

CITY OF DECATUR, ILLINOIS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Fiscal Year Ended April 30, 2007

Prepared and Issued by
The Financial Management Department

RON E. NEUFELD
Director of Financial Management

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CITY OF DECATUR ILLINOIS

#1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523-1196

October 26, 2007

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, 2007, is hereby submitted. This report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2006-07 and the financial condition of the various funds at April 30, 2007. 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 I-A for a more detailed explanation of the blended and discretely presented component units.

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

ECONOMIC CONDITION AND OUTLOOK

Unemployment Figures

	<u>April 2003</u>	<u>April 2004</u>	<u>April 2005</u>	<u>April 2006</u>	<u>April 2007</u>
Decatur Metro Area	7.1%	6.8%	6.0%	6.1%	5.2%
State	6.3%	6.1%	5.8%	5.0%	4.8%
National	5.8%	5.4%	5.2%	4.7%	4.5%

There continues to be a strong sense of optimism in the community. As can be seen above the unemployment rate decreased significantly in 2007, and is now 1.9 percent lower than it was four years ago. While Decatur is slightly above the state and national average, the improvement in Decatur has been more significant. Decatur has several projects ongoing that will improve the quality of life and/or the overall economy. Many of these projects will become reality even though the overall economy could be stronger. Because of the efforts that have been made, good things continue to happen.

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

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

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

Phase I of Wabash Crossing, which included 206 rental units, was completed in 2005. City officials estimate that this development will bring in more than \$115 million in new community investment. Funded in part through a \$34.5 million Hope VI grant from the U.S. Department of Housing and Urban Development, the plan is expected to bring a brand new community to a part

of the City just north of the central business district through the addition of more than 600 new homes, retail and social service options. Additionally, the Decatur School District built a new school in the neighborhood as part of its \$27 million capital improvement program.

Phase II, which is nearing completion, is the continuation of redeveloping the Near North neighborhood with a mixed-use development including single, duplex, fourplex and multi-family units. Of the total units, 175 rental units will be located in 38 buildings and 27 owner-occupied units will house single-family residences.

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

Both of the City's local hospitals have undergone multimillion-dollar expansion projects. Plans for St. Mary's Hospital's new \$1.4 million 40,000 square-foot expansion are nearly complete. Decatur Memorial Hospital has also added office space while its new Heart & Lung Institute provides levels of care previously unavailable in the immediate area.

The City Council approved a downtown redevelopment project by Reynolds Development, LLC to build a new 75,000 square foot structure, which will be used for office/ retail and commercial development. The proposed project is expected to exceed \$12.4 million. The City believes that this project will encourage new development in a downtown area currently filled with vacant buildings, and should be completed in 2008.

Unemployment in Decatur for 2007 has consistently been at its lowest point since 2000, due in part to a renewed focus by local officials and major employers on the Decatur market. Archer Daniels Midland, Tate & Lyle, and Caterpillar continue to add to their workforce. Caterpillar has added approximately 1,800 jobs over the last two years.

In 2003, the Decatur Park District and Archer Daniels Midland agreed in principle to a sweeping land purchase agreement, one that both sides say will help to best facilitate anticipated needs. ADM agreed to purchase 298 acres of park district land for \$7.35 million, allowing the district to use the funds to upgrade park facilities and to convert one of its current courses into a new Raymond Floyd Signature golf course on the City's south side. The golf course opened in 2006.

Local officials have had a renewed focus on infrastructure improvements recently, investing \$32.4 million in improvements for the local water supply. Last year the City moved forward with a \$24.8 million dredging project, one of the largest capital undertakings in City's history. This three-phased project will remove 5.8 million cubic yards of silt from the lake, increasing its water storage capacity by 16 percent and protecting water supplies for residents and local industry for years to come. The City Council recently approved an engineering study to build a

lake which would be a secondary source of water and increase current lake capacity by more than 50 percent.

Sterling Development, LLC on behalf of Heritage Place at Lakeshore has begun construction of an 80-unit apartment for seniors overlooking beautiful Lake Decatur. The project will have 36 single-bedroom units and 44 two-bedroom units. Along with the 80 residential units, there will be community amenities such as: beauty salon, recreational room, activity center and library.

The city has just recently approved annexation and planned development for Primrose Retirement, a senior retirement community along Arbor Drive. The proposed development will include a 68-unit independent and assisted two-story apartment building with exterior garages, and 25 independent living villa units with attached garages providing housing for seniors.

MAJOR INITIATIVES

The City of Decatur continues to have a very aggressive capital improvement program. Some of the infrastructure projects and programs for 2006-07, which total more than \$12.9 million, include:

Street Repairs and Maintenance	\$ 4,600,000
General Capital Projects	300,000
Equipment Replacement	1,900,000
Sewer Repairs	400,000
Dredging Lake Decatur	800,000
Water Plant Improvements	1,800,000
Lake and Distribution Improvements	400,000

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

FINANCIAL INFORMATION

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

Brief Overview of City Funds

Funds are arranged as follows:

- I. MAJOR GOVERNMENTAL FUNDS
 - A. General Fund
 - B. Library Fund
 - C. Debt Service Fund
 - D. 2004 Bond Capital Fund

- II. NON-MAJOR GOVERNMENTAL FUNDS
 - A. Special Revenue Funds
 - B. Debt Service Funds
 - C. Capital Projects Funds

- III. MAJOR PROPRIETARY FUNDS
 - A. Water Fund
 - B. Mass Transit Fund

- IV. NON-MAJOR PROPRIETARY FUNDS

- V. INTERNAL SERVICE FUNDS

- VI. FIDUCIARY FUNDS

- VII. COMPONENT UNIT
 - A. Civic Center Authority

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

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

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

As a part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2007 and a comparison, where available, to performance in 2006, a description of significant capital asset and long-term debt activity during the year and analysis of resources available for the future.

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

Single Audit

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

As a part of the City's single audit, which was described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City complied with applicable laws and regulations. The results of the single audit for fiscal year ending April 30, 2007 disclosed no instances of material weakness in the internal control structure or material violations of applicable laws and regulations. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

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

in the subsequent year's budget. As demonstrated by the statements and schedules included in the financial section of the report, the City continues to meet its responsibility for sound financial management.

CASH MANAGEMENT

As of April 30, 2007 approximately 100 percent of the idle but obligated funds were invested to interest-bearing securities. The City has adopted formal investment policies and procedures as required by state statutes and approved by the City Council. The City's investment policy also established maximum limits for investments in non-collateralized certificates of deposit, and money market accounts. The City has also entered into joint custody agreements with the three largest banks in the City. These institutions have agreed to place a specified amount of U.S. government securities as collateral for the City's bank deposits at the Federal Reserve banks in Chicago and St. Louis, and are in the City's name. The participating banks may not reduce the pledged investments in these accounts without written approval of the City. The City's investment policy provides for the limited investment in commercial paper in only the top rated commercial paper issued by major corporations.

The City operates a pooled cash and investment program where similar funds are recorded in one bank account, which allows for larger investments with slightly longer maturities. This results in higher investment earnings for those funds with relatively small average cash balances. Monthly interest income earned by each pool is distributed to the individual funds based upon its average daily cash balance.

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit

State statutes require an audit by independent certified public accountants. The audit was performed by Clifton Gunderson LLP. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act and the related U.S. Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the

general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the Single Audit section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2006. This was the thirty-fourth consecutive year that the City of Decatur has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Use of the Report

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

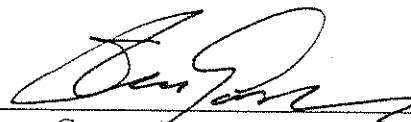
In addition to the vast amount of financial information presented, there is included herein a Statistical Section containing comprehensive data which relates to the financial condition of the entire governmental structure of Decatur. There is also a section referred to as Management's Discussion and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

Acknowledgments

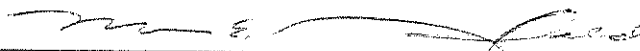
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Management Department. We would like to express our appreciation to all members of the department who assisted and contributed. A special thank you is to be given to Patricia Hansen, Comptroller, and Donna Rollins, Auditor,

for their work with the auditors to ensure that the financial information was received in a timely manner. We would also like to thank the members of the City Council for their interest and support in the planning and conduct of the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Garman
City Manager



Ron E. Neufeld
Director of Financial Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2006

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

Paul Osborne (2007-2011)

Council

Michael T. Carrigan (2007-2011)

Patrick S. Laegeler (2007-2011)

Dan Caulkins (2005-2009)

Mike McElroy (2007-2011)

Shad L. Edwards (2005-2009)

Betsy Stockard (2005-2009)

City Staff

Steve Garman
City Manager

Ron E. Neufeld, Director
Financial Management Department

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

Matthew J. Sekosky, Chief
Fire Department

Gregory C. Crowe
Assistant City Manager/Economic & Urban Development

Wendy L. Morthland, Corporation Counsel
Legal Department

Billy Tyus
Assistant City Manager/Public Information

Lee Ann Fisher, Librarian
Library

John A. Smith
Assistant City Manager/Public Service

James A. Anderson, Chief
Police Department

Richard G. Marley, Director
Engineering and Infrastructure Department

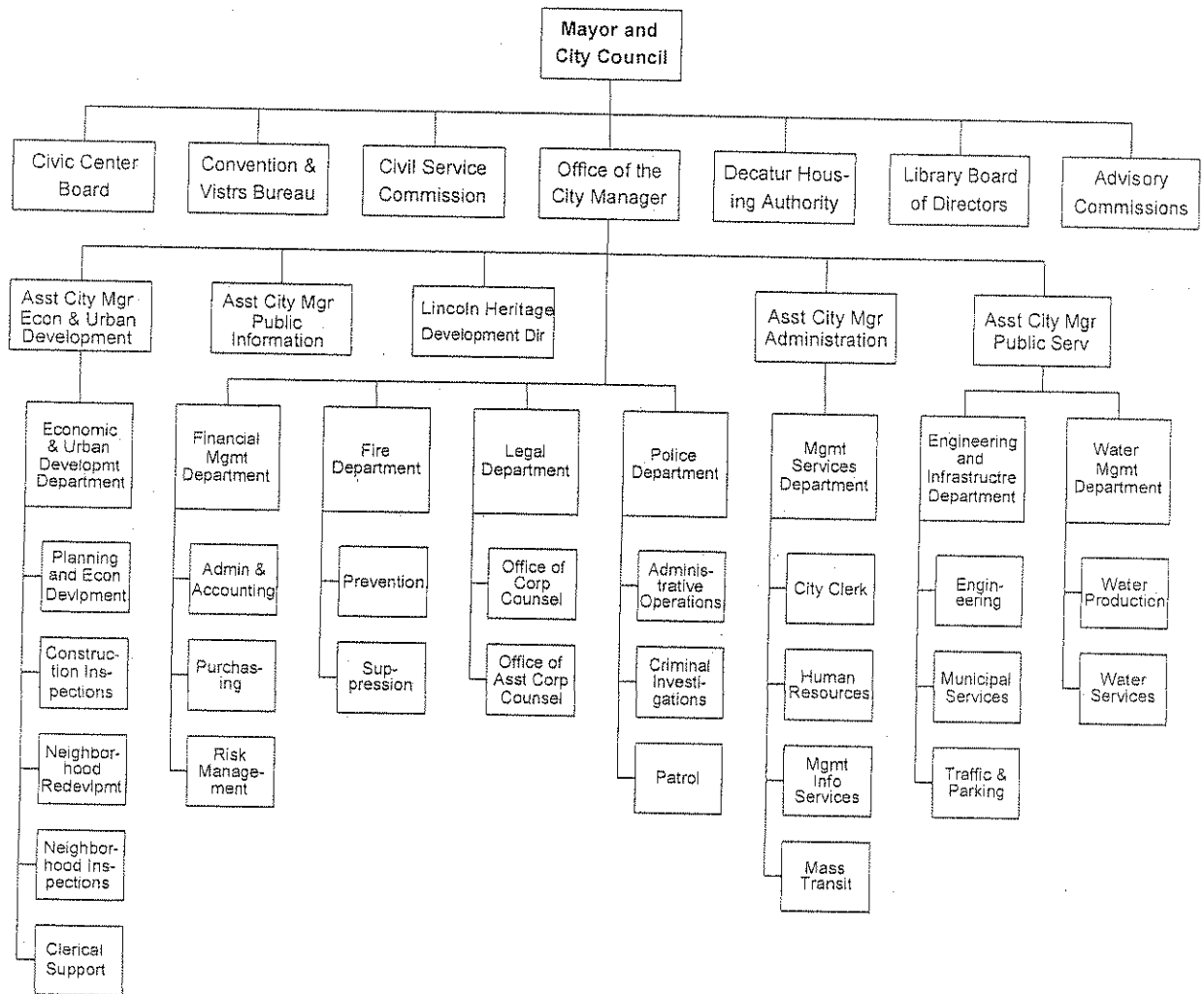
Keith D. Alexander, Director
Water Management Department

Celeste F. Harris
City Clerk

Ron E. Neufeld
Treasurer

City of Decatur, Illinois

Table of Organization



Independent Auditor's Report

The Mayor and City Council
City of Decatur, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois (City) as of and for the year ended April 30, 2007, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of April 30, 2007 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2007, on our consideration of the City of Decatur, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, schedule of funding progress for Illinois Municipal Retirement Fund, and schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

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

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

Clifton Gunderson LLP

Danville, Illinois
October 25, 2007

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2007

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, 2007. 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

In the last few years alone government entities and private investors have brought in more than \$500 million in new or anticipated investment in the City by way of new places to live, dine and shop and improved healthcare options, infrastructure and school facilities.

