAL ASSETS	<u>\$72,593,433</u>	<u>\$59,383,221</u>	<u>\$ 131,976,654</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$72,593,433</u>	<u>\$59,383,221</u>	<u>\$ 131,976,654</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,052,138	\$ 3,257,987	\$ 6,310,125
Plan member	<u>1,056,536</u>	<u>754,659</u>	<u>1,811,195</u>
Total contributions	<u>4,108,674</u>	<u>4,012,646</u>	<u>8,121,320</u>
Investment earnings:			
Interest and dividends	1,480,785	1,000,774	2,481,559
Net increase in the fair value of investments	<u>4,402,012</u>	<u>5,120,146</u>	<u>9,522,158</u>
Total investment income	5,882,797	6,120,920	12,003,717
Less investment expense	<u>167,983</u>	<u>105,578</u>	<u>273,561</u>
Net investment income	<u>5,714,814</u>	<u>6,015,342</u>	<u>11,730,156</u>
Total additions	<u>9,823,488</u>	<u>10,027,988</u>	<u>19,851,476</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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

F. Financial Statements (Continued)

	Police Pension Fund	Fire Pension Fund	Total
DEDUCTIONS			
Benefits and refunds	\$ 5,063,215	\$ 5,625,975	\$ 10,689,190
Administrative expense	<u>62,243</u>	<u>56,990</u>	<u>119,233</u>
Total deductions	<u>5,125,458</u>	<u>5,682,965</u>	<u>10,808,423</u>
Net increase	4,698,030	4,345,023	9,043,053
NET ASSETS, BEGINNING OF YEAR	<u>67,895,403</u>	<u>55,038,198</u>	<u>122,933,601</u>
NET ASSETS, END OF YEAR	<u>\$72,593,433</u>	<u>\$59,383,221</u>	<u>\$ 131,976,654</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, 2011, 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, 2011

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, 2011, the City paid \$289,216 to the DPBC.

In applying generally accepted accounting principles, 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, 2011 there are no future minimum rental payments and the lease expires November 30, 2011.

- 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, 2011 is as follows:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 12 – COMMITMENTS (CONTINUED)

<u>Year Ending</u> <u>April 30</u>	<u>Amount</u>
2012	\$ 146,804
2013	137,834
2014	98,306
2015	<u>97,066</u>
Total	<u>\$ 480,010</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, 2011, the City had contractual commitments of approximately \$510,568 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 \$7,262,848 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, 2011

NOTE 13 – RISK MANAGEMENT (CONTINUED)

The claims liability of \$5,801,433 and \$4,966,726 reported in the Fund at April 30, 2011 and 2010 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 2011 and 2010 were:

	<u>May 1, 2010 to April 30, 2011</u>	<u>May 1, 2009 to April 30, 2010</u>
Beginning of fiscal year liability	\$ 4,966,726	\$ 3,491,311
Current year claims and changes in estimates	9,693,953	9,746,336
Claims payments	<u>(8,859,246)</u>	<u>(8,270,921)</u>
Total	<u>\$ 5,801,433</u>	<u>\$ 4,966,726</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 2011, the City contributed \$532,951 to the Authority; \$370,000 to fund operations and \$162,951 to help offset the cost of capital assets purchased during the year.

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, 2011

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	\$ 170,429	\$ 224,624
Noncurrent	<u>\$ 54,195</u>	<u>\$ 170,429</u>	<u>\$ 224,624</u>

Accrued interest on the deferred prior year payments as of April 30, 2011 is as follows:

	<u>HVAC System</u>	<u>Roof and Tuckpointing</u>	<u>Total</u>
	<u>\$ 9,805</u>	<u>\$ 69,419</u>	<u>\$ 79,224</u>

NOTE 15 – FUND EQUITY

The following funds had a deficit fund balance at April 30, 2011:

CDBG Fund	\$ 185,214
Self-Insurance Fund	\$3,266,092

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

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2011, membership consisted of:

Retirees and beneficiaries currently receiving benefits	132
Active employees	<u>502</u>
Total	<u><u>634</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.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 generally accepted accounting principles. 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, 2010 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, 2011. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2011	\$ 725,528	\$ 509,865	70.3%	\$ 996,703
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, 2010 (most recent information available), was calculated as follows:

Annual required contribution	\$ 741,700
Interest on net prior year OPEB obligation	25,384
Adjustment to annual required contribution	<u>(41,557)</u>
Annual OPEB cost	725,527
Contributions made	<u>509,865</u>
Increase in net OPEB obligation	215,662
Net OPEB obligation, beginning of year	<u>781,041</u>
Net OPEB obligation, end of year	<u>\$ 996,703</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 8,528,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,528,800
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	19,189,126
UAAL as a percentage of covered payroll	44.5%

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.

In the May 1, 2010 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, 2010, was 28 years.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 17 – SUBSEQUENT EVENTS

Management evaluated subsequent events through October 24, 2011, the date the financial statements were available to be issued. Events or transactions occurring after April 30, 2011, but prior to October 24, 2011 that provided additional evidence about conditions that existed at April 30, 2011, have been recognized in the financial statements for the year ended April 30, 2011. Events or transactions that provided evidence about conditions that did not exist at April 30, 2011 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, 2011.

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/fund balance.

In December 2010, the Governmental Accounting Standards Board issued a new accounting statement for *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates applicable guidance from FASB and AICPA pronouncements issued on or before November 30, 1989 into state and local government accounting and financial reporting standards. 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/fund balance.

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, 2011**

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>IMRF</u>						
2010	\$ 27,195,156	\$ 38,997,358	\$ 11,802,202	69.7%	\$ 14,010,076	84.2%
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%
<u>*Police Pension</u>						
2010	\$ 70,348,106	\$ 110,125,805	\$ 39,777,699	63.9%	\$ 11,040,825	360.3%
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%
<u>*Fire Pension</u>						
2010	\$ 58,035,930	\$ 96,531,895	\$ 38,495,965	60.1%	\$ 8,148,301	472.4%
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%
<u>OPEB</u>						
2010	\$ -	\$ 8,528,800	\$ 8,528,800	0.0%	\$ 19,189,126	44.5%
2009	-	10,119,000	10,119,000	0.0%	19,334,519	52.3%
2008	-	8,760,000	8,760,000	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, 2011**

<u>Year Ended April 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
POLICE PENSION FUND		
2010	\$ 3,069,595	103.00%
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%
FIREFIGHTERS' PENSION FUND		
2010	\$ 3,273,829	98.00%
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%
IMRF		
2010	\$ 1,730,244	69.00%
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%
OPEB		
2011	\$ 741,700	68.70%
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 FUND
Year Ended April 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 15,264,624	\$ 15,264,624	\$ 15,045,824	\$ (218,800)
Charges for service	90,522	90,522	83,722	(6,800)
Investment income and net increase in fair value of investments	30,450	30,450	8,192	(22,258)
Intergovernmental	32,169,991	32,169,991	32,725,868	555,877
Licenses and permits	753,000	753,000	661,143	(91,857)
Fines and fees	1,224,750	1,224,750	1,054,348	(170,402)
Other revenue	<u>245,300</u>	<u>245,300</u>	<u>383,194</u>	<u>137,894</u>
Total revenues	<u>49,778,637</u>	<u>49,778,637</u>	<u>49,962,291</u>	<u>183,654</u>
EXPENDITURES				
Current:				
Legislative	98,367	98,512	81,581	16,931
Executive	502,381	503,840	495,841	7,999
Management services	543,573	545,160	521,787	23,373
Legal	594,815	596,286	565,831	30,455
Financial management	1,513,225	1,527,304	1,507,511	19,793
Police	21,591,436	21,663,749	20,493,864	1,169,885
Fire	14,308,448	14,361,890	14,086,859	275,031
Economic and urban development	3,426,453	3,978,362	3,333,724	644,638
Public works	7,940,317	8,047,194	7,044,028	1,003,166
Other non-departmental charges	<u>2,011,753</u>	<u>2,035,956</u>	<u>1,833,183</u>	<u>202,773</u>
Total expenditures	<u>52,530,768</u>	<u>53,358,253</u>	<u>49,964,209</u>	<u>3,394,044</u>
Deficiency of revenues over expenditures	<u>(2,752,131)</u>	<u>(3,579,616)</u>	<u>(1,918)</u>	<u>3,577,698</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	15,000	15,000	83,217	68,217
Transfers in	4,955,868	4,990,868	5,344,075	353,207
Transfers out	<u>(1,381,875)</u>	<u>(1,416,875)</u>	<u>(1,458,534)</u>	<u>(41,659)</u>
Total other financing sources (uses)	<u>3,588,993</u>	<u>3,588,993</u>	<u>3,968,758</u>	<u>379,765</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ 836,862</u>	<u>\$ 9,377</u>	<u>3,966,840</u>	<u>\$ 3,957,463</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>53,392</u>	
Excess of revenues over expenditures and other financing sources (uses) - GAAP basis			4,020,232	
FUND BALANCE, BEGINNING OF YEAR			<u>5,255,229</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,275,461</u>	

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
LIBRARY FUND
Year Ended April 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,972,478	\$ (27,522)
Investment income and net increase in fair value of investments	6,777	6,777	2,136	(4,641)
Intergovernmental	465,000	465,000	418,850	(46,150)
Fines and fees	116,600	116,600	77,131	(39,469)
Other revenue	<u>10,072</u>	<u>10,072</u>	<u>6,675</u>	<u>(3,397)</u>
Total revenues	<u>3,598,449</u>	<u>3,598,449</u>	<u>3,477,270</u>	<u>(121,179)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>4,015,341</u>	<u>4,019,831</u>	<u>3,424,368</u>	<u>595,463</u>
Excess (deficiency) of revenues over expenditures	<u>(416,892)</u>	<u>(421,382)</u>	<u>52,902</u>	<u>474,284</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (418,092)</u>	<u>\$ (422,582)</u>	51,702	<u>\$ 474,284</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>31,319</u>	
Excess of revenues over expenditures and other financing sources (uses) - GAAP basis			83,021	
FUND BALANCE, BEGINNING OF YEAR			<u>669,712</u>	
FUND BALANCE, END OF YEAR			<u>\$ 752,733</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2011

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.