Phase I of Wabash Crossing, which included 206 rental units, was completed in 2005. City officials estimate that this development will bring in more than \$115 million in new community investment. Funded in part through a \$34.5 million Hope VI grant from the U.S. Department of Housing and Urban Development, the plan is expected to bring a brand new community to a part of the City just north of the central business district through the addition of more than 600 new homes, retail and social service options. Additionally, the Decatur School District built a new school in the neighborhood as part of its \$27 million capital improvement program. Phase II is near completion and will include 175 rental units.

Target Stores Inc. opened a 125,000 square foot store on the northern edge of town. The store will anchor a new 20-acre shopping hub with Starbucks and Olive Garden outlots, while complementing a corridor of activity now containing a Circuit City, Wal-Mart, Walgreen's and other shops and restaurants.

Both of the City's local hospitals have undergone multimillion-dollar expansion projects. Plans for St. Mary's Hospital's new \$1.4 million 40,000 square-foot expansion is nearly complete. Decatur Memorial Hospital has also added office space while its new Heart & Lung Institute provides levels of care previously unavailable in the immediate area.

Richland Community College has added an interactive health education wing, affording its students the opportunity to gain the real world experience essential for today's healthcare workers. Meanwhile, Millikin University remains the driving force behind the transformation of the City's west end having made campus and community improvements through the University's \$120 million capital campaign.

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Downtown, scores of residents pass daily through the doors of the new \$2.4 million Senator Seaverns Transit Center, designed both as a means to clear bus congestion downtown and to provide a convenient transfer point for riders who use public transportation. The new Archer Daniels Midland Co. Global Training Center brings hundreds of company employees from around the globe to downtown Decatur, employees that shop at local retail outlets and dine in local restaurants.

Unemployment in Decatur for 2007 has consistently been at its lowest point since 2000, due in part to a renewed focus by local officials and major employers on the Decatur market. In 2003, StarTek Inc. opened a 38,000 square foot tele-services facility which will employ hundreds of area residents. Local companies McLeod Express and Union Iron renewed their ties to the area, with McLeod agreeing to move to the City from nearby Assumption and Union Iron signing on to keep its 150-year old business within the City. Archer Daniels Midland, Tate & Lyle and Caterpillar continue to add to their workforce. Caterpillar has added approximately 1,800 jobs over the last two years.

In 2003, the Decatur Park District and Archer Daniels Midland agreed in principle to a sweeping land purchase agreement, one that both sides say will help to best facilitate anticipated needs. ADM agreed to purchase 298 acres of park district land for \$7.35 million, allowing the district to use the funds to upgrade park facilities and to convert one of its current courses into a new Raymond Floyd Signature golf course on the City's south side. The golf course opened in 2006.

Local officials have had a renewed focus on infrastructure improvements recently, investing \$32.4 million in improvements for the local water supply. Last year the City moved forward with a \$24.8 million dredging project, one of the largest capital undertakings in City's history. This three-phased project will remove 5.8 million cubic yards of silt from the lake, increasing its water storage capacity by 16% and protecting water supplies for residents and local industry for years to come. Residents also no longer have to worry about nitrates in the local drinking water supply thanks to the recently-completed \$7.6 million nitrate removal facility. This facility was completed in the summer of 2002 and uses advanced technology to produce a purer, safer water supply for Decatur and the surrounding area. The City Council recently approved an engineering study to build a lake which would be a secondary source of water and increase current lake capacity by more than 50%.

Sterling Development, LLC on behalf of Heritage Place at Lakeshore has begun construction of an 80-unit apartment for seniors overlooking beautiful Lake Decatur. The project will have 36 single-bedroom units and 44 two-bedroom units. Along with the 80 residential units, there will be community amenities such as: beauty salon, recreational room, activity center and library.

The City has just recently approved annexation and planned development for Primrose Retirement, a senior retirement community along Arbor Drive. The proposed development will include a 68-unit independent and assisted two-story apartment building with exterior garages, and 25 independent living villa units with attached garages providing housing for seniors.

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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 in the government-wide financial statements. By doing so, readers may

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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 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Library Fund, Debt Service Fund and the 2004 Bond Capital Fund, each of which is considered to be a major fund. Information from the City's 14 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.

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Other Information

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

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

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

	<u>Governmental Activities</u> <u>2007</u>	<u>Business-Type Activities</u> <u>2007</u>	<u>Total Primary Government</u> <u>2007</u>
Assets:			
Current & other assets	\$ 44.0	\$ 30.4	\$ 74.4
<u>Capital assets</u>	<u>36.5</u>	<u>63.9</u>	<u>100.4</u>
Total assets	80.5	94.3	174.8
Liabilities:			
Current liabilities	17.9	1.6	19.5
<u>Long-term liabilities</u>	<u>56.1</u>	<u>5.9</u>	<u>62.0</u>
Total liabilities	74.0	7.5	81.5
Net Assets:			
Invested in capital assets, net	21.8	58.0	79.8
Restricted	2.4	0.0	2.4
<u>Unrestricted</u>	<u>(17.7)</u>	<u>28.8</u>	<u>11.1</u>
Total Net Assets	\$ 6.5	\$ 86.8	\$ 93.3
	<u>Governmental Activities</u> <u>2006</u>	<u>Business-Type Activities</u> <u>2006</u>	<u>Total Primary Government</u> <u>2006</u>
Assets:			
Current & other assets	\$ 44.6	\$ 33.1	\$ 77.7
<u>Capital assets</u>	<u>30.6</u>	<u>66.5</u>	<u>97.1</u>
Total assets	75.2	99.6	174.8
Liabilities:			
Current liabilities	17.6	1.8	19.4
<u>Long-term liabilities</u>	<u>55.7</u>	<u>6.2</u>	<u>61.9</u>
Total liabilities	73.3	8.0	81.3

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Net Assets:

Invested in capital assets, net	20.2	60.3	80.5
Restricted	4.0	0.0	4.0
Unrestricted	(22.3)	31.3	9.0
Total Net Assets	\$ 1.9	\$ 91.6	\$ 93.5

By far, the largest portion of the City of Decatur's net assets reflects its investment in capital assets; less any related debt used to acquire those assets that are still outstanding. The City of Decatur uses these capital assets to provide services; consequently they are not available for future spending. 85.5 percent of the net assets are invested in capital assets. An additional portion of the net assets (\$2.4 million) represents resources that are subject to external restrictions on how they may be used. This may be used to meet the government's on-going obligations to citizens and creditors.

Net assets in Governmental Activities total \$6.5 million, an increase of \$4.6 million from the prior year. This increase is mostly attributable to \$4.3 million in additional capital for Wabash Crossing infrastructure. Long term debt is \$56.4 million, of which only \$3.6 million must be retired within the next twelve months. The City of Decatur's liquidity position is very good with total assets at \$80.5 million, with only \$17.9 million in current liabilities.

Net assets in Business-type Activities total \$86.8 million, a decrease of \$4.8 million from the prior year. This is mostly due to the Water Fund reduction in cash and investment of \$3.8 million where revenues are not keeping up with operating expenses and money being spent for capital improvements. There is a total reduction in capital assets of \$2.6 million. The current year depreciation is \$3.7 million.

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

	<u>Governmental Activities</u> <u>2007</u>	<u>Business-type Activities</u> <u>2007</u>	<u>Total Government</u> <u>2007</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 1.9	\$ 14.8	\$ 16.7
Oper. Grants/Contrib.	6.3	5.3	11.6
General Revenues:			
Property Taxes	11.7	0.2	11.9
Sales Taxes	22.0	0.0	22.0
Other	18.0	1.2	19.2
Total Revenues	59.9	21.5	81.4

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	<u>Governmental Activities</u> <u>2007</u>	<u>Business-type Activities</u> <u>2007</u>	<u>Total Government</u> <u>2007</u>
EXPENSES			
General Government	12.7	0.0	12.7
Public Safety	32.0	0.0	32.0
Public Works	10.6	0.0	10.6
Culture and Recreation	3.9	0.0	3.9
Interest on Debt	2.9	0.0	2.9
Water	0.0	12.6	12.6
Parking	0.0	0.7	0.7
Mass Transit	0.0	4.9	4.9
Housing Programs	0.0	0.0	0.0
Waste Removal	0.0	0.5	0.5
Sewer	0.0	0.8	0.8
Total Expenses	62.1	19.5	81.6
Excess (Deficiency) of			
Revenues over expenses	(2.2)	2.0	(0.2)
Transfers	6.8	(6.8)	0.0
Change in Net Assets	\$ 4.6	\$ (4.8)	\$ (0.2)
	<u>Governmental Activities</u> <u>2006</u>	<u>Business-type Activities</u> <u>2006</u>	<u>Total Government</u> <u>2006</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 2.0	\$ 15.9	\$ 17.9
Oper. Grants/Contrib.	4.8	2.4	7.2
General Revenues:			
Property Taxes	11.3	0.2	11.5
Sales Taxes	21.8	0.0	21.8
Other	19.3	0.0	19.3
Total Revenues	59.2	18.5	77.7

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	<u>Governmental Activities</u> <u>2006</u>	<u>Business-type Activities</u> <u>2006</u>	<u>Total Government</u> <u>2006</u>
EXPENSES			
General Government	12.5	0.0	12.5
Public Safety	31.1	0.0	31.1
Public Works	17.3	0.0	17.3
Culture and Recreation	3.8	0.0	3.8
Interest on Debt	2.9	0.0	2.9
Water	0.0	13.0	13.0
Parking	0.0	0.7	0.7
Mass Transit	0.0	5.0	5.0
Housing Programs	0.0	0.0	0.0
Waste Removal	0.0	0.5	0.5
Sewer	0.0	0.8	0.8
Total Expenses	67.6	20.0	87.6
Deficiency of Revenues over expenses	(8.4)	(1.5)	(9.9)
Transfers	7.3	(7.3)	0.0
Change in Net Assets	\$ (1.1)	\$ (8.8)	\$ (9.9)

The change in net assets reflects an increase in governmental activities of \$4.6 million and in business-type activities a decrease of \$4.8 million. The total government wide change in net assets is a decrease of \$0.2 million.

Most of the increase in governmental net assets is attributable to the completion of the Mound Road and Route 51 project. The expenses in this project decreased from \$5.3 million last year to \$0.3 million this year.

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Last year's change in business-type net assets was negative \$8.8 million; this year it is negative \$4.8 million. The change in net assets was not as great this year due in large part to the following circumstances. There was an increase of \$2.8 million in Mass Transit funding over the prior year. Last year's federal grant of \$1.4 million was not approved until after year end, and therefore not recognized in business activities in the prior year. This resulted in two years of federal grant revenues being recognized this year. Also in the current year there was \$0.1 million loss on the sale of assets, where last year the loss was \$1.0 million.

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 \$19.8 million, a decrease of approximately \$0.8 million over the prior year.

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

	<u>Major Governmental Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Library Fund</u>	<u>Debt Service Fund</u>	<u>2004 Bond Capital Fund</u>	<u>Nonmajor Governmental Funds</u>	
Revenues	\$44.4	\$ 3.7	\$ 1.3	\$ 0.0	\$ 9.7	\$ 59.1
Expenditures	<u>48.0</u>	<u>3.9</u>	<u>5.7</u>	<u>0.3</u>	<u>14.2</u>	<u>72.1</u>
Deficiency Of Revenues Over Expenditures	(3.6)	(0.2)	(4.4)	(0.3)	(4.5)	(13.0)
Other Financing Sources	<u>3.4</u>	<u>0.0</u>	<u>3.9</u>	<u>0.0</u>	<u>4.9</u>	<u>12.2</u>
Net Change in Fund Balances	(0.2)	(0.2)	(0.5)	(0.3)	0.4	(0.8)
Fund Balance at Beginning of Year	<u>13.8</u>	<u>0.4</u>	<u>0.9</u>	<u>0.3</u>	<u>5.2</u>	<u>20.6</u>
Fund Balance at End of Year	<u>\$13.6</u>	<u>\$ 0.2</u>	<u>\$ 0.4</u>	<u>\$ 0.0</u>	<u>\$ 5.6</u>	<u>\$ 19.8</u>

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As indicated earlier the total assets in the General Fund showed a decrease this fiscal year. Cash was down \$0.4 million, and receivables were up \$0.7 million. Total assets in the General Fund were up \$0.3 million. Total fund balance is \$13.6 million.

Proprietary Funds

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

There was an operating loss of \$0.9 million in the Water Fund this year. The loss is primarily due to revenues not keeping up with expenditures including money being spent for capital improvements. Total net assets in the Water Fund are \$72.6 million.

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

	<u>Major</u> <u>Enterprise Funds</u>		<u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
	<u>Water</u> <u>Fund</u>	<u>Mass</u> <u>Transit</u> <u>Fund</u>			
Operating Revenues	\$11.5	\$ 0.5	\$ 2.8	\$14.8	\$ 15.8
Operating Expenses	<u>12.4</u>	<u>4.9</u>	<u>2.0</u>	<u>19.3</u>	<u>14.7</u>
Operating Income (Loss)	(0.9)	(4.4)	0.8	(4.5)	1.1
Nonoperating Revenues	<u>0.8</u>	<u>5.5</u>	<u>0.1</u>	<u>6.4</u>	<u>0.6</u>
Income (Loss) Before Transfers	(0.1)	1.1	0.9	1.9	1.7
Net Transfers	<u>(6.2)</u>	<u>(0.2)</u>	<u>(0.4)</u>	<u>(6.8)</u>	<u>(0.1)</u>
Change In Net Assets	(6.3)	0.9	0.5	(4.9)	1.6
Net Assets, Beginning of Year	<u>78.9</u>	<u>6.2</u>	<u>6.1</u>	<u>91.2</u>	<u>6.8</u>
Net Assets, End of Year	<u>\$72.6</u>	<u>\$ 7.1</u>	<u>\$ 6.6</u>	<u>\$ 86.3</u>	<u>\$ 8.4</u>

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Total assets in the Self-Insurance Fund went up by \$0.2 million, Fleet Maintenance went up by \$1.6 million, Management Information Services went up by \$0.1 million, and Equipment Replacement went down by \$0.4 million. In total, the Internal Service Funds saw an increase of \$1.5 million in total assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final budget were significant. Total revenues were \$0.3 million less than budget while expenses were \$4.3 million less than the budget.

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

General Fund:	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes	\$ 14.2	\$ 14.2
Intergovernmental	27.9	27.6
Other	2.3	2.3
Total Revenues	<u>44.4</u>	<u>44.1</u>
Expenditures:		
Expenditures	<u>52.4</u>	<u>48.1</u>
Other Financing Sources (Uses):	<u>3.6</u>	<u>3.5</u>
Change in Fund Balance	<u>\$ (4.4)</u>	<u>\$ (0.5)</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, 2007, amounts to \$100.4 million (net of accumulated depreciation). Capital assets used in governmental activities increased by \$6.0 million or 19.4 percent. Capital assets used in business-type activities decreased by \$2.7 million or 4 percent. Refer to Note 6 for more detailed information on capital assets activity.

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Governmental Activities
Change in Capital Assets
(in millions)

	<u>Restated Balance April 30, 2006</u>	<u>Net Additions/ Deletions</u>	<u>Balance April 30, 2007</u>
Non-Depreciable Assets:			
Land/CIP	\$ 2.3	\$ 0.6	\$ 2.9
Other Capital Assets:			
Infrastructure	8.3	4.3	12.6
Buildings & Improvements	24.7	0.9	25.6
Vehicles	11.1	1.4	12.5
Office Equipment	1.9	0.0	1.9
Other Equipment	8.9	0.0	8.9
Accum. Depreciation on Capital Assets	<u>(26.6)</u>	<u>(1.2)</u>	<u>(27.8)</u>
Totals	<u><u>\$ 30.6</u></u>	<u><u>\$ 6.0</u></u>	<u><u>\$ 36.6</u></u>

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

	<u>Restated Balance April 30, 2006</u>	<u>Net Additions/ Deletions</u>	<u>Balance April 30, 2007</u>
Non-Depreciable Assets:			
Land	\$ 6.4	\$ 0.0	\$ 6.4
Other Capital Assets:			
Infrastructure	10.0	0.0	10.0
Buildings & Improvements	98.4	0.7	99.1
Vehicles	7.3	0.0	7.3
Office Equipment	0.0	0.0	0.0
Other Equipment	4.8	0.0	4.8
Accum. Depreciation on Capital Assets	<u>(60.4)</u>	<u>(3.3)</u>	<u>(63.7)</u>
Totals	<u><u>\$ 66.5</u></u>	<u><u>\$ (2.6)</u></u>	<u><u>\$ 63.9</u></u>

CITY OF DECATUR, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Debt Administration

At April 30, 2007, the City had outstanding debt as follows:

	<u>Obligations Outstanding May 1, 2007</u>	<u>Due Within One Year</u>
Governmental Activities:		
General Obligation Bonds:		
Series of 1991	\$ 2,086,510	\$ 481,518
Series of 1998	2,860,000	260,000
Series of 2004A	10,955,000	445,000
Series of 2004B	25,980,000	1,065,000
Series of 2005	4,705,000	0
Notes Payable:		
Series 2005	150,000	0
Series 2005A	474,428	38,660
Wabash Crossing Phase II	4,471,960	0
HUD Section 108, 1999-A	840,000	100,000
HUD Section 108, 2002-A	2,755,000	130,000
DHA Wabash Crossing Loans	<u>1,100,000</u>	<u>1,100,000</u>
Total Governmental Activities	<u>\$56,377,898</u>	<u>\$3,620,178</u>
Business-type Activities:		
Notes Payable:		
2001 IEPA Loan	<u>\$ 5,933,637</u>	<u>\$ 314,252</u>
Total Business-type Activities	<u>\$ 5,933,637</u>	<u>\$ 314,252</u>

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

ECONOMIC FACTORS

The unemployment rate for the City of Decatur metro area is currently 5.2 percent. That is down 0.9 percent from the year before. While the rate is not as low as the state rate of 4.8 percent or the national rate of 4.5 percent, Decatur has shown a great deal of improvement for the past four years. During that period of time Decatur saw their unemployment rate drop from 7.6 percent in 2002 to 5.2 percent in 2007, which is 2.4 percent. The economy is definitely on the upswing.

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 21,301,337	\$ 3,695,321	\$ 24,996,658	\$ 103,561
Investments	-	21,017,315	21,017,315	-
Receivables:				
Property taxes, net	10,365,016	216,437	10,581,453	-
Illinois municipal sales tax	5,276,775	-	5,276,775	-
Other taxes	3,172,227	-	3,172,227	-
Due from other governments	1,331,891	-	1,331,891	-
Accounts receivable	228,330	3,527,146	3,755,476	34,490
Notes receivable	1,388,777	293,435	1,682,212	-
Other	886,460	61,551	948,011	-
Internal balances	(745,011)	745,011	-	-
Prepaid items	48,673	331,100	379,773	2,816
Deferred charges	320,179	-	320,179	-
Due from component unit	224,624	-	224,624	-
Inventories	191,102	458,932	650,034	9,486
Assets held for resale	-	73,288	73,288	-
Restricted investments	-	-	-	45,456
Capital assets not being depreciated	2,929,066	6,376,868	9,305,934	3,130,762
Capital assets being depreciated, net	33,645,940	57,487,764	91,133,704	4,237,825
TOTAL ASSETS	\$ 80,565,386	\$ 94,284,168	\$ 174,849,554	\$ 7,564,396
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 320,767	\$ 746,077	\$ 1,066,844	\$ 38,307
Contracts payable	40,821	251,332	292,153	-
Interest payable	961,656	71,822	1,033,478	66,311
Claims payable	3,071,421	-	3,071,421	-
Other liabilities	1,677,276	503,944	2,181,220	37,662
Unearned revenue	11,826,464	-	11,826,464	25,894
Long-term obligations, due within one year:				
Bonds payable	2,251,518	-	2,251,518	-
Notes payable	1,368,660	314,252	1,682,912	-
Due to primary government	-	-	-	19,614
Compensated absences	2,122,413	-	2,122,413	-
Long-term obligations, due in more than one year:				
Bonds payable	41,522,731	-	41,522,731	-
Notes payable	8,422,728	5,619,385	14,042,113	-
Due to primary government	-	-	-	205,010
Deferred compensation plan	-	-	-	45,455
Compensated absences	443,822	-	443,822	-
Total liabilities	74,030,277	7,506,812	81,537,089	438,253
Net Assets:				
Invested in capital assets, net of related debt	21,827,108	57,930,995	79,758,103	7,143,963
Restricted for capital purposes	2,407,527	-	2,407,527	-
Unrestricted net assets (deficit)	(17,699,526)	28,846,361	11,146,835	(17,820)
Total net assets	6,535,109	86,777,356	93,312,465	7,126,143
TOTAL LIABILITIES AND NET ASSETS	\$ 80,565,386	\$ 94,284,168	\$ 174,849,554	\$ 7,564,396

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2007

Functions/Programs Primary government:	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Fees, Fines & Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Governmental activities:					
General government	\$ 12,752,403	\$ 2,997,896	\$ (8,244,628)	\$ -	\$ (8,244,628)
Public safety	31,958,049	-	(31,727,313)	-	(31,727,313)
Public works	10,562,237	3,208,637	(7,313,940)	-	(7,313,940)
Culture and recreation	3,916,250	114,731	(3,711,190)	-	(3,711,190)
Interest and other charges	2,952,352	-	(2,952,352)	-	(2,952,352)
Total government activities	62,141,291	6,321,264	(53,949,423)	-	(53,949,423)
Business-type activities:					
Water	12,547,968	-	-	(1,038,564)	(1,038,564)
Parking	748,568	-	-	(249,486)	(249,486)
Mass Transit	4,936,203	5,239,319	792,336	792,336	792,336
Housing programs	11,322	-	-	(2,361)	(2,361)
Waste removal	518,561	-	-	(74,052)	(74,052)
Sewer	755,444	-	-	1,135,658	1,135,658
Total business-type activities	19,518,066	5,239,319	-	563,531	563,531
Total primary government	\$ 81,659,357	\$ 11,560,583	(53,949,423)	563,531	(53,385,892)
Component unit					
Civic Center Authority	\$ 1,293,072	\$ -	\$ -	\$ -	\$ (303,833)
General revenues:					
Taxes:					
Property taxes			11,703,520	217,091	11,920,611
Sales and use taxes			22,041,088	-	22,041,088
Income taxes			6,410,060	-	6,410,060
Utility taxes			5,341,719	-	5,341,719
Food and beverage taxes			2,714,786	-	2,714,786
Hotel and motel taxes			652,839	-	652,839
Other taxes			991,002	-	991,002
Investment earnings			1,023,446	1,212,199	2,235,645
Gain on sale of assets			478,531	-	478,531
Other general revenues			430,613	-	430,613
Transfers			6,774,006	(6,774,006)	-
Total general revenues and transfers			58,561,610	(5,344,716)	53,216,894
Change in net assets			4,612,187	(4,781,185)	(168,998)
Net assets, May 1, 2006			1,922,922	91,558,541	93,481,463
Net assets, April 30, 2007			\$ 6,535,109	\$ 86,777,356	\$ 93,312,465