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 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 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 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 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, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 6,896,586	\$ 316,682	\$ 2,427,525	\$ 9,640,793
Receivables:				
Property taxes, net	60,695	1,223,683	-	1,284,378
Due from other governments	334,701	-	-	334,701
Due from other funds	97,009	-	-	97,009
Accounts receivable	70,023	20,155	26,698	116,876
Notes receivable	639,572	-	-	639,572
Other	<u>552</u>	<u>434</u>	<u>-</u>	<u>986</u>
TOTAL ASSETS	<u>\$ 8,099,138</u>	<u>\$ 1,560,954</u>	<u>\$ 2,454,223</u>	<u>\$ 12,114,315</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 218,003	\$ 20,968	\$ -	\$ 238,971
Contracts payable	-	-	116,562	116,562
Due to other funds	285,248	-	-	285,248
Other accrued liabilities	199,356	-	-	199,356
Deferred revenue	<u>59,400</u>	<u>1,223,683</u>	<u>-</u>	<u>1,283,083</u>
Total liabilities	<u>762,007</u>	<u>1,244,651</u>	<u>116,562</u>	<u>2,123,220</u>
Fund Balances:				
Reserved for:				
Debt service	-	316,303	-	316,303
Encumbrances	734,218	-	1,960,859	2,695,077
Unreserved, as reported in:				
Special revenue	6,602,913	-	-	6,602,913
Capital projects	<u>-</u>	<u>-</u>	<u>376,802</u>	<u>376,802</u>
Total fund balances	<u>7,337,131</u>	<u>316,303</u>	<u>2,337,661</u>	<u>9,991,095</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,099,138</u>	<u>\$ 1,560,954</u>	<u>\$ 2,454,223</u>	<u>\$ 12,114,315</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
REVENUES				
Taxes	\$ 2,955,425	\$ 1,234,745	\$ -	\$ 4,190,170
Investment income and net increase in fair value of investments	10,605	1,797	8,223	20,625
Intergovernmental	7,498,354	-	1,037,622	8,535,976
Fines and fees	313,720	-	101,809	415,529
Other revenue	<u>408,293</u>	<u>20,155</u>	<u>862</u>	<u>429,310</u>
Total revenues	<u>11,186,397</u>	<u>1,256,697</u>	<u>1,148,516</u>	<u>13,591,610</u>
EXPENDITURES				
Current:				
General government	5,063,314	315,805	-	5,379,119
Public safety	240,141	-	-	240,141
Culture and recreation	69,227	-	-	69,227
Highways and streets	766,895	-	4,113,791	4,880,686
Debt service:				
Principal retirement	-	2,599,557	-	2,599,557
Interest and fiscal charges	<u>-</u>	<u>3,148,160</u>	<u>-</u>	<u>3,148,160</u>
Total expenditures	<u>6,139,577</u>	<u>6,063,522</u>	<u>4,113,791</u>	<u>16,316,890</u>
Excess (deficiency) of revenues over expenditures	<u>5,046,820</u>	<u>(4,806,825)</u>	<u>(2,965,275)</u>	<u>(2,725,280)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	731,216	4,977,203	200,000	5,908,419
Transfers out	<u>(1,815,252)</u>	<u>-</u>	<u>(456,366)</u>	<u>(2,271,618)</u>
Total other financing sources (uses)	<u>(1,084,036)</u>	<u>4,977,203</u>	<u>(256,366)</u>	<u>3,636,801</u>
Net change in fund balances	3,962,784	170,378	(3,221,641)	911,521
FUND BALANCES, BEGINNING OF YEAR	<u>3,374,347</u>	<u>145,925</u>	<u>5,559,302</u>	<u>9,079,574</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,337,131</u>	<u>\$ 316,303</u>	<u>\$ 2,337,661</u>	<u>\$ 9,991,095</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2011

	<u>IMRF</u>	<u>HOME Fund</u>	<u>CDBG Fund</u>
ASSETS			
Cash and investments	\$ 501,105	\$ 130,072	\$ 28,865
Receivables:			
Property taxes, net	1,295	-	-
Due from other governments	-	-	-
Due from other funds	-	-	97,009
Accounts receivable	-	-	-
Notes receivable	-	639,572	-
Other	<u>552</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 502,952</u>	<u>\$ 769,644</u>	<u>\$ 125,874</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 110,590	\$ 16,595
Due to other funds	-	-	285,248
Other accrued liabilities	32,432	-	9,245
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,432</u>	<u>110,590</u>	<u>311,088</u>
Fund Balances:			
Reserved for encumbrances	-	-	-
Unreserved	<u>470,520</u>	<u>659,054</u>	<u>(185,214)</u>
Total fund balance (deficit)	<u>470,520</u>	<u>659,054</u>	<u>(185,214)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 502,952</u>	<u>\$ 769,644</u>	<u>\$ 125,874</u>

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	Motor Fuel Tax Fund	Total
\$ 484,025	\$ 672,948	\$ 6,589	\$ 5,072,982	\$ 6,896,586
-	-	59,400	-	60,695
-	-	-	334,701	334,701
-	-	-	-	97,009
-	-	-	70,023	70,023
-	-	-	-	639,572
-	-	-	-	552
<u>\$ 484,025</u>	<u>\$ 672,948</u>	<u>\$ 65,989</u>	<u>\$ 5,477,706</u>	<u>\$ 8,099,138</u>
\$ -	\$ -	\$ -	\$ 90,818	\$ 218,003
-	-	-	-	285,248
-	157,679	-	-	199,356
-	-	59,400	-	59,400
-	157,679	59,400	90,818	762,007
-	-	-	734,218	734,218
484,025	515,269	6,589	4,652,670	6,602,913
484,025	515,269	6,589	5,386,888	7,337,131
<u>\$ 484,025</u>	<u>\$ 672,948</u>	<u>\$ 65,989</u>	<u>\$ 5,477,706</u>	<u>\$ 8,099,138</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2011

	<u>IMRF</u>	<u>HOME Fund</u>	<u>CDBG Fund</u>
REVENUES			
Taxes	\$ 1,142,201	\$ -	\$ -
Investment income and net increase in fair value of investments	1,015	-	-
Intergovernmental	-	854,931	1,624,726
Fines and fees	-	-	-
Other revenue	<u>2,472</u>	<u>15,659</u>	<u>4,629</u>
Total revenues	<u>1,145,688</u>	<u>870,590</u>	<u>1,629,355</u>
EXPENDITURES			
Current:			
General government	1,571,756	883,397	1,274,612
Public safety	-	-	-
Culture and recreation	-	-	-
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,571,756</u>	<u>883,397</u>	<u>1,274,612</u>
Excess (deficiency) of revenues over expenditures	<u>(426,068)</u>	<u>(12,807)</u>	<u>354,743</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	671,216	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(335,245)</u>
Total other financing sources (uses)	<u>671,216</u>	<u>-</u>	<u>(335,245)</u>
Net change in fund balances	245,148	(12,807)	19,498
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			
	<u>225,372</u>	<u>671,861</u>	<u>(204,712)</u>
FUND BALANCES (DEFICIT), END OF YEAR			
	<u>\$ 470,520</u>	<u>\$ 659,054</u>	<u>\$ (185,214)</u>

<u>TIF Fund</u>	<u>Drug Enforcement Fund</u>	<u>Municipal Band Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total</u>
\$ 1,813,224	\$ -	\$ -	\$ -	\$ 2,955,425
4,245	2,077	10	3,258	10,605
199,884	-	-	4,818,813	7,498,354
-	313,720	-	-	313,720
-	-	696	384,837	408,293
<u>2,017,353</u>	<u>315,797</u>	<u>706</u>	<u>5,206,908</u>	<u>11,186,397</u>
1,333,549	-	-	-	5,063,314
-	240,141	-	-	240,141
-	-	69,227	-	69,227
-	-	-	766,895	766,895
<u>1,333,549</u>	<u>240,141</u>	<u>69,227</u>	<u>766,895</u>	<u>6,139,577</u>
<u>683,804</u>	<u>75,656</u>	<u>(68,521)</u>	<u>4,440,013</u>	<u>5,046,820</u>
-	-	60,000	-	731,216
<u>(1,147,606)</u>	<u>-</u>	<u>-</u>	<u>(332,401)</u>	<u>(1,815,252)</u>
<u>(1,147,606)</u>	<u>-</u>	<u>60,000</u>	<u>(332,401)</u>	<u>(1,084,036)</u>
(463,802)	75,656	(8,521)	4,107,612	3,962,784
<u>947,827</u>	<u>439,613</u>	<u>15,110</u>	<u>1,279,276</u>	<u>3,374,347</u>
<u>\$ 484,025</u>	<u>\$ 515,269</u>	<u>\$ 6,589</u>	<u>\$ 5,386,888</u>	<u>\$ 7,337,131</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,152,771	\$ 1,142,201	\$ (10,570)
Investment income	4,000	1,015	(2,985)
Other revenue	<u>-</u>	<u>2,472</u>	<u>2,472</u>
Total revenues	<u>1,156,771</u>	<u>1,145,688</u>	<u>(11,083)</u>
EXPENDITURES			
General Government:			
Contributions for employees' pension and social security	<u>1,822,100</u>	<u>1,569,461</u>	<u>252,639</u>
Deficiency of revenues over expenditures	(665,329)	(423,773)	241,556
OTHER FINANCING SOURCES			
Transfers in	<u>670,600</u>	<u>671,216</u>	<u>616</u>
Excess of revenues over expenditures and other financing sources	<u>\$ 5,271</u>	<u>\$ 247,443</u>	<u>\$ 242,172</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	\$ 1,633,837	\$ 854,931	\$ (778,906)
Loan repayment	42,000	80,506	38,506
Other revenue	<u>17,884</u>	<u>-</u>	<u>(17,884)</u>
 Total revenues	 <u>1,693,721</u>	 <u>935,437</u>	 <u>(758,284)</u>
EXPENDITURES			
General Government:			
Economic and urban development	<u>1,607,944</u>	<u>919,045</u>	<u>688,899</u>
 Excess of revenues over expenditures	 <u>\$ 85,777</u>	 <u>\$ 16,392</u>	 <u>\$ (69,385)</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grant	\$ 2,395,876	\$ 1,624,726	\$ (771,150)
Other revenue	<u>-</u>	<u>4,629</u>	<u>4,629</u>
Total revenues	<u>2,395,876</u>	<u>1,629,355</u>	<u>(766,521)</u>
EXPENDITURES			
General Government:			
Public services	1,322,264	753,505	568,759
Personnel services	492,890	466,765	26,125
Contractual services	68,742	49,774	18,968
Commodities	650	168	482
Other charges	<u>5,057</u>	<u>740</u>	<u>4,317</u>
Total expenditures	<u>1,889,603</u>	<u>1,270,952</u>	<u>618,651</u>
Excess (deficiency) of revenues over expenditures	<u>506,273</u>	<u>358,403</u>	<u>(147,870)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,200	5,685	1,485
Transfers out	<u>(358,986)</u>	<u>(335,245)</u>	<u>23,741</u>
Total other financing uses	<u>(354,786)</u>	<u>(329,560)</u>	<u>25,226</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ 151,487</u>	<u>\$ 28,843</u>	<u>\$ (122,644)</u>