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2007

	Major Governmental Funds					Total
	General Fund	Library Fund	Debt Service Fund	2004 Bond Capital Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 8,196,610	\$ 362,540	\$ 300,144	\$ 20,806	\$ 3,971,883	\$ 12,851,983
Receivables:						
Property taxes, net	5,459,509	3,239,818	948,581	-	717,108	10,365,016
Illinois municipal sales tax	4,879,219	-	78,806	-	318,750	5,276,775
Other taxes	2,750,614	58,240	-	-	363,373	3,172,227
Due from other governments	924,008	-	-	-	407,883	1,331,891
Due from component unit	224,624	-	-	-	-	224,624
Due from other funds	45,046	-	-	-	1,240	46,286
Accounts receivable	87,674	-	20,155	-	227,237	1,388,777
Notes receivable	-	-	-	-	119,408	882,555
Other	35,692	-	434	-	846,429	48,673
Prepaid items	48,673	-	-	-	-	36,137
Inventories	36,137	-	-	-	-	-
TOTAL ASSETS	\$ 22,687,806	\$ 3,660,598	\$ 1,348,120	\$ 20,806	\$ 8,134,851	\$ 35,852,181
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 282,902	\$ 16,265	\$ -	\$ -	\$ 1,020	\$ 300,187
Contracts payable	-	-	-	-	40,821	40,821
Due to other funds	-	43,750	-	-	296,371	340,121
Other accrued liabilities	1,314,368	113,230	-	-	164,806	1,592,404
Deferred revenue	7,472,623	3,246,680	968,735	-	2,074,500	13,762,538
Total liabilities	9,069,893	3,419,925	968,735	-	2,577,518	16,036,071
Fund Balances:						
Reserved for:						
Inventories and prepaid items	84,810	-	-	-	-	84,810
Amounts due from component unit	224,624	-	-	-	-	224,624
Debt service	-	-	379,385	-	1,608	380,993
Capital projects	-	-	-	14,890	100	14,990
Encumbrances	934,871	1,504	-	-	2,650,327	3,586,702
Unreserved, as reported in:						
General	12,373,608	-	-	-	-	12,373,608
Special revenue	-	239,169	-	-	3,176,137	3,415,306
Capital projects	-	-	-	5,916	(270,839)	(264,923)
Total fund balances	13,617,913	240,673	379,385	20,806	5,557,333	19,816,110
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,687,806	\$ 3,660,598	\$ 1,348,120	\$ 20,806	\$ 8,134,851	\$ 35,852,181

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, 2007

Total fund balances – Governmental funds \$ 19,816,110

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	\$ 64,403,612	
Accumulated depreciation	<u>(27,828,606)</u>	
Net capital assets		36,575,006

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

Taxes receivable		1,942,936
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Internal service funds are used by the City to charge the costs of certain activities to individual funds. Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets

4,974,406

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

320,179

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

(961,656)

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

Compensated absences payable	(2,566,235)	
General obligation bonds payable	(43,774,249)	
Notes payable	<u>(9,791,388)</u>	
Total long-term liabilities		<u>(56,131,872)</u>

Net assets of governmental activities **\$ 6,535,109**

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, 2007

	General Fund	Library Fund	Debt Service Fund	2004 Bond Capital Fund	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 14,084,100	\$ 3,094,745	\$ 1,246,092	\$ -	\$ 1,987,927	\$ 20,412,864
Charges for service	140,221	-	-	-	-	140,221
Investment income and net increase in fair value of investments	404,857	43,099	41,145	5,916	185,293	680,310
Intergovernmental	28,059,629	442,894	-	-	7,253,261	35,755,784
Licenses and permits	824,540	-	-	-	-	824,540
Fines and fees	634,705	90,329	-	-	180,809	905,843
Other revenue	286,591	23,041	30,540	-	90,441	430,613
Total revenues	44,434,643	3,694,108	1,317,777	5,916	9,697,731	59,150,175
EXPENDITURES						
Current:						
General government	8,149,313	-	427,366	-	4,284,500	12,861,179
Public safety	32,212,661	-	-	-	272,267	32,484,928
Culture and recreation	-	3,829,061	-	-	81,073	3,910,134
Highways and streets	7,698,604	-	-	340,749	9,358,785	17,398,138
Debt service:						
Principal retirement	-	-	2,389,580	-	125,572	2,515,152
Interest and fiscal charges	-	-	2,850,353	-	90,591	2,940,944
Total expenditures	48,060,578	3,829,061	5,667,299	340,749	14,212,788	72,110,475
Deficiency of revenues over expenditures	(3,625,935)	(134,953)	(4,349,522)	(334,833)	(4,515,057)	(12,960,300)
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	5,021,960	5,021,960
Sale of assets	53,993	-	-	-	189,893	243,886
Transfers in	4,678,796	-	3,867,240	-	1,264,477	9,810,513
Transfers out	(1,280,627)	(1,200)	-	-	(1,607,937)	(2,889,764)
Total other financing sources (uses)	3,452,162	(1,200)	3,867,240	-	4,868,393	12,186,595
Net change in fund balances	(173,773)	(136,153)	(482,282)	(334,833)	353,336	(773,705)
FUND BALANCE, BEGINNING OF YEAR	13,791,686	376,826	861,667	355,639	5,203,997	20,589,815
FUND BALANCE, END OF YEAR	\$ 13,617,913	\$ 240,673	\$ 379,385	\$ 20,806	\$ 5,557,333	\$ 19,816,110

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, 2007**

Net change in total fund balances	\$ (773,705)
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 2006 to 2007 consists of:	
Taxes received from the State of Illinois	7,631
In governmental funds, debt is not reported as a liability. In the current period, proceeds were received in the amount of	(5,021,960)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds.	
Decrease in long-term compensated absences	\$ 187
Decrease in accrued interest on debt	<u>6,379</u>
Total expenses of non-current resources	6,566
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital expenditures	6,643,530
Depreciation	<u>(2,237,975)</u>
Capital expenditures in excess of depreciation	4,405,555
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities on the Statement of Activities	1,377,163
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	2,515,152
Repayment of Wabash Crossing obligation included in Highways and Street expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances	2,269,809

STATEMENT 6

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

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

Change in Net Assets of Governmental Activities \$ 4,612,187

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

CITY OF DECATUR, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 April 30, 2007

	Major Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 335,169	\$ 659,635	\$ 2,700,517	\$ 3,695,321	\$ 8,449,354
Investments	21,016,433	882	-	21,017,315	-
Receivables:					
Property taxes, net	-	216,437	-	216,437	-
Accounts receivable	1,827,365	1,559,688	340,093	3,527,146	1,093
Other	61,476	-	75	61,551	3,905
Due from other funds	-	-	295,831	295,831	-
Inventories	314,709	144,223	-	458,932	154,965
Assets held for sale	-	-	73,288	73,288	-
Prepaid expenses, current	-	-	46,200	46,200	-
Total current assets	<u>23,355,152</u>	<u>2,580,865</u>	<u>3,456,004</u>	<u>29,392,021</u>	<u>8,609,317</u>
Noncurrent Assets:					
Prepaid expense, net of current	284,900	-	-	284,900	-
Notes receivable	-	-	293,435	293,435	-
Property, plant and equipment					
Land	3,318,478	899,399	2,158,991	6,376,868	-
Buildings	43,794,700	4,036,423	5,505,994	53,337,117	-
Improvements other than buildings	55,132,698	135,956	477,394	55,746,048	-
Machinery and equipment	5,473,940	6,115,634	541,313	12,130,887	4,164,037
	107,719,816	11,187,412	8,683,692	127,590,920	4,164,037
Less accumulated depreciation	51,687,664	6,411,761	5,626,863	63,726,288	1,195,688
Total property, plant and equipment	<u>56,032,152</u>	<u>4,775,651</u>	<u>3,056,829</u>	<u>63,864,632</u>	<u>2,968,349</u>
Total noncurrent assets	<u>56,317,052</u>	<u>4,775,651</u>	<u>3,350,264</u>	<u>64,442,967</u>	<u>2,968,349</u>
TOTAL ASSETS	<u>79,672,204</u>	<u>7,356,516</u>	<u>6,806,268</u>	<u>93,834,988</u>	<u>11,577,666</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts payable	681,030	6,049	58,998	746,077	20,580
Contracts payable	133,810	-	117,522	251,332	-
Claims payable	-	-	-	-	3,071,421
Interest payable	71,822	-	-	71,822	-
Other accrued liabilities	276,785	201,462	25,697	503,944	84,872
Unearned revenue	-	-	-	-	6,862
Note payable	314,252	-	-	314,252	-
Due to other funds	-	-	1,996	1,996	-
Total current liabilities	<u>1,477,699</u>	<u>207,511</u>	<u>204,213</u>	<u>1,889,423</u>	<u>3,183,735</u>
Long-term liabilities:					
Note payable	5,619,385	-	-	5,619,385	-
Total liabilities	<u>7,097,084</u>	<u>207,511</u>	<u>204,213</u>	<u>7,508,808</u>	<u>3,183,735</u>
Net Assets:					
Invested in capital assets, net of related debt	50,098,515	4,775,651	3,056,829	57,930,995	2,968,349
Unrestricted	22,476,805	2,373,354	3,545,226	28,395,185	5,425,582
Total net assets	<u>\$ 72,575,120</u>	<u>\$ 7,149,005</u>	<u>\$ 6,602,055</u>	<u>86,326,180</u>	<u>\$ 8,393,931</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

451,176

Net assets of business-type activities

\$ 86,777,356

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

CITY OF DECATUR, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Year Ended April 30, 2007

	<u>Major Enterprise Funds</u>			Total Enterprise Funds	Internal Service Funds
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES					
Charges for services	\$ 11,509,397	\$ 484,756	\$ 2,833,893	\$ 14,828,046	\$ 14,155,911
Payroll deductions/retiree contributions					1,477,088
Other revenue	<u>7</u>	<u>4,464</u>	<u>9,761</u>	<u>14,232</u>	<u>156,078</u>
Total operating revenues	<u>11,509,404</u>	<u>489,220</u>	<u>2,843,654</u>	<u>14,842,278</u>	<u>15,789,077</u>
OPERATING EXPENSES					
Personnel services	3,594,924	3,041,725	294,309	6,930,958	1,583,919
Contractual services	2,850,158	417,354	951,838	4,219,350	891,250
Commodities	2,113,989	798,327	17,645	2,929,961	728,816
Other charges	816,078	180,510	550,248	1,546,836	11,032,604
Depreciation and amortization	3,017,568	500,638	192,113	3,710,319	453,374
Total operating expenses	<u>12,392,717</u>	<u>4,938,554</u>	<u>2,006,153</u>	<u>19,337,424</u>	<u>14,689,963</u>
Operating income (loss)	<u>(883,313)</u>	<u>(4,449,334)</u>	<u>837,501</u>	<u>(4,495,146)</u>	<u>1,099,114</u>
NONOPERATING REVENUES (EXPENSES)					
Property taxes	-	217,091	-	217,091	-
Investment income and net increase in fair value of investments	1,065,852	46,670	99,677	1,212,199	343,136
Intergovernmental revenue	-	5,239,319	-	5,239,319	-
Interest expense	(175,344)	-	-	(175,344)	-
Gain (loss) on disposal of city property	<u>(114,479)</u>	<u>-</u>	<u>(43,808)</u>	<u>(158,287)</u>	<u>234,645</u>
Total nonoperating revenues	<u>776,029</u>	<u>5,503,080</u>	<u>55,869</u>	<u>6,334,978</u>	<u>577,781</u>
Income (loss) before transfers	<u>(107,284)</u>	<u>1,053,746</u>	<u>893,370</u>	<u>1,839,832</u>	<u>1,676,895</u>
TRANSFERS					
Transfers in	22,450	-	250,318	272,768	3,259,853
Transfers out	<u>(6,215,175)</u>	<u>(127,234)</u>	<u>(704,385)</u>	<u>(7,046,774)</u>	<u>(3,406,596)</u>
Net transfers	<u>(6,192,725)</u>	<u>(127,234)</u>	<u>(454,047)</u>	<u>(6,774,006)</u>	<u>(146,743)</u>
Change in net assets	<u>(6,300,009)</u>	<u>926,512</u>	<u>439,323</u>	<u>(4,934,174)</u>	<u>1,530,152</u>
NET ASSETS, BEGINNING OF YEAR	<u>78,875,129</u>	<u>6,222,493</u>	<u>6,162,732</u>		<u>6,863,779</u>
NET ASSETS, END OF YEAR	<u>\$ 72,575,120</u>	<u>\$ 7,149,005</u>	<u>\$ 6,602,055</u>		<u>\$ 8,393,931</u>

Reconciliation to Statement of Activities:

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

152,989

Net Business-type Activities

\$ (4,781,185)