CITY OF DECATUR, ILLINOIS
TIF DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,854,300	\$ 1,813,224	\$ (41,076)
Sales tax	211,200	199,884	(11,316)
Investment income	10,700	4,245	(6,455)
Other revenue	<u>251,000</u>	<u>-</u>	<u>(251,000)</u>
 Total revenues	 2,327,200	 2,017,353	 (309,847)
EXPENDITURES			
General Government:			
Economic and urban development	<u>1,603,921</u>	<u>1,333,549</u>	<u>270,372</u>
 Excess (deficiency) of revenues over expenditures	 723,279	 683,804	 (39,475)
OTHER FINANCING USES			
Transfers out	<u>(882,606)</u>	<u>(1,147,606)</u>	<u>(265,000)</u>
 Deficiency of revenues over expenditures and other financing uses	 <u>\$ (159,327)</u>	 <u>\$ (463,802)</u>	 <u>\$ (304,475)</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 5,000	\$ 2,077	\$ (2,923)
Fines and fees	206,000	313,720	107,720
Other revenue	<u>500</u>	<u>-</u>	<u>(500)</u>
Total revenues	211,500	315,797	104,297
EXPENDITURES			
Public safety	<u>349,812</u>	<u>240,141</u>	<u>109,671</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (138,312)</u>	<u>\$ 75,656</u>	<u>\$ 213,968</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 100	\$ 10	\$ (90)
Other revenue	<u>2,000</u>	<u>696</u>	<u>(1,304)</u>
Total revenues	2,100	706	(1,394)
EXPENDITURES			
Culture and recreation	<u>74,000</u>	<u>69,227</u>	<u>4,773</u>
Excess (deficiency) of revenues over expenditures	<u>(71,900)</u>	<u>(68,521)</u>	<u>3,379</u>
OTHER FINANCING SOURCES			
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ (11,900)</u>	<u>\$ (8,521)</u>	<u>\$ 3,379</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 15,000	\$ 3,259	\$ (11,741)
Intergovernmental:			
Motor fuel tax	2,100,000	2,079,526	(20,474)
Other	2,820,000	2,730,452	(89,548)
Other revenue	<u>21,000</u>	<u>368,092</u>	<u>347,092</u>
 Total revenues	 4,956,000	 5,181,329	 225,329
EXPENDITURES			
Highways and streets:			
Maintenance of traffic lights and streets	<u>4,843,542</u>	<u>676,077</u>	<u>4,167,465</u>
 Excess of revenues over expenditures	 112,458	 4,505,252	 4,392,794
OTHER FINANCING USES			
Transfers out	<u>(335,100)</u>	<u>(332,401)</u>	<u>2,699</u>
 Excess (deficiency) of revenues over expenditures and other financing uses	 <u>\$ (222,642)</u>	 <u>\$ 4,172,851</u>	 <u>\$ 4,395,493</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,223,805	\$ 1,234,745	\$ 10,940
Investment income	<u>3,000</u>	<u>1,797</u>	<u>(1,203)</u>
Total revenues	<u>1,226,805</u>	<u>1,236,542</u>	<u>9,737</u>
EXPENDITURES			
Current:			
General government	266,804	294,837	(28,033)
Debt Service:			
Principal retirement	2,599,556	2,599,557	(1)
Interest and fiscal charges	<u>3,150,591</u>	<u>3,148,160</u>	<u>2,431</u>
Total expenditures	<u>6,016,951</u>	<u>6,042,554</u>	<u>(25,603)</u>
Deficiency of revenues over expenditures	(4,790,146)	(4,806,012)	(15,866)
OTHER FINANCING SOURCES			
Transfers in	<u>4,847,168</u>	<u>4,977,203</u>	<u>130,035</u>
Excess of revenues over expenditures and other financing sources	<u>\$ 57,022</u>	<u>\$ 171,191</u>	<u>\$ 114,169</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
April 30, 2011

	<u>Capital Projects Fund</u>	<u>2008 Project Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 766,552	\$ 1,660,973	\$ 2,427,525
Receivables:			
Accounts receivable	<u>24,268</u>	<u>2,430</u>	<u>26,698</u>
TOTAL ASSETS	<u>\$ 790,820</u>	<u>\$ 1,663,403</u>	<u>\$ 2,454,223</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Contracts payable	<u>\$ 116,562</u>	<u>\$ -</u>	<u>\$ 116,562</u>
 Fund Balances:			
Reserved for encumbrances	674,258	1,286,601	1,960,859
Unreserved	<u>-</u>	<u>376,802</u>	<u>376,802</u>
Total fund balances	<u>674,258</u>	<u>1,663,403</u>	<u>2,337,661</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 790,820</u>	<u>\$ 1,663,403</u>	<u>\$ 2,454,223</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2011

	<u>Capital Projects Fund</u>	<u>2008 Project Fund</u>	<u>Total</u>
REVENUES			
Investment income and net increase in fair value of investments	\$ 2,347	\$ 5,876	\$ 8,223
Intergovernmental	1,037,622	-	1,037,622
Fines and fees	101,809	-	101,809
Other revenue	<u>612</u>	<u>250</u>	<u>862</u>
Total revenues	<u>1,142,390</u>	<u>6,126</u>	<u>1,148,516</u>
EXPENDITURES			
Current:			
Highways and streets	<u>953,476</u>	<u>3,160,315</u>	<u>4,113,791</u>
Excess (deficiency) of revenues over expenditures	<u>188,914</u>	<u>(3,154,189)</u>	<u>(2,965,275)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	-	200,000
Transfers out	<u>(456,366)</u>	<u>-</u>	<u>(456,366)</u>
Total other financing sources (uses)	<u>(256,366)</u>	<u>-</u>	<u>(256,366)</u>
Deficiency of revenues over expenditures and other financing sources (uses)	(67,452)	(3,154,189)	(3,221,641)
FUND BALANCES, BEGINNING OF YEAR	<u>741,710</u>	<u>4,817,592</u>	<u>5,559,302</u>
FUND BALANCES, END OF YEAR	<u>\$ 674,258</u>	<u>\$ 1,663,403</u>	<u>\$ 2,337,661</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 5,000	\$ 2,347	\$ (2,653)
Intergovernmental	325,000	1,124,371	799,371
Fines and fees	98,100	101,809	3,709
Other revenues	<u>3,000</u>	<u>612</u>	<u>(2,388)</u>
Total revenues	431,100	1,229,139	798,039
EXPENDITURES			
Capital projects	<u>1,434,855</u>	<u>1,108,419</u>	<u>326,436</u>
Excess (deficiency) of revenues over expenditures	<u>(1,003,755)</u>	<u>120,720</u>	<u>1,124,475</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	200,000	200,000
Transfers out	<u>(456,366)</u>	<u>(456,366)</u>	<u>-</u>
Total financing sources (uses)	<u>(456,366)</u>	<u>(256,366)</u>	<u>200,000</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (1,460,121)</u>	<u>\$ (135,646)</u>	<u>\$ 1,324,475</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 8,400	\$ 5,876	\$ (2,524)
Other revenues	<u>-</u>	<u>250</u>	<u>250</u>
Total revenues	<u>8,400</u>	<u>6,126</u>	<u>(2,274)</u>
EXPENDITURES			
Capital projects	<u>4,550,000</u>	<u>3,160,315</u>	<u>1,389,685</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,541,600)</u>	<u>\$ (3,154,189)</u>	<u>\$ 1,387,411</u>

NONMAJOR ENTERPRISE 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.

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
April 30, 2011

	<u>Motor Vehicle Parking System Fund</u>	<u>Sewer Fund</u>	<u>DCDF Fund</u>	<u>Home Mortgage Fund</u>	<u>Recycling Fund</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 82,295	\$ 845,853	\$ 52,963	\$ -	\$ 43,558	\$ 1,024,669
Investments	112,947	1,073,877	-	-	82,063	1,268,887
Receivables:						
Accounts receivable	65,413	182,853	253	2,138	128,044	378,701
Other	75	-	-	-	-	75
Due from other funds	-	-	285,248	-	-	285,248
Assets held for sale	-	-	22,940	-	-	22,940
Prepaid expenses	29,400	-	-	-	-	29,400
Total current assets	<u>290,130</u>	<u>2,102,583</u>	<u>361,404</u>	<u>2,138</u>	<u>253,665</u>	<u>3,009,920</u>
Notes receivable	<u>-</u>	<u>-</u>	<u>377,588</u>	<u>-</u>	<u>-</u>	<u>377,588</u>
Property, plant and equipment						
Land	2,158,991	-	-	-	-	2,158,991
Buildings	5,497,739	-	-	-	-	5,497,739
Improvements other than buildings	381,950	10,819,598	-	-	-	11,201,548
Machinery and equipment	534,025	-	-	-	-	534,025
	8,572,705	10,819,598	-	-	-	19,392,303
Less accumulated depreciation	<u>6,155,095</u>	<u>6,386,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,541,707</u>
Total property, plant and equipment	<u>2,417,610</u>	<u>4,432,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,850,596</u>
TOTAL ASSETS	<u>\$ 2,707,740</u>	<u>\$ 6,535,569</u>	<u>\$ 738,992</u>	<u>\$ 2,138</u>	<u>\$ 253,665</u>	<u>\$ 10,238,104</u>
LIABILITIES AND NET ASSETS						
Liabilities:						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 84	\$ -	\$ 47,859	\$ 47,943
Contracts payable	-	163,717	-	-	-	163,717
Other accrued liabilities	5,945	-	-	-	-	5,945
Due to other funds	<u>-</u>	<u>-</u>	<u>97,009</u>	<u>-</u>	<u>-</u>	<u>97,009</u>
Total current liabilities	<u>5,945</u>	<u>163,717</u>	<u>97,093</u>	<u>-</u>	<u>47,859</u>	<u>314,614</u>
Net assets:						
Invested in capital assets, net of related debt	2,417,610	4,432,986	-	-	-	6,850,596
Unrestricted	284,185	1,938,866	641,899	2,138	205,806	3,072,894
Total net assets	<u>2,701,795</u>	<u>6,371,852</u>	<u>641,899</u>	<u>2,138</u>	<u>205,806</u>	<u>9,923,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,707,740</u>	<u>\$ 6,535,569</u>	<u>\$ 738,992</u>	<u>\$ 2,138</u>	<u>\$ 253,665</u>	<u>\$ 10,238,104</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended April 30, 2011

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
OPERATING REVENUES						
Charges for services	\$ 563,152	\$ 2,059,201	\$ -	\$ -	\$ 577,656	\$ 3,200,009
Other revenue	<u>2,100</u>	<u>1,899</u>	<u>16,618</u>	<u>-</u>	<u>-</u>	<u>20,617</u>
Total operating revenues	<u>565,252</u>	<u>2,061,100</u>	<u>16,618</u>	<u>-</u>	<u>577,656</u>	<u>3,220,626</u>
OPERATING EXPENSES						
Personnel services	137,605	-	-	-	-	137,605
Contractual services	216,860	987,290	2,343	-	524,745	1,731,238
Commodities	8,493	-	-	-	32,016	40,509
Other charges	9,713	97,699	3,888	402	-	111,702
Depreciation and amortization	<u>118,657</u>	<u>232,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,153</u>
Total operating expenses	<u>491,328</u>	<u>1,317,485</u>	<u>6,231</u>	<u>402</u>	<u>556,761</u>	<u>2,372,207</u>
Operating income (loss)	<u>73,924</u>	<u>743,615</u>	<u>10,387</u>	<u>(402)</u>	<u>20,895</u>	<u>848,419</u>
NONOPERATING REVENUES						
Investment income and net increase in fair value of investments	<u>268</u>	<u>5,738</u>	<u>22</u>	<u>-</u>	<u>279</u>	<u>6,307</u>
Income (loss) before transfers	<u>74,192</u>	<u>749,353</u>	<u>10,409</u>	<u>(402)</u>	<u>21,174</u>	<u>854,726</u>
TRANSFERS						
Transfers in	-	-	-	-	12,000	12,000
Transfers out	<u>(60,552)</u>	<u>(646,278)</u>	<u>(300,000)</u>	<u>(95)</u>	<u>-</u>	<u>(1,006,925)</u>
Net transfers	<u>(60,552)</u>	<u>(646,278)</u>	<u>(300,000)</u>	<u>(95)</u>	<u>12,000</u>	<u>(994,925)</u>
Change in net assets	13,640	103,075	(289,591)	(497)	33,174	(140,199)
NET ASSETS, BEGINNING OF YEAR	<u>2,688,155</u>	<u>6,268,777</u>	<u>931,490</u>	<u>2,635</u>	<u>172,632</u>	<u>10,063,689</u>
NET ASSETS, END OF YEAR	<u>\$ 2,701,795</u>	<u>\$ 6,371,852</u>	<u>\$ 641,899</u>	<u>\$ 2,138</u>	<u>\$ 205,806</u>	<u>\$ 9,923,490</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2011

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from charges for services	\$ 565,732	\$ 2,056,992	\$ 33,885	\$ 401	\$ 565,667	\$ 3,222,677
Cash paid to suppliers for goods and services	(240,691)	(1,116,278)	(6,231)	(402)	(547,701)	(1,911,303)
Cash paid to employees	(144,361)	-	-	-	-	(144,361)
Net cash provided by (used in) operating activities	<u>180,680</u>	<u>940,714</u>	<u>27,654</u>	<u>(1)</u>	<u>17,966</u>	<u>1,167,013</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash transfers from other funds	-	-	-	-	12,000	12,000
Cash transfers to other funds	(60,552)	(646,278)	(300,000)	(95)	-	(1,006,925)
Net cash provided by (used in) noncapital financing activities	<u>(60,552)</u>	<u>(646,278)</u>	<u>(300,000)</u>	<u>(95)</u>	<u>12,000</u>	<u>(994,925)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant, and equipment	-	(446,956)	-	-	-	(446,956)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	268	5,738	22	-	279	6,307
Purchase of investments	(112,947)	(1,073,877)	-	-	(82,063)	(1,268,887)
Net cash provided by (used in) investing activities	<u>(112,679)</u>	<u>(1,068,139)</u>	<u>22</u>	<u>-</u>	<u>(81,784)</u>	<u>(1,262,580)</u>
NET INCREASE (DECREASE) IN CASH	7,449	(1,220,659)	(272,324)	(96)	(51,818)	(1,537,448)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	74,846	2,066,512	325,287	96	95,376	2,562,117
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 82,295	\$ 845,853	\$ 52,963	\$ -	\$ 43,558	\$ 1,024,669
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 73,924	\$ 743,615	\$ 10,387	\$ (402)	\$ 20,895	\$ 848,419
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	118,657	232,496	-	-	-	351,153
Effects of changes in operating assets and liabilities:						
Receivables	480	(4,108)	17,267	401	(11,989)	2,051
Prepaid items	4,200	-	-	-	-	4,200
Accounts payable	(9,825)	-	-	-	9,060	(765)
Contracts payable	-	(31,289)	-	-	-	(31,289)
Due to other funds	-	-	-	-	-	-
Other accrued liabilities	(6,756)	-	-	-	-	(6,756)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 180,680	\$ 940,714	\$ 27,654	\$ (1)	\$ 17,966	\$ 1,167,013

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, 2011

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 369,992	\$ 1,041,670	\$ 350,393	\$ 1,762,055
Investments	889,344	1,491,445	579,976	2,960,765
Receivables:				
Accounts receivable	3,292	690	-	3,982
Other	-	1,536	-	1,536
Inventories	<u>203,623</u>	<u>-</u>	<u>-</u>	<u>203,623</u>
Total current assets	<u>1,466,251</u>	<u>2,535,341</u>	<u>930,369</u>	<u>4,931,961</u>
Property, plant and equipment				
Machinery and equipment	8,648,625	-	1,035,145	9,683,770
Less accumulated depreciation	<u>4,237,244</u>	<u>-</u>	<u>782,950</u>	<u>5,020,194</u>
Total property, plant and equipment	<u>4,411,381</u>	<u>-</u>	<u>252,195</u>	<u>4,663,576</u>
TOTAL ASSETS	<u>\$ 5,877,632</u>	<u>\$ 2,535,341</u>	<u>\$ 1,182,564</u>	<u>\$ 9,595,537</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 27,802	\$ -	\$ -	\$ 27,802
Other accrued liabilities	25,690	-	16,331	42,021
Claims payable	-	5,801,433	-	5,801,433
Unearned revenue	<u>817</u>	<u>-</u>	<u>6,565</u>	<u>7,382</u>
Total liabilities	<u>54,309</u>	<u>5,801,433</u>	<u>22,896</u>	<u>5,878,638</u>
Net assets:				
Invested in capital assets, net of related debt	4,411,381	-	252,195	4,663,576
Unrestricted	<u>1,411,942</u>	<u>(3,266,092)</u>	<u>907,473</u>	<u>(946,677)</u>
Total net assets (deficit)	<u>5,823,323</u>	<u>(3,266,092)</u>	<u>1,159,668</u>	<u>3,716,899</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,877,632</u>	<u>\$ 2,535,341</u>	<u>\$ 1,182,564</u>	<u>\$ 9,595,537</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT)
Year Ended April 30, 2011

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 2,165,001	\$ 8,013,028	\$ 1,289,067	\$ 11,467,096
Payroll deductions/retiree contributions	-	1,858,328	-	1,858,328
Other revenue	<u>102,747</u>	<u>63,411</u>	<u>355</u>	<u>166,513</u>
Total operating revenues	<u>2,267,748</u>	<u>9,934,767</u>	<u>1,289,422</u>	<u>13,491,937</u>
OPERATING EXPENSES				
Personnel services	439,211	-	913,431	1,352,642
Contractual services	237,842	672,119	238,337	1,148,298
Supplies and materials	981,846	8,060	1,427	991,333
Insurance and other charges	210,717	10,147,456	15,207	10,373,380
Depreciation	<u>1,170,963</u>	<u>-</u>	<u>103,577</u>	<u>1,274,540</u>
Total operating expenses	<u>3,040,579</u>	<u>10,827,635</u>	<u>1,271,979</u>	<u>15,140,193</u>
Operating income (loss)	<u>(772,831)</u>	<u>(892,868)</u>	<u>17,443</u>	<u>(1,648,256)</u>
NONOPERATING REVENUES				
Investment income	4,231	8,132	2,537	14,900
Gain on disposal of city property	<u>24,575</u>	<u>-</u>	<u>591</u>	<u>25,166</u>
Total nonoperating revenues	<u>28,806</u>	<u>8,132</u>	<u>3,128</u>	<u>40,066</u>
Income (loss) before transfers	<u>(744,025)</u>	<u>(884,736)</u>	<u>20,571</u>	<u>(1,608,190)</u>
TRANSFERS				
Transfers in	125,507	-	165,631	291,138
Transfers out	<u>(224,831)</u>	<u>(148,882)</u>	<u>(165,631)</u>	<u>(539,344)</u>
Net transfers	<u>(99,324)</u>	<u>(148,882)</u>	<u>-</u>	<u>(248,206)</u>
Net income (loss)	<u>(843,349)</u>	<u>(1,033,618)</u>	<u>20,571</u>	<u>(1,856,396)</u>
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>6,666,672</u>	<u>(2,232,474)</u>	<u>1,139,097</u>	<u>5,573,295</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 5,823,323</u>	<u>\$ (3,266,092)</u>	<u>\$ 1,159,668</u>	<u>\$ 3,716,899</u>

**CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2011**

	Fleet Maintenance/ERF	Self Insurance	Management Information Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 2,267,200	\$ 9,934,767	\$ 1,289,422	\$ 13,491,389
Cash paid to suppliers for goods and services	(1,584,975)	(9,992,928)	(254,971)	(11,832,874)
Cash paid to employees	(441,578)	-	(914,635)	(1,356,213)
Net cash provided by (used in) operating activities	240,647	(58,161)	119,816	302,302
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers from other funds	125,507	-	165,631	291,138
Cash transfers to other funds	(224,831)	(148,882)	(165,631)	(539,344)
Net cash used in noncapital financing activities	(99,324)	(148,882)	-	(248,206)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	(434,078)	-	-	(434,078)
Proceeds on sale of city property	24,575	-	591	25,166
Net cash provided by (used in) capital and related financing activities	(409,503)	-	591	(408,912)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	4,231	8,132	2,537	14,900
Purchase of investments	(620,944)	(975,710)	(429,432)	(2,026,086)
Net cash used in investing activities	(616,713)	(967,578)	(426,895)	(2,011,186)
NET DECREASE IN CASH	(884,893)	(1,174,621)	(306,488)	(2,366,002)
CASH, BEGINNING OF YEAR	1,254,885	2,216,291	656,881	4,128,057
CASH, END OF YEAR	<u>\$ 369,992</u>	<u>\$ 1,041,670</u>	<u>\$ 350,393</u>	<u>\$ 1,762,055</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (772,831)	\$ (892,868)	\$ 17,443	\$ (1,648,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,170,963	-	103,577	1,274,540
Effects of changes in operating assets and liabilities:				
Receivables	(548)	-	-	(548)
Inventories	(8,581)	-	-	(8,581)
Accounts payable	(146,537)	834,707	-	688,170
Other current liabilities	(2,367)	-	(1,204)	(3,571)
Unearned revenue	548	-	-	548
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 240,647</u>	<u>\$ (58,161)</u>	<u>\$ 119,816</u>	<u>\$ 302,302</u>