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, 2007

	Water Fund	Mass Transit Fund	Nonmajor Enterprise Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 12,250,117	\$ 489,220	\$ 2,997,316	\$ 15,736,652	\$ 15,789,077
Cash paid to suppliers for goods and services	(5,880,182)	(1,505,829)	(1,393,991)	(8,780,002)	(12,440,887)
Cash paid to employees	(3,612,560)	(3,041,725)	(293,787)	(6,948,072)	(1,575,403)
Net cash provided by (used in) operating activities	<u>2,757,375</u>	<u>(4,058,334)</u>	<u>1,309,537</u>	<u>8,578</u>	<u>1,772,787</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	-	3,878,631	-	3,878,631	-
Interfund payments	-	-	(7,439)	(7,439)	-
Transfers in	22,450	-	72,004	94,454	3,259,853
Transfers out	(6,036,619)	(127,234)	(704,366)	(6,868,218)	(3,406,596)
Property taxes	-	217,091	-	217,091	-
Net cash provided by (used in) noncapital financing activities	<u>(6,014,169)</u>	<u>3,968,488</u>	<u>(639,800)</u>	<u>(2,685,481)</u>	<u>(146,743)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant and equipment	(1,161,548)	(27,914)	(10)	(1,189,472)	(2,004,764)
Proceeds on sale of city property	-	-	-	-	234,645
Principal payments - loan	(305,317)	-	-	(305,317)	-
Interest payments	(179,040)	-	-	(179,040)	-
Net cash used in capital and related financing activities	<u>(1,645,905)</u>	<u>(27,914)</u>	<u>(10)</u>	<u>(1,673,829)</u>	<u>(1,770,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	1,065,852	46,670	99,677	1,212,199	343,136
Purchase/sale of investments	3,879,818	82,806	-	3,962,424	-
Net cash provided by investing activities	<u>4,945,670</u>	<u>129,276</u>	<u>99,677</u>	<u>5,174,823</u>	<u>343,136</u>
NET INCREASE IN CASH	42,971	11,516	769,404	823,891	199,061
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	292,198	648,119	1,931,113	2,871,430	8,250,293
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 335,169	\$ 659,635	\$ 2,700,517	\$ 3,695,321	\$ 8,449,354
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (883,313)	\$ (4,449,334)	\$ 837,501	\$ (4,495,146)	\$ 1,099,114
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,017,566	500,638	192,113	3,710,319	453,374
Effects of changes in operating assets and liabilities:					
Receivables	740,713	-	163,861	894,374	145
Inventories	56,127	(11,134)	-	44,993	6,824
Prepaid items	25,900	-	4,200	30,100	-
Accounts payable	(181,984)	(98,504)	4,018	(276,470)	206,169
Contracts payable	-	-	117,522	117,522	-
Other liabilities	(17,636)	-	522	(17,114)	8,516
Unearned revenue	-	-	-	-	(145)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 2,757,375	\$ (4,058,334)	\$ 1,309,537	\$ 8,578	\$ 1,772,787
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					

During the year \$178,556 in equipment was transferred from the Water Fund to the Sewer Fund.

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

CITY OF DECATUR, ILLINOIS
PENSION AND PRIVATE PURPOSE TRUST FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
April 30, 2007

	<u>Pension Trust Funds</u>	<u>Decatur Public Library Private Purpose Fund</u>
ASSETS		
Cash and short-term investments	\$ 10,753,046	\$ 382,336
Taxes Receivable	<u>161,414</u>	<u>-</u>
Accrued interest	<u>555,244</u>	<u>-</u>
Long-term investments, at fair value		
U.S. Government obligations	61,146,637	-
Mutual funds	31,204,311	-
Common stock	<u>11,286,784</u>	<u>-</u>
Total long-term investments	<u>103,637,732</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 115,107,436</u>	<u>\$ 382,336</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ 115,107,436</u>	<u>\$ 382,336</u>

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

CITY OF DECATUR, ILLINOIS
 PENSION AND PRIVATE PURPOSE TRUST FUNDS
 STATEMENT OF CHANGES IN NET ASSETS
 Year Ended April 30, 2007

	<u>Pension Trust Funds</u>	<u>Decatur Public Library Private Purpose Trust</u>
ADDITIONS		
Contributions:		
Employer	\$ 5,674,315	\$ -
Plan member	1,546,633	-
Other	-	4,435
	<u>7,220,948</u>	<u>4,435</u>
Total contributions		
	<u>7,220,948</u>	<u>4,435</u>
Investment income	10,242,226	18,097
Less: Investment expense	322,341	-
	<u>9,919,885</u>	<u>18,097</u>
Net investment income		
	<u>9,919,885</u>	<u>18,097</u>
Total additions	<u>17,140,833</u>	<u>22,532</u>
DEDUCTIONS		
Benefits and refunds	7,806,221	-
Administrative expense	78,192	-
Educational expenses	-	10,394
	<u>7,884,413</u>	<u>10,394</u>
Total deductions		
	<u>7,884,413</u>	<u>10,394</u>
Net increase	9,256,420	12,138
NET ASSETS, BEGINNING OF YEAR	<u>105,851,016</u>	<u>370,198</u>
NET ASSETS, END OF YEAR	<u>\$ 115,107,436</u>	<u>\$ 382,336</u>

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

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

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

Blended Component Units:

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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 the following fund types: Pension Trust and Private-Purpose Trust. 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. The Private Purpose Trust includes the Decatur Public Library Trust Fund which accounts for expenditures designated for purchase of specific education materials.

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary Fund Types:

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

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency or other departments or agencies of the government, on a cost-reimbursement basis. Such goods and services include maintenance of City vehicles, management information services, and administration of the City's self insurance policies.

D. POOLED CASH AND INVESTMENTS

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

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

E. INVENTORIES

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

F. FUND EQUITY/NET ASSETS

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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, cash equivalents are defined as short-term investments readily converted to cash.

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. Interest expense incurred during construction of capital improvements has not been capitalized.

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

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

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

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

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

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (Continued)

Based on collection histories, the City has provided at April 30, 2007 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 at April 30, 2007 of \$2,566,235 is recorded in the City-wide financial statements. The long-term portion of compensated absences will be paid from the fund from which the employee is paid.

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

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

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, but the City believes that the differences will be insignificant.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING

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

1. An appropriated budget is legally adopted through the budgetary process on an annual fiscal year basis for the General Fund, special revenue funds, debt service funds except for the Special Assessment Fund, the capital projects funds, 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 – non GAAP. The Budget to Actual schedules include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General and major Special Revenue Funds.
6. The level of budgetary control is by department and therefore, expenditures within a fund cannot legally exceed appropriations on a departmental basis. The City's departments are comprised of the following: Legislative, Executive, Management Services, Legal, Financial Management, Police, Fire, Economic and Urban Development, Neighborhood Services, Public Works, and Other Non-Departmental Charges.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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

A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING (Continued)

7. Anytime after six months of the fiscal year have elapsed, the appropriated budgets can be amended by the City Manager to reflect transfers within departments. Budgeted amounts reflected in the accompanying appropriated budget and actual comparisons are as amended by the year-end budget revisions.
8. Supplemental appropriation ordinances may be passed by the Council should a new unanticipated source of revenue develop for a specific purpose.
9. All unexpended appropriations lapse at year-end requiring reappropriation the following year.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no funds that had actual expenditures/expenses in excess of the appropriated amount for the year ended April 30, 2007.

NOTE 3 – DEPOSITS AND INVESTMENTS

The City has adopted formal investment policies and procedures as recommended by a citizens' investment advisory committee and approved by the City Manager, all within the guidelines established for the investment of public funds in accordance with the Illinois Compiled Statutes. The City is authorized by statute and policy to make deposits or investments in obligations of the United States Government; obligations of states or their political subdivisions; savings accounts, time deposits, certificates of deposit, or other investments which are direct obligations of banks as defined by the Illinois Banking Act; credit union shares; repurchase agreements; commercial paper rated within the three highest classifications by at least two standard rating services; the Illinois Public Treasurer's Investment Pool; and funds managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivision, stocks, mutual funds, and Illinois insurance companies' general and separate accounts. The City's investment policy also has established maximum limits for investments in uncollateralized certificates of deposit, money market accounts, and banker's acceptances for specific financial institutions as approved by the City Council, and has limited the City's investment in commercial paper to only the top rated. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at April 30, 2007. At year end the carrying value of the City's deposits, including certificates of deposit, was \$3,202,081 and the respective bank balances totaled \$2,768,978, not including cash on hand of \$7,005. Included in the bank balances are certificates of deposit totaling \$500,000.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

Custodial Credit Risk – the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the City. As of April 30, 2007, the City's bank deposits were fully collateralized.

As of April 30, 2007, the City had the following investments:

	<u>Fair Value</u>
Cash and money market	\$ 23,880,126
U.S. Government obligations	72,630,368
Mutual funds	31,204,311
Common stock	<u>11,286,784</u>
Total	<u>\$ 139,001,589</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2007, the City had \$18,576,412 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, 2007, cash and cash equivalents for the Civic Center Authority are comprised of bank deposits totaling \$35,570, cash on hand of \$1,890, and deposits with the Illinois Funds of \$66,101. 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>
Annuity contracts	\$ 16,252
Mutual funds	<u>29,204</u>
Total investments	<u>\$ 45,456</u>

Reconciliation of notes to financial statements:

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 3,202,081
Cash on hand – per note above	7,005
Investments – per note above (including Illinois Fund)	<u>157,578,001</u>
Total	<u>\$ 160,787,087</u>
Statement 1	
Cash and equivalents	\$ 24,996,658
Long-term investments	21,017,315
Statement 10	
Cash and short-term investments	11,135,382
Long-term investments	<u>103,637,732</u>
Total	<u>\$ 160,787,087</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2007 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General	\$ 45,046	\$ -
Library	-	43,750
Nonmajor Governmental Funds	1,240	296,371
Nonmajor Enterprise Funds	<u>295,831</u>	<u>1,996</u>
Total interfunds	<u>\$ 342,117</u>	<u>\$ 342,117</u>

Interfund receivables and payables are primarily used to record:

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

NOTE 5 – TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 4,678,796	\$ 1,280,627
Library	-	1,200
Debt Service	3,867,240	-
Nonmajor Governmental Funds	1,264,477	1,607,937
Major Enterprise Funds:		
Water	22,450	6,215,175
Mass Transit	-	127,234
Nonmajor Enterprise Funds	250,318	704,365
Internal Service Funds	<u>3,259,853</u>	<u>3,406,596</u>
Total interfunds	<u>\$ 13,343,134</u>	<u>\$ 13,343,134</u>

The transfers represent both routine and non-routine items. Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers were made from the TIF Fund to the General Fund of \$297,900 as repayment of funds borrowed in prior years.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2007 was as follows:

Primary government

	<u>Balance</u> <u>April 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2007</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,305,013	\$ 691,003	\$ 66,950	\$ 2,929,066
Capital assets being depreciated:				
Infrastructure	8,256,377	4,315,864	-	12,572,241
Buildings and improvements	24,753,300	1,895,046	1,063,080	25,585,266
Vehicles	11,137,912	2,079,224	705,131	12,512,005
Office equipment	1,923,239	20,328	82,791	1,860,776
Other equipment	8,891,782	349,053	296,577	8,944,258
Subtotal	<u>54,962,610</u>	<u>8,659,515</u>	<u>2,147,579</u>	<u>61,474,546</u>
Less accumulated depreciation for:				
Infrastructure	(1,473,283)	(124,220)	-	(1,597,503)
Buildings and improvements	(9,094,761)	(549,944)	(16,959)	(9,627,746)
Vehicles	(7,200,314)	(1,225,199)	(662,605)	(7,762,908)
Office equipment	(1,004,789)	(95,011)	(82,791)	(1,017,009)
Other equipment	(7,876,416)	(243,601)	(296,577)	(7,823,440)
Total accumulated depreciation	<u>(26,649,563)</u>	<u>(2,237,975)</u>	<u>(1,058,932)</u>	<u>(27,828,606)</u>
Total capital assets being depreciated, net	<u>28,313,047</u>	<u>6,421,540</u>	<u>1,088,647</u>	<u>33,645,940</u>
Total governmental activities capital assets, net	<u>\$ 30,618,060</u>	<u>\$ 7,112,543</u>	<u>\$ 1,155,597</u>	<u>\$ 36,575,006</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	<u>Balance</u> <u>April 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2007</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 6,420,432	\$ -	\$ 43,564	\$ 6,376,868
Capital assets being depreciated:				
Infrastructure	9,961,604	49,712	-	10,011,316
Buildings and improvements	98,382,779	1,027,938	338,867	99,071,850
Vehicles	7,282,657	27,914	29,281	7,281,290
Office equipment	42,057	-	999	41,058
Other equipment	<u>4,881,058</u>	<u>83,908</u>	<u>156,428</u>	<u>4,808,538</u>
Subtotal	<u>120,550,155</u>	<u>1,189,472</u>	<u>525,575</u>	<u>121,214,052</u>
Less accumulated depreciation for:				
Infrastructure	(5,342,261)	(439,965)	-	(5,782,226)
Buildings and improvements	(48,665,199)	(2,617,141)	(225,305)	(51,057,035)
Vehicles	(4,936,736)	(489,270)	(29,036)	(5,396,970)
Office equipment	(32,288)	(2,508)	(892)	(33,904)
Other equipment	<u>(1,450,082)</u>	<u>(161,435)</u>	<u>(155,364)</u>	<u>(1,456,153)</u>
Total accumulated depreciation	<u>(60,426,566)</u>	<u>(3,710,319)</u>	<u>(410,597)</u>	<u>(63,726,288)</u>
Total capital assets being depreciated, net	<u>60,123,589</u>	<u>(2,520,847)</u>	<u>114,978</u>	<u>57,487,764</u>
Total business-type activities capital assets, net	<u>\$ 66,544,021</u>	<u>\$ (2,520,847)</u>	<u>\$ 158,542</u>	<u>\$ 63,864,632</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$2,237,975 and \$3,710,319 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	\$ 566,467	Water	\$ 3,017,568
Public safety	625,017	Parking	184,657
Public works	530,677	Mass Transit	500,638
Culture and recreation	<u>515,814</u>	Sewer	<u>7,456</u>
Total	<u>\$ 2,237,975</u>	Total	<u>\$ 3,710,319</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended April 30, 2007, was as follows:

	<u>Balance 4/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 4/30/07</u>
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$3,130,762
Capital assets being depreciated:				
Buildings and equipment	12,941,816	3,180	16,105	12,928,891
Less accumulated depreciation for:				
Buildings and equipment	<u>(8,408,580)</u>	<u>(298,591)</u>	<u>(16,105)</u>	<u>(8,691,066)</u>
Total capital assets being depreciated, net	<u>4,533,236</u>	<u>(295,411)</u>	<u>-</u>	<u>4,237,825</u>
Civic Center capital assets, net	<u>\$ 7,663,998</u>	<u>\$ (295,411)</u>	<u>\$ -</u>	<u>\$7,368,587</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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, 2007. Any uncollectible amount is not believed to be material.