FIDUCIARY FUNDS

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

The City has 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, 2011

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 2,662,474	\$ 4,347,763	\$ 7,010,237
Taxes receivable	76,924	68,270	145,194
Accrued interest	350,782	139,876	490,658
Long-term investments, at fair value:			
U.S. Government obligations	36,295,984	6,400,250	42,696,234
Mutual funds	27,792,289	29,295,179	57,087,468
Common stock	4,540,263	15,355,397	19,895,660
Certificate of deposits	-	2,491,846	2,491,846
Annuities	-	112,829	112,829
Corporate bonds	874,717	1,171,811	2,046,528
Total long-term investments	<u>69,503,253</u>	<u>54,827,312</u>	<u>124,330,565</u>
TOTAL ASSETS	<u>\$ 72,593,433</u>	<u>\$ 59,383,221</u>	<u>\$ 131,976,654</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 72,593,433</u>	<u>\$ 59,383,221</u>	<u>\$ 131,976,654</u>

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2011**

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,052,138	\$ 3,257,987	\$ 6,310,125
Plan member	<u>1,056,536</u>	<u>754,659</u>	<u>1,811,195</u>
Total contributions	<u>4,108,674</u>	<u>4,012,646</u>	<u>8,121,320</u>
Investment earnings:			
Interest and dividends	1,480,785	1,000,774	2,481,559
Net increase in the fair value of investments	<u>4,402,012</u>	<u>5,120,146</u>	<u>9,522,158</u>
Total investment income	5,882,797	6,120,920	12,003,717
Less investment expense	<u>167,983</u>	<u>105,578</u>	<u>273,561</u>
Net investment income	<u>5,714,814</u>	<u>6,015,342</u>	<u>11,730,156</u>
Total additions	<u>9,823,488</u>	<u>10,027,988</u>	<u>19,851,476</u>
DEDUCTIONS			
Benefits and refunds	5,063,215	5,625,975	10,689,190
Administrative expense	<u>62,243</u>	<u>56,990</u>	<u>119,233</u>
Total deductions	<u>5,125,458</u>	<u>5,682,965</u>	<u>10,808,423</u>
Net increase	4,698,030	4,345,023	9,043,053
NET ASSETS, BEGINNING OF YEAR	<u>67,895,403</u>	<u>55,038,198</u>	<u>122,933,601</u>
NET ASSETS, END OF YEAR	<u>\$ 72,593,433</u>	<u>\$ 59,383,221</u>	<u>\$ 131,976,654</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>	<u>2011</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	\$ 15,721,174
Restricted	16,605,645	9,486,926	3,979,821	2,407,527	-	-	4,751,759	27,950,290
Unrestricted	<u>(30,561,374)</u>	<u>(26,992,521)</u>	<u>(22,243,869)</u>	<u>(17,699,526)</u>	<u>(15,918,386)</u>	<u>23,755,421</u>	<u>15,153,850</u>	<u>(9,682,408)</u>
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>	<u>33,989,056</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	52,810,641
Restricted	-	-	-	28,846,361	25,198,923	-	-	-
Unrestricted	<u>37,228,430</u>	<u>36,781,035</u>	<u>31,253,474</u>	<u>-</u>	<u>-</u>	<u>20,270,332</u>	<u>16,129,718</u>	<u>15,538,406</u>
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>	<u>68,349,047</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	68,531,815
Restricted	16,605,645	9,486,926	3,979,821	31,253,888	25,198,923	-	4,751,759	27,950,290
Unrestricted	<u>6,667,056</u>	<u>9,788,514</u>	<u>9,009,605</u>	<u>(17,699,526)</u>	<u>(15,918,386)</u>	<u>44,025,753</u>	<u>31,283,568</u>	<u>5,855,998</u>
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>	<u>\$ 102,338,103</u>

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

	Fiscal Year									
	<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>	<u>2011</u>
EXPENSES										
Governmental Activities										
General government	\$ 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	\$ 11,735,004
Public safety	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	35,477,795
Public works	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	19,443,483
Culture and recreation	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	4,514,057
Interest on debt	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	3,332,503
Total governmental activities expenses	<u>57,651,888</u>	<u>56,575,279</u>	<u>58,811,601</u>	<u>62,603,799</u>	<u>67,475,425</u>	<u>62,141,291</u>	<u>69,899,567</u>	<u>73,083,229</u>	<u>73,860,626</u>	<u>74,502,842</u>
Business-type Activities										
Water	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	13,631,171
Parking	735,421	709,071	679,620	682,392	746,042	748,568	757,198	721,662	745,510	509,932
Mass Transit	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	6,626,503
Housing programs	75,780	186,003	38,512	278,361	42,466	11,322	72,653	39,512	10,986	6,633
Waste removal	584,114	564,112	505,584	481,492	496,095	518,561	536,549	554,083	545,302	556,721
Hotel	-	-	-	-	-	-	320,859	43,020	46,531	-
Sewer	1,543,972	1,231,754	1,729,595	932,591	780,498	755,444	1,279,797	1,487,939	1,890,168	1,317,412
Total business-type activities expenses	<u>19,763,020</u>	<u>24,282,485</u>	<u>20,382,056</u>	<u>18,484,609</u>	<u>19,990,010</u>	<u>19,518,066</u>	<u>21,917,205</u>	<u>22,314,815</u>	<u>24,250,330</u>	<u>22,648,372</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 77,414,908</u>	<u>\$ 80,857,764</u>	<u>\$ 79,193,657</u>	<u>\$ 81,088,408</u>	<u>\$ 87,465,435</u>	<u>\$ 81,659,357</u>	<u>\$ 91,816,772</u>	<u>\$ 95,398,044</u>	<u>\$98,110,956</u>	<u>\$97,151,214</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for services:										
General government	\$ 4,098,699	\$ 4,900,333	\$ 1,134,218	\$ 1,034,913	\$ 1,626,091	\$ 1,509,879	\$ 1,593,067	\$ 1,543,847	\$ 1,907,784	\$ 1,693,970
Public safety	-	-	717,390	770,040	219,965	230,736	426,660	427,804	471,925	420,751
Other activities	-	-	271,850	292,338	130,483	129,989	105,538	183,892	194,837	178,940
Operating grants and contributions	343,554	13,537	5,358,138	3,533,131	4,760,023	6,321,264	6,462,730	6,010,850	6,030,644	10,093,544
Capital grants and contributions	-	-	17,554	-	-	-	-	-	-	33,120
Total governmental activities program revenues	<u>4,442,253</u>	<u>4,913,870</u>	<u>7,499,150</u>	<u>5,630,422</u>	<u>6,736,562</u>	<u>8,191,868</u>	<u>8,587,995</u>	<u>8,166,393</u>	<u>8,605,190</u>	<u>12,420,325</u>
Business-type Activities										
Charges for services:										
Water	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	17,008,482
Other activities	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	3,753,099
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	4,290,027
Capital grants and contributions	602,153	786,486	122,467	-	-	-	-	-	-	1,605,270
Total business-type activities program revenues	<u>16,704,841</u>	<u>15,867,259</u>	<u>19,360,104</u>	<u>20,838,294</u>	<u>18,315,817</u>	<u>20,081,597</u>	<u>20,680,060</u>	<u>20,503,721</u>	<u>26,642,324</u>	<u>26,656,878</u>
TOTAL PRIMARY GOVERNMENT REVENUES	<u>\$ 21,147,094</u>	<u>\$ 20,781,129</u>	<u>\$ 26,859,254</u>	<u>\$ 26,468,716</u>	<u>\$ 25,052,379</u>	<u>\$ 28,273,465</u>	<u>\$ 29,268,055</u>	<u>\$ 28,670,114</u>	<u>\$35,247,514</u>	<u>\$39,077,203</u>

	Fiscal Year									
	<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>	<u>2011</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (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)	\$ (62,082,517)
Business-type activities	(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	4,008,506
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (56,267,814)</u>	<u>\$ (60,076,635)</u>	<u>\$ (52,334,403)</u>	<u>\$ (54,619,692)</u>	<u>\$ (62,413,056)</u>	<u>\$ (53,385,892)</u>	<u>\$ (62,548,717)</u>	<u>\$ (66,727,930)</u>	<u>\$ (62,863,442)</u>	<u>\$ (58,074,011)</u>
General Revenues and Other										
Changes in Net Assets										
Governmental Activities										
Taxes:										
Property taxes	\$ 43,635,504	\$ 44,611,858	\$ 9,952,854	\$ 10,581,082	\$ 11,258,757	\$ 11,703,520	\$ 12,063,453	\$ 12,446,870	\$ 12,582,958	\$ 13,337,710
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	22,975,574
Income taxes	-	-	4,938,597	6,221,442	6,465,031	6,410,060	7,712,550	7,209,039	6,028,973	6,797,068
Utility taxes	-	-	-	5,760,454	5,924,807	5,341,719	5,316,258	5,575,225	5,366,459	5,268,016
Food and beverage taxes	-	-	-	2,611,781	2,665,731	2,714,786	2,877,615	2,951,196	3,081,976	2,806,014
Hotel and motel taxes	-	-	-	620,000	661,629	652,839	681,483	649,612	677,313	498,812
Other taxes	-	-	10,060,189	938,657	1,444,728	991,002	1,643,308	1,584,417	1,435,493	1,596,000
Investment earnings	388,133	955,964	309,847	425,431	713,716	1,023,446	786,557	327,253	136,092	164,803
Miscellaneous	1,168,745	1,892,251	1,424,398	844,783	1,386,026	909,144	649,408	1,212,713	529,756	605,759
Transfers	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	7,133,574
Total governmental activities	<u>49,468,578</u>	<u>51,387,671</u>	<u>50,640,897</u>	<u>54,794,509</u>	<u>59,684,527</u>	<u>58,561,610</u>	<u>61,503,715</u>	<u>62,163,234</u>	<u>59,136,427</u>	<u>61,183,330</u>
Business-type Activities										
Property taxes	150,449	150,291	151,519	151,654	217,322	217,091	218,254	216,872	-	-
Investment earnings	605,472	527,995	319,320	549,191	1,023,657	1,212,199	1,017,691	621,036	415,711	97,133
Miscellaneous	20,521,279	3,615,205	-	20,964	(1,024,431)	-	(119,958)	402,734	101,850	(816,446)
Transfers	(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)	(7,133,574)
Total business-type activities	<u>18,147,956</u>	<u>1,096,331</u>	<u>(3,997,580)</u>	<u>(4,213,661)</u>	<u>(7,133,207)</u>	<u>(5,344,716)</u>	<u>(5,496,290)</u>	<u>(5,832,734)</u>	<u>(7,193,896)</u>	<u>(7,852,887)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 67,616,534</u>	<u>\$ 52,484,002</u>	<u>\$ 46,643,317</u>	<u>\$ 50,580,848</u>	<u>\$ 52,551,320</u>	<u>\$ 53,216,894</u>	<u>\$ 56,007,425</u>	<u>\$ 56,330,500</u>	<u>\$ 51,942,531</u>	<u>\$53,330,443</u>
CHANGE IN NET ASSETS										
Governmental activities	\$ (3,741,057)	\$ (273,738)	\$ (671,554)	\$ (2,178,868)	\$ (1,054,336)	\$ 4,612,187	\$ 192,143	\$ (2,753,602)	\$ (6,119,009)	\$ (899,187)
Business-type activities	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)	(3,844,381)
TOTAL PRIMARY GOVERNMENT	<u>\$ 11,348,720</u>	<u>\$ (7,592,633)</u>	<u>\$ (5,691,086)</u>	<u>\$ (4,038,844)</u>	<u>\$ (9,861,736)</u>	<u>\$ (168,998)</u>	<u>\$ (6,541,292)</u>	<u>\$ (10,397,430)</u>	<u>\$ (10,920,911)</u>	<u>\$ (4,743,568)</u>