Governmental Activities:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Assets</u>
Other taxes:						
Hotel and motel tax	\$ 89,963	\$ -	\$ -	\$ -	\$ -	\$ 89,963
Food and beverage tax	289,681	-	-	-	-	289,681
Cable TV tax	65,419	-	-	-	-	65,419
Utility tax	871,613	-	-	-	-	871,613
State income tax	1,433,938	-	-	327,100	-	1,761,038
State replacement tax	-	94,513	-	-	-	94,513
Total other taxes	<u>\$2,750,614</u>	<u>\$ 94,513</u>	<u>\$ -</u>	<u>\$ 327,100</u>	<u>\$ -</u>	<u>\$3,172,227</u>
Due from other governments:						
Grants	\$ 924,008	\$ -	\$ -	\$ -	\$ -	\$ 924,008
Allotments	-	407,883	-	-	-	407,883
Total due from other govern- ments	<u>\$ 924,008</u>	<u>\$ 407,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,331,891</u>
Accounts receivable:						
General billings	\$ 39,365	\$ 103,472	\$ -	\$ 14,328	\$ 1,093	\$ 158,258
Boat licenses	48,309	-	-	-	-	48,309
Special assessments	-	-	21,763	-	-	21,763
Total accounts receivable	<u>\$ 87,674</u>	<u>\$ 103,472</u>	<u>\$ 21,763</u>	<u>\$ 14,328</u>	<u>\$ 1,093</u>	<u>\$ 228,330</u>
Notes receivable:						
Installment notes	\$ -	\$ 55,358	\$ -	\$ -	\$ -	\$ 55,358
Deferred notes	-	170,124	-	-	-	170,124
Locker rental rehab loans	-	33,177	-	-	-	33,177
Cardwell loan	-	1,130,118	-	-	-	1,130,118
Total notes receivable	<u>\$ -</u>	<u>\$1,388,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,388,777</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 7 – RECEIVABLES (CONTINUED)

Governmental Activities:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Assets</u>
Other:						
Investment income	\$ 3,276	\$ 552	\$ 434	\$ -	\$ 3,905	\$ 8,167
Parking tickets	32,416	-	-	-	-	32,416
Home program loans	-	669,525	-	-	-	669,525
Gateway to Sertoma Club loan	-	176,352	-	-	-	176,352
Total other	<u>\$ 35,692</u>	<u>\$ 846,429</u>	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ 3,905</u>	<u>\$ 886,460</u>

Business-Type Activities:

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 1,162,281
Waterman tapping	39,301
Sanitary District billings	425,783
Grants	1,599,688
Outstanding parking tickets	231,693
Revolving mortgage loans	11,421
Recycling fees	85,566
Sewer billings	170,835
DCDF loans	253
Reserve for uncollectible portion	(159,675)
Total accounts receivable	<u>\$ 3,527,146</u>
Notes receivable:	
Installment notes	\$ 254,041
Deferred notes	57,672
Reserve for uncollectible portion	(18,278)
Total notes receivable	<u>\$ 293,435</u>
Other:	
Investment income	<u>\$ 61,551</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 7 – RECEIVABLES (CONTINUED)

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, 2006</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2007</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Series of 1991	\$ 2,606,090	\$ -	\$ 519,580	\$ 2,086,510	\$ 481,518
Series of 1998	3,120,000	-	260,000	2,860,000	260,000
Series of 2004A	11,390,000	-	435,000	10,955,000	445,000
Series of 2004B	27,030,000	-	1,050,000	25,980,000	1,065,000
Series of 2005	4,705,000	-	-	4,705,000	-
Less deferred amounts:					
For issuance discounts	(167,813)	-	(8,833)	(158,980)	-
On refunding	(2,800,685)	-	(147,404)	(2,653,281)	-
Total general obligation bonds	<u>45,882,592</u>	<u>-</u>	<u>2,108,343</u>	<u>43,774,249</u>	<u>2,251,518</u>
Notes Payable:					
General Obligation Notes:					
Series of 2005	50,000	100,000	-	150,000	-
Series of 2005A	50,000	450,000	25,572	474,428	38,660
Wabash Crossing Phase II HUD Section 108, 1999-A	940,000	-	100,000	840,000	100,000
HUD Section 108, 2002-A	2,880,000	-	125,000	2,755,000	130,000
DHA Wabash Crossing loans	3,369,809	-	2,269,809	1,100,000	1,100,000
Total notes payable	<u>7,289,809</u>	<u>5,021,960</u>	<u>2,520,381</u>	<u>9,791,388</u>	<u>1,368,660</u>
Compensated absences	2,566,422	2,021,159	2,021,346	2,566,235	2,122,413
Total governmental activities	<u>\$ 55,738,823</u>	<u>\$ 7,043,119</u>	<u>\$ 6,650,070</u>	<u>\$ 56,131,872</u>	<u>\$ 5,742,591</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

	<u>Obligations Outstanding May 1, 2006</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2007</u>	<u>Due Within One Year</u>
Business-Type activities:					
Notes payable:					
2001 IEPA loan	<u>\$ 6,238,954</u>	<u>\$ -</u>	<u>\$ 305,317</u>	<u>\$ 5,933,637</u>	<u>\$ 314,252</u>

Long-term obligations outstanding at April 30, 2007 are comprised of the following:

A. General Obligation Bonds

General Obligation Bonds, Series 1991

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 481,518	\$ 973,482	\$ 1,455,000
2009	445,797	1,009,203	1,455,000
2010	415,995	1,039,005	1,455,000
2011	384,557	1,070,443	1,455,000
2012	358,643	1,096,357	1,455,000
Total	<u>\$ 2,086,510</u>	<u>\$ 5,188,490</u>	<u>\$ 7,275,000</u>

General Obligation Bonds, Series 1998

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 260,000	\$ 144,170	\$ 404,170
2009	260,000	131,950	391,950
2010	260,000	119,470	379,470
2011	260,000	106,730	366,730
2012	260,000	93,990	353,990
2013-2017	1,300,000	271,440	1,571,440
2018	260,000	13,650	273,650
Total	<u>\$ 2,860,000</u>	<u>\$ 881,400</u>	<u>\$ 3,741,400</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2004A

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

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2008	\$ 445,000	\$ 408,787	\$ 853,787
2009	460,000	397,663	857,663
2010	470,000	385,588	855,588
2011	485,000	372,075	857,075
2012	500,000	356,919	856,919
2013-2017	2,780,000	1,522,531	4,302,531
2018-2022	3,395,000	932,863	4,327,863
2023-2025	<u>2,420,000</u>	<u>207,925</u>	<u>2,627,925</u>
Total	<u>\$10,955,000</u>	<u>\$ 4,584,351</u>	<u>\$ 15,539,351</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).

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2008	\$ 1,065,000	\$ 978,779	\$ 2,043,779
2009	1,095,000	952,154	2,047,154
2010	1,125,000	924,779	2,049,779
2011	1,150,000	896,654	2,046,654
2012	1,185,000	862,154	2,047,154
2013-2017	6,595,000	3,647,356	10,242,356
2018-2022	8,045,000	2,228,144	10,273,144
2023-2025	<u>5,720,000</u>	<u>498,103</u>	<u>6,218,103</u>
Total	<u>\$25,980,000</u>	<u>\$10,988,123</u>	<u>\$ 36,968,123</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2005

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

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ -	\$ 161,650	\$ 161,650
2009	100,000	161,650	261,650
2010	165,000	158,650	323,650
2011	170,000	153,535	323,535
2012	175,000	148,095	323,095
2013-2015	<u>4,095,000</u>	<u>251,820</u>	<u>4,346,820</u>
Total	<u>\$ 4,705,000</u>	<u>\$ 1,035,400</u>	<u>\$ 5,740,400</u>

B. Notes Payable

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

\$4,500,000 drawdown note due December 31, 2008; interest calculated at 30-day LIBOR plus 50 basis points (6.27% at April 30, 2007).

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ -	\$ 280,392	\$ 280,392
2009	<u>4,471,960</u>	<u>186,928</u>	<u>4,658,888</u>
Total	<u>\$ 4,471,960</u>	<u>\$ 467,320</u>	<u>\$ 4,939,280</u>

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

\$2,600,000 drawdown note due December 15, 2010; interest calculated at 68% of 30-day LIBOR plus 225 basis points (5.15% at April 30, 2007).

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ -	\$ 7,721	\$ 7,721
2009	-	7,721	7,721
2010	-	7,721	7,721
2011	<u>150,000</u>	<u>4,826</u>	<u>154,826</u>
Total	<u>\$ 150,000</u>	<u>\$ 27,989</u>	<u>\$ 177,989</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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

\$500,000 drawdown note due May 15, 2016; interest calculated at 30-day LIBOR plus 225 basis points (8.02% at April 30, 2007).

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 38,660	\$ 34,986	\$ 73,646
2009	40,148	33,498	73,646
2010	43,490	30,157	73,647
2011	47,109	26,537	73,646
2012	51,030	22,617	73,647
2013 - 2017	<u>253,991</u>	<u>44,338</u>	<u>298,329</u>
Total	<u>\$ 474,428</u>	<u>\$ 192,133</u>	<u>\$ 666,561</u>

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

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 100,000	\$ 48,126	\$ 148,126
2009	110,000	42,030	152,030
2010	120,000	35,247	155,247
2011	120,000	28,035	148,035
2012	120,000	20,703	140,703
2013-2014	<u>270,000</u>	<u>17,999</u>	<u>287,999</u>
Total	<u>\$ 840,000</u>	<u>\$ 192,140</u>	<u>\$ 1,032,140</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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 130,000	\$ 145,768	\$ 275,768
2009	140,000	140,386	280,386
2010	145,000	134,262	279,262
2011	150,000	127,548	277,548
2012	155,000	120,287	275,287
2013-2017	850,000	473,387	1,323,387
2018-2022	975,000	213,174	1,188,174
2023	210,000	6,426	216,426
Total	<u>\$ 2,755,000</u>	<u>\$ 1,361,238</u>	<u>\$ 4,116,238</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. As of April 30, 2007, DHA has made loans to the City totaling \$1,100,000 for expenses incurred in relation to this project as agreed upon in the Infrastructure Funding Agreement between the City, DHA, and Eastlake entered into on August 27, 2003. The loan is interest free and is due upon completion of the infrastructure improvements and acceptance by the City of the public infrastructure improvements and Phase II infrastructure improvements, unless extended by mutual agreement of the parties.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 1,100,000	\$ -	\$ 1,100,000

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Notes Payable (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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 314,252	\$ 170,106	\$ 484,358
2009	323,447	160,911	484,358
2010	332,911	151,447	484,358
2011	342,652	141,705	484,357
2012	352,679	131,679	484,358
2013-2017	1,924,363	497,426	2,421,789
2018-2022	2,222,872	198,917	2,421,789
2023	120,461	1,750	122,211
Total	<u>\$ 5,933,637</u>	<u>\$ 1,453,941</u>	<u>\$ 7,387,578</u>

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 \$2,566,235.

D. Conduit Debt

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS

A. *Plan Descriptions, Provisions and Funding Policies*

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

IMRF

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City of Decatur is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.63% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 26 years.