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

	Fiscal Year									
	<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>	<u>2011</u>
General Fund										
Reserved	\$ 30,431	\$ 34,105	\$ 254,788	\$ 1,508,645	\$ 465,499	\$ 1,244,305	\$ 1,136,354	\$ 666,740	\$ 301,594	\$ 845,847
Unreserved	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	8,429,614
Total general fund	<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>	<u>9,275,461</u>
All other governmental funds										
Reserved	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	12,800,837
Unreserved reported in:										
Special revenue funds	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	7,355,646
Capital projects funds	3,291,042	1,436,225	1,833,611	2,195,084	1,893,486	(264,923)	341,085	6,399,703	1,107,713	18,537,635
Total all other governmental funds	<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>	<u>38,694,118</u>
TOTAL FUND BALANCE	<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>	<u>\$47,969,579</u>

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

	Fiscal Year									
	<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>	<u>2011</u>
Revenues										
Taxes	\$ 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	\$ 21,910,552
Charges for service	2,656,131	3,383,576	147,086	157,203	163,721	140,221	98,878	61,208	94,978	83,722
Investment income and net increase in fair value of investments	381,107	244,119	255,580	334,709	514,380	680,310	526,969	234,071	81,064	36,891
Intergovernmental	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	41,808,973
Licenses and permits	653,375	653,161	893,767	775,198	786,276	824,540	790,214	734,515	743,221	659,054
Fines and fees	817,908	879,150	979,705	1,106,679	1,026,542	905,843	1,236,173	1,359,823	1,736,347	1,550,885
Other revenue	1,397,828	1,766,127	594,540	538,209	914,670	430,613	387,717	1,168,836	429,582	819,179
Total revenues	<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>	<u>66,869,256</u>
Expenditures										
General government	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	13,573,156
Public safety	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	34,845,020
Culture and recreation	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	3,468,406
Highways and streets	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	16,730,343
Debt service:										
Principal retirement	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	10,723,029
Interest and fiscal charges	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	3,410,443
Total expenditures	<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>	<u>82,750,397</u>
Deficiency of revenues over expenditures	<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>	<u>(15,881,141)</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	41,381,208
Sale of assets	-	-	37,076	10,021	331,480	243,886	7,750	36,107	78,694	83,217
Transfers in	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	11,252,494
Transfers out	(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)	(3,870,714)
Total other financing sources	<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>	<u>48,846,205</u>
NET CHANGE IN FUND BALANCES	<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>	<u>\$ 32,965,064</u>
Capital outlay	*	*	3,489,897	2,934,322	1,033,801	6,643,530	6,531,587	4,567,696	6,357,189	4,937,640
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.54%	9.98%	10.17%	8.71%	7.90%	8.33%	8.15%	12.60%	9.07%	18.16%

* information not available, but was included in calculation of debt service as a percentage of noncapital expenditures

**CITY OF DECATUR, ILLINOIS
SIGNIFICANT OWN SOURCE REVENUE - WATER UTILITY
LAST TEN 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>Total</u>	<u>Domestic and Non-Domestic</u>	<u>Large Users</u>	
2002				\$ 12,814,848	1.37	2.10	\$ 13,621,393
2003				10,213,394	1.37	2.10	11,415,100
2004	\$ 3,533,694	\$ 5,925,509	\$ 119,801	9,579,004	1.37	2.10	10,981,658
2005	3,078,785	7,882,285	310,688	11,271,758	1.37	2.10	11,344,858
2006	3,201,423	7,681,239	324,152	11,206,814	1.37	2.10	11,079,028
2007	3,102,937	7,665,383	322,649	11,090,969	1.37	2.10	11,194,002
2008	3,306,843	7,442,905	349,014	11,098,762	1.37	2.10	11,405,485
2009	3,266,713	7,932,315	348,853	11,547,880	1.58	2.42	11,731,801
2010	3,792,121	8,213,894	399,863	12,405,878	1.81	2.78	12,275,664
2011	4,356,560	9,941,636	476,239	14,774,435	2.08	3.19	14,589,805

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>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>	<u>2011</u>
Service Charge Per Meter										
Domestic-all meters (quarterly)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.82	\$ 4.39	\$ 5.05
Non-Domestic (quarterly)										
Meter size 5/8"-3/4"	8.97	8.97	8.97	8.97	8.97	8.97	8.97	10.32	11.86	13.64
Meter size 1"-1 1/2"	33.15	33.15	33.15	33.15	33.15	33.15	33.15	38.12	43.84	50.42
Meter size 2"-4"	117.00	117.00	117.00	117.00	117.00	117.00	117.00	134.55	154.73	177.94
Meter size 7"-12"	546.00	546.00	546.00	546.00	546.00	546.00	546.00	627.90	722.09	830.40
Meter size 14"-18"	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	3,410.56
Non-Domestic and large users (monthly)										
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99	2.99	2.99	2.99	3.44	3.95	4.55
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05	11.05	11.05	11.05	12.71	14.61	16.81
Meter size 2"-4"	39.00	39.00	39.00	39.00	39.00	39.00	39.00	44.85	51.58	59.31
Meter size 7"-12"	182.00	182.00	182.00	182.00	182.00	182.00	182.00	209.30	240.70	276.80
Meter size 14"-18"	747.50	747.50	747.50	747.50	747.50	747.50	747.50	859.63	988.57	1,136.85
Usage Charge-cu ft (monthly equivalent)										
Domestic and Non-Domestic										
1st 700	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.58	1.81	2.08
Next 1,500	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.43	1.64	1.89
Next 12,900	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.28	1.47	1.69
Next 18,300	0.89	0.89	0.89	0.89	0.89	0.89	0.89	1.02	1.18	1.35
Next 133,300	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.81	0.93	1.06
Next 833,300	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.76	0.87	1.00
Next 1,000,000	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.63	0.73	0.84
All Over 2,000,000	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.45	0.52	0.59
Large User										
1st 700	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.42	2.78	3.19
Next 1,500	1.90	1.90	1.90	1.90	1.90	1.90	1.90	2.19	2.51	2.89
Next 12,900	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.94	2.24	2.57
Next 18,300	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.56	1.80	2.07
Next 133,300	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.24	1.43	1.64
Next 833,300	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.15	1.32	1.52
Next 1,000,000	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.97	1.11	1.28
All Over 2,000,000	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.69	0.79	0.91

**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</u>		<u>Percentage of Total</u>
			<u>Commercial</u>	<u>Government</u>	
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	11,547,880	6,052,058	186,708	316,887	56.8%
2010	12,405,878	6,267,839	207,533	306,451	54.7%
2011	14,774,435	7,648,174	231,140	359,514	55.8%

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**

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
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	10,570,935
2009	551,989,415	4,138,561	281,419,404	75,337,243	15,659,186	928,543,809	1.2167	11,297,500	10,834,784

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>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>	<u>2009</u>
City of Decatur	\$ 1.3939	\$ 1.2857	\$ 1.2796	\$ 1.1925	\$ 1.2717	\$ 1.2700	\$ 1.2417	\$ 1.2324	\$ 1.2064	\$ 1.2167
County of Macon	1.1290	1.1049	1.1337	1.0987	0.9876	1.0245	0.9403	0.9468	0.9370	0.9529
Sanitary District	0.3301	0.3047	0.2873	0.2617	0.2964	0.2828	0.2644	0.2727	0.2640	0.2601
Decatur School District	3.6250	3.9862	4.1053	4.0734	4.1670	4.3201	4.3107	4.3615	4.3361	4.3487
Decatur Park District	0.9980	0.9325	0.9721	0.9988	0.9988	1.0141	1.0288	1.0280	1.0382	1.0379
Decatur Township	0.2840	0.2653	0.2647	0.2494	0.2664	0.2678	0.2691	0.2745	0.2739	0.2819
Mosquito abatement	0.0330	0.0325	0.0327	0.0311	0.0334	0.0334	0.0336	0.0338	0.0349	0.0358
Conservation District	0.1070	0.1052	0.1061	0.1082	0.1146	0.1088	0.1056	0.1035	0.1026	0.1002
Mental Health	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1397	0.1416	0.1425
Richland Community College	0.3721	0.3723	0.3840	0.3839	0.3895	0.3890	0.3868	0.3941	0.3943	0.3947
Macon County Health	0.1070	0.1035	0.1070	0.1070	0.1070	0.1054	0.0821	0.0921	0.1042	0.1024
Cooperative Extension	<u>0.0238</u>	<u>0.0236</u>	<u>0.0228</u>	<u>0.0272</u>	<u>0.0274</u>	<u>0.0271</u>	<u>0.0259</u>	<u>0.0246</u>	<u>0.0239</u>	<u>0.0232</u>
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	<u>\$ 8.5529</u>	<u>\$ 8.6664</u>	<u>\$ 8.8453</u>	<u>\$ 8.6819</u>	<u>\$ 8.8098</u>	<u>\$ 8.9928</u>	<u>\$ 8.8390</u>	<u>\$ 8.9036</u>	<u>\$ 8.8571</u>	<u>\$ 8.8968</u>
Share of Total Tax Rate Levied by City of Decatur	16.30%	14.84%	14.47%	13.74%	14.44%	14.12%	14.05%	13.84%	13.62%	13.68%

Note: See previous page, "Significant Own Source Revenue - Property Tax", for components of the total direct rate.