For December 31, 2006, the City of Decatur's annual pension cost of \$1,278,345 was equal to the City of Decatur's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

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

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

Police Pension Plan

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

At May 1, 2006 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	110
Current employees	
Vested and nonvested	<u>160</u>
Total	<u><u>270</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.

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.

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

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

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

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, 2006 the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	109
Current employees	
Vested and nonvested	<u>113</u>
Total	<u><u>222</u></u>

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

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

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

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

C. Annual Pension Cost and Net Pension Obligation

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighter's Pension</u>
Contribution Rates:			
Employer			
Employee			
Annual pension cost	\$ 1,278,345	\$ 2,766,759	\$ 2,782,070
Contributions made	\$ 1,278,345	\$ 2,766,759	\$ 2,782,070
Actuarial valuation date	12/31/2006	05/01/2006	05/01/2006

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighter's Pension</u>
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	26 years	27 years	27 years
Asset valuation method	5-year Smoothed Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.5% Compounded Annually	7.5% Compounded Annually	7.5% Compounded Annually
Projected salary increases	0.4 to 11.6%	5.00%	5.00%
Inflation rate included	4.00%	3.00%	3.00%
Cost of living adjustments	3.00%	3.00%	3.00%

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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>Firefighter's Pension</u>
Annual pension cost (APC)	2004	\$ 370,253	\$ 2,160,100	\$ 1,991,190
	2005	880,429	2,311,360	2,172,022
	2006	1,278,345	2,766,759	2,782,070
Actual contributions	2004	\$ 370,253	\$ 2,160,100	\$ 1,991,190
	2005	880,429	2,311,360	2,172,022
	2006	1,278,345	2,766,759	2,782,070
Percentage of APC contributed	2004	100%	100%	100%
	2005	100%	100%	100%
	2006	100%	100%	100%
Net pension obligation	2004	\$ -	\$ -	\$ -
	2005	-	-	-
	2006	-	-	-

Comparative information for 2007 is not yet available.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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

E. Financial Statements

The following information represents the financial position and activity of the pension trust funds at April 30, 2007:

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 2,957,767	\$ 7,795,279	\$ 10,753,046
Taxes receivable	88,868	72,546	161,414
Accrued interest	302,191	253,053	555,244
Long-term investments, at fair value			
U.S. Government obligations	33,307,480	27,839,157	61,146,637
Mutual funds	21,887,157	9,317,154	31,204,311
Common stock	3,532,126	7,754,658	11,286,784
Total long-term investments	<u>58,726,763</u>	<u>44,910,969</u>	<u>103,637,732</u>
TOTAL ASSETS	<u>\$62,075,589</u>	<u>\$53,031,847</u>	<u>\$ 115,107,436</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$62,075,589</u>	<u>\$53,031,847</u>	<u>\$ 115,107,436</u>
ADDITIONS			
Contributions:			
Employer	\$ 2,837,853	\$ 2,836,462	\$ 5,674,315
Plan member	917,755	628,878	1,546,633
Total contributions	<u>3,755,608</u>	<u>3,465,340</u>	<u>7,220,948</u>
Investment income	5,939,536	4,302,690	10,242,226
Less: investment expense	<u>175,896</u>	<u>146,445</u>	<u>322,341</u>
Net investment income	<u>5,763,640</u>	<u>4,156,245</u>	<u>9,919,885</u>
Total additions	<u>9,519,248</u>	<u>7,621,585</u>	<u>17,140,833</u>

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

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

E. Financial Statements (Continued)

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
DEDUCTIONS			
Benefits and refunds	\$ 3,626,177	\$ 4,180,044	\$ 7,806,221
Administrative expense	<u>31,619</u>	<u>46,573</u>	<u>78,192</u>
Total deductions	<u>3,657,796</u>	<u>4,226,617</u>	<u>7,884,413</u>
Net increase	5,861,452	3,394,968	9,256,420
NET ASSETS, BEGINNING OF YEAR	<u>56,214,137</u>	<u>49,636,879</u>	<u>105,851,016</u>
NET ASSETS, END OF YEAR	<u>\$62,075,589</u>	<u>\$53,031,847</u>	<u>\$ 115,107,436</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, 2007, 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, 2007

NOTE 12 – COMMITMENTS

The City has two leases as follows:

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

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

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

- B. The City has entered into a noncancellable 20-month lease with the Decatur Public Building Commission (DPBC). The City is leasing the law facility center from the DPBC. The lease requires the City to levy property taxes to make annual rental payments to the DPBC to pay maintenance and utility costs of the center. During the year ended April 30, 2007, the City paid \$280,564 to the DPBC.

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

As of April 30, 2007 there are no future minimum rental payments and the lease expires November 1, 2007.

- 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, 2007 is as follows:

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 12 – COMMITMENTS (CONTINUED)

<u>Year Ending</u> <u>April 30</u>	<u>Amount</u>
2008	\$ 146,804
2009	146,804
2010	146,804
2011	146,804
2012	146,804
2013-2015	<u>333,206</u>
Total	<u>\$ 1,067,226</u>

D. The City has committed to the expenditure of up to \$10,339,218, of which \$8,115,873 has been paid or expended for the construction and installation of infrastructure for the purpose of the redevelopment of the Near North in conjunction with the Decatur Housing Authority (DHA) and Eastlake Management and Development Corporation (Eastlake) as part of the HOPE VI grant awarded to the DHA from the United States Department of Housing and Urban Development for the rehabilitation and redevelopment of Longview Place and the area immediately adjacent thereto. The project consists of the construction of 249 new residential units known as Wabash Crossing along with the related construction and installation of certain items of infrastructure such as streets, sidewalks and water and sewer mains.

Other Commitments:

At April 30, 2007, the City had contractual commitments of approximately \$292,153 for capital improvement programs.

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

NOTE 13 – RISK MANAGEMENT

The City is self-insured for worker's compensation, comprehensive general liability, employee dishonesty, property damage, medical, dental, and unemployment compensation claims. The unemployment compensation is funded totally by the City. The medical program is insured for amounts above the self-insurance retention limits of \$200,000 per individual and approximately \$7,551,913 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of \$150,000 by an insurance carrier. There have been no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there have been no settlements that exceeded insurance coverage.

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

CITY OF DECATUR, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

NOTE 13 – RISK MANAGEMENT (CONTINUED)

The claims liability of \$3,071,157 and \$2,617,271 reported in the Fund at April 30, 2007 and 2006 respectively, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability account in fiscal years 2007 and 2006 were:

	<u>May 1, 2006 to April 30, 2007</u>	<u>May 1, 2005 to April 30, 2006</u>
Beginning of fiscal year liability	\$ 2,617,271	\$ 2,785,391
Current year claims and changes in estimates	9,469,764	8,182,715
Claims payments	<u>(9,015,878)</u>	<u>(8,350,835)</u>
Total	<u>\$ 3,071,157</u>	<u>\$ 2,617,271</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 2007, the City contributed \$328,133 to the Authority.

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

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	\$ 93,493	\$ 147,688
Due in:			
2008	-	19,614	19,614
2009	-	20,987	20,987
2010	-	22,457	22,457
2011	-	13,878	13,878
2012	<u>54,195</u>	<u>170,429</u>	<u>224,624</u>
Current	<u>-</u>	<u>(19,614)</u>	<u>(19,614)</u>
Noncurrent	<u>\$ 54,195</u>	<u>\$ 150,815</u>	<u>\$ 205,010</u>

Accrued interest on the deferred prior year payments as of April 30, 2007 is as follows:

	<u>HVAC System</u>	<u>Roof and Tuckpointing</u>	<u>Total</u>
	<u>\$ 9,805</u>	<u>\$ 56,506</u>	<u>\$ 66,311</u>

NOTE 15 – FUND EQUITY

The following funds had a deficit fund balance at April 30, 2007:

Main Place Section 108 Loan	
Guarantee Fund	\$ 40,929
CDBG Fund	44,657

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

NOTE 16 – NEW GOVERNMENT ACCOUNTING STANDARDS

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 16 – NEW GOVERNMENT ACCOUNTING STANDARDS (CONTINUED)

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

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

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

NOTE 17 – SUBSEQUENT EVENT

The City purchased a hotel for \$6.5 million on October 15, 2007. The City secured a taxable general obligation note to pay for the hotel. It is the intent of the City to sell the hotel within two years.

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, 2007**

	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)
IMRE						
2006	\$ 38,059,512	\$ 37,138,451	\$ (921,061)	102.48%	\$ 13,274,612	0.0%
2005	34,078,784	35,005,135	926,351	97.4%	12,852,984	7.2%
2004	33,321,219	33,677,668	356,449	98.9%	12,856,064	2.8%
2003	37,015,781	32,527,770	(4,488,011)	113.8%	11,975,769	-37.5%
2002	35,712,130	29,472,510	(6,239,620)	121.2%	11,318,957	-55.1%
2001	35,226,810	27,195,689	(8,031,121)	129.5%	11,128,114	-72.2%
Police Pension						
2006	58,980,897	82,481,592	23,500,695	71.5%	9,126,496	257.5%
2005	55,190,279	77,940,956	22,750,677	70.8%	9,075,931	250.7%
2004	52,738,152	71,103,709	18,365,557	74.2%	8,599,268	213.6%
2003	49,365,534	66,752,017	17,386,483	74.0%	8,106,384	214.5%
2002	48,435,537	61,588,314	13,152,777	78.6%	7,646,765	172.0%
2001	47,653,050	58,674,279	11,021,229	81.2%	7,668,188	143.7%
Fire Pension						
2006	52,418,918	75,989,748	23,570,830	69.0%	6,597,222	357.3%
2005	49,303,472	71,488,197	22,184,725	69.0%	6,038,243	367.4%
2004	48,362,388	63,398,203	15,035,815	76.3%	5,892,571	255.2%
2003	47,079,157	60,147,382	13,068,225	78.3%	5,864,850	222.8%
2002	45,067,805	57,837,029	12,769,224	77.9%	5,559,835	220.7%
2001	44,925,516	54,692,676	9,767,160	82.1%	5,276,217	185.1%

CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS
 Year Ended April 30, 2007

POLICE PENSION FUND

<u>Year Ended April 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 2,766,759	100.00%
2005	2,311,360	100.00%
2004	2,160,100	100.00%
2003	1,764,070	100.00%
2002	1,606,882	100.00%
2001	969,730	100.00%

FIREFIGHTERS' PENSION FUND

2006	\$ 2,782,070	100.00%
2005	2,172,022	100.00%
2004	1,991,190	100.00%
2003	1,907,994	100.00%
2002	1,628,442	100.00%
2001	1,372,200	100.00%

IMRF

2006	\$ 1,278,345	100.00%
2005	880,429	100.00%
2004	370,253	100.00%
2003	118,560	100.00%
2002	123,377	100.00%
2001	272,639	100.00%

CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 GENERAL AND LIBRARY FUNDS
 Year Ended April 30, 2007

	General Fund			Variance from Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 14,267,829	\$ 14,267,829	\$ 14,165,434	\$ (102,395)
Charges for service	180,729	180,729	140,221	(40,508)
Investment income and net increase in fair value of investments	237,700	237,700	404,857	167,157
Intergovernmental	27,860,163	27,860,163	27,609,257	(250,906)
Licenses and permits	785,000	785,000	830,817	45,817
Fines and fees	692,600	692,600	640,026	(52,574)
Other revenue	399,230	399,230	286,591	(112,639)
Total revenues	<u>44,423,251</u>	<u>44,423,251</u>	<u>44,077,203</u>	<u>(346,048)</u>
EXPENDITURES				
Current:				
Legislative	94,124	94,124	88,673	5,451
Executive	507,923	507,923	490,523	17,400
Management services	598,278	603,653	590,223	13,430
Legal	551,674	551,674	494,052	57,622
Financial management	1,443,722	1,448,072	1,365,323	82,749
Police	19,817,527	19,905,929	18,841,501	1,064,428
Fire	13,851,939	13,866,131	13,464,866	401,265
Economic and urban development	2,861,252	3,503,252	2,783,154	720,098
Public works	8,608,197	8,699,576	7,649,111	1,050,465
Other non-departmental charges	2,722,649	3,225,433	2,364,941	860,492
Total expenditures	<u>51,057,285</u>	<u>52,405,767</u>	<u>48,132,367</u>	<u>4,273,400</u>
Excess (deficiency) of revenues over expenditures	<u>(6,634,034)</u>	<u>(7,982,516)</u>	<u>(4,055,164)</u>	<u>3,927,352</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	7,500	7,500	53,993	46,493
Transfers in	4,773,744	4,773,744	4,678,796	(94,948)
Transfers out	(1,092,690)	(1,207,690)	(1,145,370)	62,320
Total other financing sources	<u>3,688,554</u>	<u>3,573,554</u>	<u>3,587,419</u>	<u>13,865</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (2,945,480)</u>	<u>\$ (4,408,962)</u>	<u>(467,745)</u>	<u>\$ 3,941,217</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>293,972</u>	
Deficiency of revenues over expenditures and other financing sources (uses) - GAAP basis			(173,773)	
FUND BALANCE, BEGINNING OF YEAR			<u>13,791,686</u>	
FUND BALANCE, END OF YEAR			<u>\$ 13,617,913</u>	