Source: Macon County Clerk

**CITY OF DECATUR, ILLINOIS
MAJOR PROPERTY TAXPAYERS
April 30, 2011**

<u>Name of Company</u>	<u>Current Year</u>			<u>Nine Years Ago</u>		
	<u>2009 Assessed Valuation</u>	<u>Rank</u>	<u>Percent to Total</u>	<u>2001 Assessed Valuation</u>	<u>Rank</u>	<u>Percent to Total</u>
Archer Daniels Midland Co.	\$ 32,224,816	1	3.5%	\$ 24,770,667	1	3.9%
Wal-Mart Stores, Inc.	7,872,895	2	0.8%	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	0.6%	3,546,927	6	0.6%
Ventas Inc fka LHPT Decatur/DMH Fund	5,093,028	5	0.5%	**	**	**
Decatur Memorial Hospital	4,604,517	6	0.5%	3,926,866	4	0.6%
Ameren fka Illinois Power Co	4,553,045	7	0.5%	2,971,771	9	0.5%
Millikin University (The Woods Apts.)	3,475,342	8	0.4%	3,249,664	7	0.5%
Brettwood Village Assoc	3,307,669	9	0.4%	3,076,716	8	0.5%
Fairview Park Plaza	2,859,754	10	0.3%	**	**	**
Northgate Limited Partners	**	**	**	2,704,222	5	0.4%
Bridgestone/Firestone	**	**	**	2,294,903	10	0.4%
	<u>\$ 77,419,122</u>		<u>8.3%</u>	<u>\$ 61,031,965</u>		<u>9.6%</u>
	<u>\$ 928,543,809</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 Prior Year's Taxes During Fiscal Period</u>	<u>Total Collections</u>	<u>Total Collections as a % of Current Levy</u>	<u>Accumulated Delinquent Taxes (3)</u>	<u>Outstanding Delinquent Taxes as a % of Current Levy</u>
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	10,249,349	96%	(20,069)	10,938,772	102%	23,820	0.22%
2007	11,009,404	11,009,825	10,547,333	96%	N/A	11,234,839	102%	N/A	N/A
2008	11,001,990	11,002,265	10,570,935	96%	N/A	11,239,787	102%	N/A	N/A
2009	11,297,338	11,297,500	10,834,784	96%	N/A	11,524,486	102%	N/A	N/A

(1) Actual Levy for the City of Decatur. Years 2000-2009 are used because of the two year collection lag between levy and actual collection. 2010 levy will be collected during fiscal year 2012.

(2) Includes additions, refunds, and other adjustments

(3) Adjusted for refunds.

Source: Macon County Treasurer

N/A - Currently Not Available

Note: Collections without the items noted in 2 above is not available from Macon County Treasurer

**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>
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
2009	928,543,809	2,785,631,427	33.33%	1.2167

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

Source: Macon County Clerk. There is a two year lag, thus tax year 2010 real estate taxes are collected during fiscal year 2012.

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

CITY OF DECATUR, ILLINOIS
TAX INFORMATION
April 30, 2011

- 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>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>	<u>2009</u>
Library	\$ 0.4205	\$ 0.4006	\$ 0.3942	\$ 0.3638	\$ 0.3810	\$ 0.3759	\$ 0.3803	\$ 0.3920	\$ 0.3714	\$ 0.3231
Police Pension	0.1338	0.2036	0.2163	0.2373	0.2603	0.3042	0.3074	0.3048	0.3285	0.3042
Fire Pension	0.1858	0.2068	0.2361	0.2219	0.2484	0.3114	0.3335	0.3126	0.3368	0.3310
Municipal Band	0.0096	0.0089	0.0090	0.0081	0.0082	0.0085	0.0081	0.0084	0.0082	-
Mass Transit System	0.0236	0.0219	0.0210	0.0188	0.0191	0.0264	0.0254	0.0245	0.0240	-
Social Security and Retirement	0.1308	0.0921	0.0604	0.0366	0.0651	0.0923	0.0759	0.0839	0.1154	0.1242
Law Enforcement Facility Lease	0.0940	0.0882	0.0869	0.0798	0.0517	0.0338				
Insurance					0.0504					
Police Protection	0.1312	0.1214	0.1160	0.1039	0.0248					
Public Benefit	0.0031									
<u>BOND AND INTEREST</u>										
General obligation	<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>	<u>0.1342</u>
ALL PURPOSE - TOTAL	<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>	<u>\$ 1.2167</u>
Actual Rate Extended	<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>	<u>\$ 1.2167</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>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>	<u>2009</u>
Library	\$ 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	\$ 3,000,000
Police Pension	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	2,824,595
Fire Pension	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	3,073,829
Municipal Band	61,350	61,500	65,108	65,388	65,112	70,059	70,045	75,044	75,000	-
Mass Transit System	150,820	151,332	151,918	151,765	151,664	218,635	218,654	218,701	218,623	-
Social Security and Retirement	835,903	636,425	436,948	295,458	516,926	765,182	653,123	749,730	1,052,801	1,152,771
Law Enforcement Facility Lease	600,730	609,480	628,660	644,203	410,524	280,570				
Insurance					400,201					
Police Protection	838,459	838,893	839,173	838,748	196,924					
Public Benefit	19,810									
<u>BOND AND INTEREST</u>										
General obligation	<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>1,246,143</u>
ALL PURPOSE - TOTAL	<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>\$ 11,009,825</u>	<u>\$ 11,001,990</u>	<u>\$ 11,297,338</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	Notes Payable	Loan			
2002	\$ 41,054,825			\$ 41,054,825	6.42%	502
2003	39,413,428	\$ 4,900,000	\$ 7,172,169	51,485,597	7.45%	629
2004	50,168,424	5,655,134	6,823,796	62,647,354	8.66%	765
2005	47,946,433	7,399,809	6,535,592	61,881,834	7.67%	756
2006	45,882,592	7,289,809	6,238,954	59,411,355	7.48%	726
2007	43,774,249	9,791,388	5,933,637	59,499,274	7.18%	727
2008	41,678,968	11,349,444	12,844,386	65,872,798	7.66%	805
2009	49,474,407	9,232,376	12,520,940	71,227,723	7.97%	870
2010	47,194,649	9,171,000	5,288,262	61,653,911	6.76%	753
2011	85,102,316	2,580,000	9,659,529	97,341,845	10.48%	1189

Note: See next page, "Ratios of General Bonded Debt Outstanding" for percentage of personal income.

**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 Assessed Valuation	Percentage of Personal Income	Per Capita
2002	\$ 41,054,825	\$ 1,371,038	\$ 39,683,787	6.21%	2.55%	485
2003	39,413,428	1,605,397	37,808,031	5.47%	2.43%	462
2004	50,168,424	884,830	49,283,594	6.81%	3.17%	602
2005	47,946,433	853,134	47,093,299	5.83%	3.03%	575
2006	45,882,592	868,037	45,014,555	5.67%	2.89%	550
2007	43,774,249	380,993	43,393,256	5.23%	2.79%	530
2008	41,678,968	372,473	41,306,495	4.80%	2.65%	505
2009	49,474,407	205,337	49,269,070	5.51%	3.17%	602
2010	47,194,649	145,925	47,048,724	5.16%	3.02%	575
2011	85,102,316	316,303	84,786,013	9.13%	5.45%	1,114

CITY OF DECATUR, ILLINOIS
SCHEDULE OF DIRECT AND OVERLAPPING DEBT
April 30, 2011

	<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	\$ 87,682,316	100.00%	\$ 87,682,316
OVERLAPPING DEBT			
Decatur Park District	13,895,000	98.52%	13,689,868
Decatur School District #61	11,805,000	97.53%	11,513,560
Argenta School District #1	7,905,000	31.22%	2,467,616
Macon County	846,815	57.79%	489,392
Maroa/Forsyth School District	25,650,000	13.55%	3,476,006
Meridian School District #15	110,000	16.05%	17,656
Mt. Zion School District #3	8,140,000	13.28%	1,080,910
Public Building Commission	5,092,425	60.60%	3,086,010
Richland Community College	8,210,000	42.51%	3,490,057
Sangamon Valley #9	180,000	0.83%	1,501
Warrensburg School District #11	12,450,000	47.38%	5,898,757
TOTAL OVERLAPPING DEBT	<u>94,284,240</u>	47.95%	<u>45,211,334</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 181,966,556</u>	73.03%	<u>\$ 132,893,650</u>
Per Capita Direct and Overlapping Debt	\$ 2,223		

Note: Percentage of Debt Applicable to the City of Decatur is the ratio of the taxable valuation portion within the City by the total taxable valuation of the unit.

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>
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%
2011	76,122	19,009	1,556,007	37.2	16,896	9.7%

* 2010 Census information not yet available.

Sources: Population, Per Capita Personal Income and Median Age information obtained from U.S. Census Bureau. School Enrollment obtained from Macon-Piatt Reginal 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**

	2011			2002		
	<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>
<u>Employer</u>						
Archer Daniels Midland Co.	4000	1	12.23%	3300	1	9.98%
Caterpillar Tractor Co.	4000	2	12.23%	2000	3	6.05%
Decatur Memorial Hospital	2266	3	6.93%	2200	2	6.65%
Decatur Public Schools	1500	4	4.59%	1325	4	4.01%
Ameren aka Illinois Power Company	1250	5	3.82%	1250	5	3.78%
St. Mary's Hospital	1100	6	3.36%	1200	6	3.63%
Tate & Lyle fka AE Staley Mfg. Co.	822	7	2.51%	720	7	2.18%
Millikin University	600	8	1.83%	590	9	1.78%
Norfolk Southern Railroad	600	9	1.83%	600	8	1.81%
Star Tek Inc.	600	10	1.83%	**	**	**
Mueller Co., Inc.				585	10	1.77%

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

<u>Function</u>	Fiscal Year									
	<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>	<u>2011</u>
General government	77	76	80	80	84	82	88	86	76	73
Public safety										
Police										
Officers	162	163	169	172	167	165	160	175	165	163
Civilians	27	23	22	23	24	21	23	24	25	25
Fire										
Firefighters and officers	113	113	108	114	113	110	114	118	117	116
Civilians	2	2	2	2	2	2	2	2	2	2
Public works	69	72	79	81	79	77	78	79	72	70
Culture and recreation	45	47	43	47	48	46	46	48	40	35
Water	55	53	54	57	58	51	55	56	46	46
Parking	5	5	5	5	5	5	5	5	3	3
Mass Transit	1	1	1	1	1	1	1	1	1	1
Total primary government employees	<u>556</u>	<u>555</u>	<u>563</u>	<u>582</u>	<u>581</u>	<u>560</u>	<u>572</u>	<u>594</u>	<u>547</u>	<u>534</u>

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 2011 was 3 employees.

**CITY OF DECATUR, ILLINOIS
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS**

<u>Function</u>	<u>Fiscal Year</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>	<u>2011</u>
Public safety										
Police										
Calls for Service	68,358	67,217	66,648	68,834	66,571	66,732	65,439	63,776	58,443	59,766
Traffic Citations	8,205	7,236	14,078	11,031	12,201	6,804	14,188	15,689	16,650	13,072
Parking Tickets	2,219	2,767	2,720	2,357	2,083	1,688	1,225	1,153	1,124	1,015
Fire										
Call Outs	N/A	N/A	7,297	7,681	8,035	8,623	8,931	8,790	8,659	9,030
Inspections	N/A	N/A	347	335	487	616	834	1,658	206	1,450
Public works										
Street Surface Improv (LA MI)	37.2	21.8	22.3	31.6	18.6	20.5	22.5	15.4	37.4	4.6
Potholes Repaired	N/A	N/A	18,266	10,985	10,619	10,200	16,722	16,589	31,670	22,059
Pavement markings-paint (LF)	N/A	N/A	164,149	390,934	362,500	448,412	275,461	71,690	53,739	300
Culture and recreation										
Library Items Loaned	584,406	568,839	601,929	546,550	533,276	635,162	596,504	611,071	638,186	593,111
Extension (bookmobiles)	93,748	91,092	92,207	92,608	92,295	89,925	57,550	56,269	61,840	0
Water										
Water Consumption (CU FT)	1,706,706,261	1,045,182,229	929,736,391	887,679,789	892,237,277	859,211,576	868,545,609	851,382,595	785,159,158	842,550,729
Metered Services	31,377	31,439	31,488	31,462	31,555	31,489	31,557	31,489	31,466	31,459
Sediment Dredged (Dry TON)	0	0	0	57,182	162,388	201,227	180,435	302,145	154,713	104,224
Parking										
Tickets Issued	N/A	N/A	11,404	13,929	16,335	15,543	15,091	15,709	15,310	15,617
Parking Lot Maintenance (Hours)	N/A	N/A	1,618	1,477	1,466	1,498	1,582	1,538	1,120	1,703
Mass Transit (CALENDAR YEAR)										
Buses and Trolleys (Ridership)	<u>2001</u> 827,853	<u>2002</u> 847,515	<u>2003</u> 903,251	<u>2004</u> 980,796	<u>2005</u> 1,039,354	<u>2006</u> 1,121,789	<u>2007</u> 1,173,301	<u>2008</u> 1,257,931	<u>2009</u> 1,242,425	<u>2010</u> 1,265,966
Paratransit Vans/Taxis	54,491	53,905	53,253	49,289	39,113	34,872	34,050	34,068	34,142	32,270
Housing programs										
Amount of Loans	\$22,221	\$0	\$0	\$14,613	\$16,900	\$0	\$0	\$0	\$0	\$0
Waste removal										
Recycling (Pounds)	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	3,036,830
Sewer										
Sanitary Sewer Televised (LF)	128,520	411,400	273,624	224,024	205,737	208,991	250,000	469,923	150,000	225,000

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							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety								
Police								
Patrol Units	54	40	39	32	38	37	41	54
Fire Stations	7	7	7	7	7	7	7	7
Public works								
Bridges	17	17	17	17	17	17	18	18
Sidewalks (ft)	506,088	519,088	528,150	536,944	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	1,477,259
Storm Sewers (ft)	277,684	282,431	284,038	284,203	284,203	288,204	288,204	288,204
Culture and recreation								
Library Bookmobiles	2	2	2	2	2	2	2	2
Water								
Water Mains (miles)	516	520	524	527	527	527	527	527
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36
Parking								
Garages	2	2	2	2	2	2	2	2
Lots	6	6	6	5	5	5	5	5
Mass Transit								
Buses	25	25	25	25	25	25	32	23
Trolleys	2	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	370,179

Source: City of Decatur Records

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2011

<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-17-0008	\$ 1,624,726	\$ 6,642
ARRA - Community Development Block Grants/Entitlement Grants	14.253	B-09-MY-17-0008	<u>406,887</u>	<u>-</u>
Subtotal Community Development Block Grants - Entitlement Grants Cluster			<u>2,031,613</u>	<u>6,642</u>
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14.239	M-09-MC-17-0203	854,931	33,836
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	S-09-MY-17-0008	332,383	-
Get the Lead Out Program	14.901	95380472	<u>31,970</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>3,250,897</u>	<u>40,478</u>
U.S. Department of Justice				
Passed-through Macon County:				
Violence Against Women	16.590	N/A	<u>3,240</u>	<u>-</u>
Direct Programs:				
Weed and Seed	16.595	2009-WS-QX-0159	119,150	-
Weed and Seed	16.595	2010-WS-QX-0086	<u>54,376</u>	<u>-</u>
Subtotal			<u>173,526</u>	<u>-</u>
JAG Grant	16.738	2010-DJ-BX-0462	<u>42,486</u>	<u>-</u>
Total U.S. Department of Justice			<u>219,252</u>	<u>-</u>
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(45)	25,813	-
IL Highway Planning	20.205	SPR-PL-3000(46)	<u>188,444</u>	<u>-</u>
Subtotal			<u>214,257</u>	<u>-</u>
Technical Studies Guide	20.505	IL-80-0005	4,368	-
Technical Studies Guide	20.505	IL-80-0007	<u>28,365</u>	<u>-</u>
Subtotal			<u>32,733</u>	<u>-</u>
Subtotal Highway Planning and Construction Cluster			<u>246,990</u>	<u>-</u>
Local Alcohol Program Grant	20.601	AL0-1410-137	38,975	-
Local Alcohol Program Grant	20.601	AL0-1410-171	<u>53,152</u>	<u>-</u>
Subtotal			<u>92,127</u>	<u>-</u>
STEP Grant	20.600	AL1-1410-172	34,204	-
Holiday Mobilization Grant	20.600	OPO-1410-688	<u>2,685</u>	<u>-</u>
Subtotal			<u>36,889</u>	<u>-</u>
Subtotal Highway Safety Cluster			<u>129,016</u>	<u>-</u>
Subtotal Passed-through Illinois Department of Transportation			<u>376,006</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:				
ARRA - Federal Transit Capital Investment Grants	20.523	IL-77-00	\$ 116,215	\$ -
Federal Transit Formula Grants	20.507	IL-90-X607	4,858	-
Federal Transit Formula Grants	20.507	IL-90-X654	9,549	-
Federal Transit Formula Grants	20.507	IL-90-X680	414,057	-
ARRA - Federal Transit Formula Grants	20.507	IL-96-0014	1,590,863	-
Subtotal Federal Transit Formula Grants			<u>2,019,327</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,511,548</u>	<u>-</u>
U.S. Department of Commerce				
Passed-through the City of Springfield, Illinois:				
Public Safety Interoperable Communications Grant Program	11.555	N/A	<u>5,160</u>	<u>-</u>
Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
ARRA - Drinking Water State Revolving Funds	66.468	L17-2552	<u>4,713,919</u>	<u>-</u>
Direct Programs:				
ARRA - USEPA Grant	66.202	XP-00E00742-0	<u>241,203</u>	<u>-</u>
Total Environmental Protection Agency			<u>4,955,122</u>	<u>-</u>
U.S. Department of Energy				
ARRA - Energy Efficiency Conservation Block Grant	81.128	SC0003231	<u>550,644</u>	<u>167,141</u>
U.S. Department of Homeland Security				
Emergency Fire Grant	97.044	EMW-2009-FO-08694	<u>33,120</u>	<u>-</u>
ILEAS Grant	97.067	N/A	<u>34,170</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>67,290</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 11,559,913</u>	<u>\$ 207,619</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, 2011

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, 2011.

NOTE 3 – LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards under CFDA #66.468 resulted in loan balances of \$4,604,255 as of April 30, 2011, on the cash basis, plus an additional accrued amount of \$109,664 at April 30, for a total of \$4,713,919.

**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, 2011, and have issued our report thereon dated October 24, 2011. 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City'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 2011-01).

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 24, 2011.

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 City, 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 24, 2011

**Independent Auditor's Report on Compliance with Requirements That Could Have a
Direct and Material Effect on 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 could have a direct and material effect on each of its major federal programs for the year ended April 30, 2011. 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, 2011.

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 City'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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2011-02. *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 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 City, 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 24, 2011

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2011**

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 is not considered to be material weakness? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiency identified that is not considered to be material weakness? 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>
14.218/14.253	Community Development Block Grants/Entitlement Grants Cluster
14.239	HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants
20.507	Federal Transit Formula Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.128	Energy Efficiency Conservation Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 346,797

Auditee qualified as low-risk auditee? Yes No

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2011**

Section II – Financial Statement Findings

**FINDING NO. 2011-01 – FINANCIAL STATEMENT PREPARATION AND CASH
TO ACCRUAL BASIS ADJUSTMENTS**

Criteria or Specific Requirement: Financial statement preparation and adjustments to accrual basis are the responsibility of the City's management.

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.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2011**

Section III – Federal Award Findings and Questioned Costs

**FINDING NO. 2011-02 – CONTROL OVER ALLOWABLE ACTIVITIES/COSTS WAS NOT
PROPERLY MAINTAINED, U.S DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT, COMMUNITY DEVELOPMENT BLOCK
GRANTS/ENTITLEMENT GRANTS CLUSTER, CFDA
#14.218/14.253**

Criteria: Federal guidelines require controls be in place to ensure compliance with allowable activities/costs requirements of grant agreements.

Condition: During the course of the audit, an instance was noted in which the City did not have proper evidence that an expense was authorized for payment.

Context: A sample of forty-four expenses were selected for testing. Of those selected, one expense did not have the proper authorization.

Effect: Proper authorization assists to verify expenses are allowable under the terms of the grant.

Cause: Due to an oversight by the Finance department's personnel, the appropriate authorization for an expense was not documented prior to issuance of the check.

Recommendation: We recommend that controls be reviewed to ensure all expenses have the proper authorization documented prior to issuance of the check.

Views of Responsible Officials and Planned Corrective Actions: Management within the Finance department have been notified of the control deficiency and are working with the department's personnel to ensure all expenditures are properly authorized before checks are issued.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended April 30, 2011**

Finding No. 2010-01

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 2011-01.

Finding No. 2010-02

CONTROL OVER SUSPENSION AND DEBARMENT WAS NOT PROPERLY MAINTAINED – CFDA #14.239

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.

Condition has been corrected as of April 30, 2011.

Finding No. 2010-03

DOCUMENTATION OF INSURANCE COVERAGE WAS NOT MAINTAINED IN THE PROJECT FILE – CFDA #14.239

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

No issues found in our testing as of April 30, 2011.

Finding No. 2010-04

ON-SITE INSPECTIONS OF RENTAL PROJECTS WERE NOT BEING PERFORMED IN A TIMELY MANNER – CFDA #14.239

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

No issues found in our testing as of April 30, 2011.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended April 30, 2011**

Finding No. 2010-05

CONTROL OVER REPORTING WAS NOT PROPERLY MAINTAINED – CFDA #20.500/20.507

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.

Condition has been corrected as of April 30, 2011.