Library Fund			
Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
\$ 3,116,708	\$ 3,116,708	\$ 3,094,745	\$ (21,963)
-	-	-	-
32,000	32,000	43,099	11,099
345,810	345,810	425,071	79,261
-	-	-	-
102,300	102,300	90,329	(11,971)
40,000	40,000	23,041	(16,959)
<u>3,636,818</u>	<u>3,636,818</u>	<u>3,676,285</u>	<u>39,467</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,855,961</u>	<u>3,857,896</u>	<u>3,832,614</u>	<u>25,282</u>
<u>3,855,961</u>	<u>3,857,896</u>	<u>3,832,614</u>	<u>25,282</u>
<u>(219,143)</u>	<u>(221,078)</u>	<u>(156,329)</u>	<u>64,749</u>
-	-	-	-
<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
<u>\$ (220,343)</u>	<u>\$ (222,278)</u>	<u>(157,529)</u>	<u>\$ 64,749</u>
		<u>21,376</u>	
		(136,153)	
		<u>376,826</u>	
		<u>\$ 240,673</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

CITY OF DECATUR, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Taxes	\$ 14,267,829	\$ 14,165,434	\$ (102,395)
Charges for service	180,729	140,221	(40,508)
Investment income and net increase in fair value of investments	237,700	404,857	167,157
Intergovernmental	27,860,163	27,609,257	(250,906)
Licenses and permits	785,000	830,817	45,817
Fines and fees	692,600	640,026	(52,574)
Other revenue	399,230	286,591	(112,639)
Total revenues	<u>44,423,251</u>	<u>44,077,203</u>	<u>(346,048)</u>
EXPENDITURES			
Current:			
Legislative	94,124	88,673	5,451
Executive	507,923	490,523	17,400
Management services	603,653	590,223	13,430
Legal	551,674	494,052	57,622
Financial management	1,448,072	1,365,323	82,749
Police	19,905,929	18,841,501	1,064,428
Fire	13,866,131	13,464,866	401,265
Economic and urban development	3,503,252	2,783,154	720,098
Public works	8,699,576	7,649,111	1,050,465
Other non-departmental charges	3,225,433	2,364,941	860,492
Total expenditures	<u>52,405,767</u>	<u>48,132,367</u>	<u>4,273,400</u>
Deficiency of revenues over expenditures	<u>(7,982,516)</u>	<u>(4,055,164)</u>	<u>3,927,352</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	7,500	53,993	46,493
Transfers in	4,773,744	4,678,796	(94,948)
Transfers out	(1,207,690)	(1,145,370)	62,320
Total other financing sources	<u>3,573,554</u>	<u>3,587,419</u>	<u>13,865</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (4,408,962)</u>	<u>\$ (467,745)</u>	<u>\$ 3,941,217</u>

CITY OF DECATUR, ILLINOIS
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Taxes	\$ 3,116,708	\$ 3,094,745	\$ (21,963)
Investment income and net increase in fair value of investments	32,000	43,099	11,099
Intergovernmental	345,810	425,071	79,261
Fines and fees	102,300	90,329	(11,971)
Other revenue	40,000	23,041	(16,959)
Total revenues	<u>3,636,818</u>	<u>3,676,285</u>	<u>39,467</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>3,857,896</u>	<u>3,832,614</u>	<u>25,282</u>
Excess (deficiency) of revenues over expenditures	(221,078)	(156,329)	64,749
OTHER FINANCING USES			
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (222,278)</u>	<u>\$ (157,529)</u>	<u>\$ 64,749</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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,431,617	\$ 1,246,092	\$ (185,525)
Investment income	35,000	41,145	6,145
Other revenue	120,930	30,540	(90,390)
Total revenues	<u>1,587,547</u>	<u>1,317,777</u>	<u>(269,770)</u>
EXPENDITURES			
Current:			
General government	427,368	427,366	2
Debt Service:			
Principal retirement	2,389,580	2,389,580	-
Interest and fiscal charges	2,852,303	2,850,353	1,950
Total expenditures	<u>5,669,251</u>	<u>5,667,299</u>	<u>1,952</u>
Deficiency of revenues over expenditures	(4,081,704)	(4,349,522)	(267,818)
OTHER FINANCING SOURCES			
Transfers in	<u>4,117,383</u>	<u>3,867,240</u>	<u>(250,143)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ 35,679</u>	<u>\$ (482,282)</u>	<u>\$ 517,961</u>

CITY OF DECATUR, ILLINOIS
 2004 BOND CAPITAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ -	\$ 5,916	\$ 5,916
EXPENDITURES			
Current:			
Engineering and infrastructure	370,000	340,749	29,251
Excess (deficiency) of revenues over expenditures	\$ (370,000)	\$ (334,833)	\$ 35,167

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 2,130,963	\$ -	\$ 1,840,920	\$ 3,971,883
Receivables:				
Property taxes, net	717,108	-	-	717,108
Illinois Municipal Sales Tax	-	-	318,750	318,750
Other taxes	36,273	-	327,100	363,373
Due from other governments	407,883	-	-	407,883
Due from other funds	1,240	-	-	1,240
Accounts receivable	103,472	1,608	14,328	119,408
Notes receivable	1,388,777	-	-	1,388,777
Other	846,429	-	-	846,429
TOTAL ASSETS	\$ 5,632,145	\$ 1,608	\$ 2,501,098	\$ 8,134,851
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,020	\$ -	\$ -	\$ 1,020
Contracts payable	-	-	40,821	40,821
Due to other funds	295,831	-	540	296,371
Other accrued liabilities	164,806	-	-	164,806
Deferred revenue	1,960,663	-	113,837	2,074,500
Total liabilities	2,422,320	-	155,198	2,577,518
Fund Balances:				
Reserved for:				
Debt service	-	1,608	-	1,608
Capital projects	100	-	-	100
Encumbrances	33,588	-	2,616,739	2,650,327
Unreserved, as reported in:				
Special revenue	3,176,137	-	-	3,176,137
Capital projects	-	-	(270,839)	(270,839)
Total fund balances	3,209,825	1,608	2,345,900	5,557,333
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,632,145	\$ 1,608	\$ 2,501,098	\$ 8,134,851

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 1,987,927	\$ -	\$ -	\$ 1,987,927
Investment income and net increase in fair value of investments	114,169	143	70,981	185,293
Intergovernmental	4,642,417	-	2,610,844	7,253,261
Fines and fees	141,149	-	39,660	180,809
Other revenue	79,687	-	10,754	90,441
Total revenues	<u>6,965,349</u>	<u>143</u>	<u>2,732,239</u>	<u>9,697,731</u>
EXPENDITURES				
Current:				
General government	4,284,500	-	-	4,284,500
Public safety	272,267	-	-	272,267
Culture and recreation	81,073	-	-	81,073
Highways and streets	1,830,205	-	7,528,580	9,358,785
Debt service:				
Principal retirement	100,000	-	25,572	125,572
Interest and fiscal charges	53,890	-	36,701	90,591
Total expenditures	<u>6,621,935</u>	<u>-</u>	<u>7,590,853</u>	<u>14,212,788</u>
Excess (deficiency) of revenues over expenditures	<u>343,414</u>	<u>143</u>	<u>(4,858,614)</u>	<u>(4,515,057)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	5,021,960	5,021,960
Sale of assets	-	-	189,893	189,893
Transfers in	909,900	-	354,577	1,264,477
Transfers out	(1,195,476)	(4,905)	(407,556)	(1,607,937)
Total other financing sources (uses)	<u>(285,576)</u>	<u>(4,905)</u>	<u>5,158,874</u>	<u>4,868,393</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures and other financing sources (uses)	57,838	(4,762)	300,260	353,336
FUND BALANCE, BEGINNING OF YEAR	<u>3,151,987</u>	<u>6,370</u>	<u>2,045,640</u>	<u>5,203,997</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,209,825</u>	<u>\$ 1,608</u>	<u>\$ 2,345,900</u>	<u>\$ 5,557,333</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2007

	IMRF	Main Place Section 108 Loan Guarantee Fund	Wabash Crossing Fund	HOME Fund	CDBG Fund
ASSETS					
Cash and investments	\$ 225,690	\$ 109	\$ 100	\$ 37,378	\$ 13,449
Receivables:					
Property taxes, net	647,808	-	-	-	-
Other taxes	36,273	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	1,240
Accounts receivable	-	58,395	-	-	-
Notes receivable	-	1,130,118	-	-	258,659
Other	552	-	-	845,877	-
TOTAL ASSETS	<u>\$ 910,323</u>	<u>\$ 1,188,622</u>	<u>\$ 100</u>	<u>\$ 883,255</u>	<u>\$ 273,348</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	295,831
Other accrued liabilities	56,104	-	-	-	22,174
Deferred revenue	646,513	1,229,551	-	-	-
Total liabilities	<u>702,617</u>	<u>1,229,551</u>	<u>-</u>	<u>-</u>	<u>318,005</u>
Fund Balances:					
Reserved for capital projects	-	-	100	-	-
Reserved for encumbrances	-	-	-	-	2,613
Unreserved	207,706	(40,929)	-	883,255	(47,270)
Total fund balances (deficit)	<u>207,706</u>	<u>(40,929)</u>	<u>100</u>	<u>883,255</u>	<u>(44,657)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 910,323</u>	<u>\$ 1,188,622</u>	<u>\$ 100</u>	<u>\$ 883,255</u>	<u>\$ 273,348</u>

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	HASC Fund	Motor Fuel Tax Fund	Total
\$ 117,548	\$ 278,523	\$ 7,008	\$ 13,943	\$ 1,437,215	\$ 2,130,963
-	-	69,300	-	-	717,108
-	-	-	-	-	36,273
-	-	-	-	407,883	407,883
-	-	-	-	-	1,240
-	-	-	-	45,077	103,472
-	-	-	-	-	1,388,777
-	-	-	-	-	846,429
<u>\$ 117,548</u>	<u>\$ 278,523</u>	<u>\$ 76,308</u>	<u>\$ 13,943</u>	<u>\$ 1,890,175</u>	<u>\$ 5,632,145</u>
\$ 1,020	\$ -	\$ -	\$ -	\$ -	\$ 1,020
-	86,528	-	-	-	295,831
-	-	69,300	-	-	164,806
-	-	-	-	15,299	1,980,663
<u>1,020</u>	<u>86,528</u>	<u>69,300</u>	<u>-</u>	<u>15,299</u>	<u>2,422,320</u>
-	-	-	-	-	100
-	30,975	-	-	-	33,588
<u>116,528</u>	<u>161,020</u>	<u>7,008</u>	<u>13,943</u>	<u>1,874,876</u>	<u>3,176,137</u>
<u>116,528</u>	<u>191,995</u>	<u>7,008</u>	<u>13,943</u>	<u>1,874,876</u>	<u>3,209,825</u>
<u>\$ 117,548</u>	<u>\$ 278,523</u>	<u>\$ 76,308</u>	<u>\$ 13,943</u>	<u>\$ 1,890,175</u>	<u>\$ 5,632,145</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2007

	IMRF	Main Place Section 108 Loan Guarantee Fund	Wabash Crossing Fund	HOME Fund	CDBG Fund
REVENUES					
Taxes	\$ 759,772	\$ -	\$ -	\$ -	\$ -
Investment income and net increase in fair value of investments	7,787	-	-	-	-
Intergovernmental	111,100	-	-	672,875	1,258,717
Fines and fees	-	-	-	-	-
Other revenue	-	-	-	22,573	6,483
Total revenues	878,659	-	-	695,448	1,265,200
EXPENDITURES					
Current:					
General government	1,464,358	-	-	700,483	1,223,564
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highways and streets	-	-	-	-	-
Debt service:					
Principal retirement	-	100,000	-	-	-
Interest and fiscal charges	-	53,890	-	-	-
Total expenditures	1,464,358	153,890	-	700,483	1,223,564
Excess (deficiency) of revenues over expenditures	(585,699)	(153,890)	-	(5,035)	41,636
OTHER FINANCING SOURCES (USES)					
Transfers in	753,403	150,000	-	-	-
Transfers out	-	-	-	-	(76,336)
Total other financing sources (uses)	753,403	150,000	-	-	(76,336)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures and other financing sources (uses)	167,704	(3,890)	-	(5,035)	(34,700)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	40,002	(37,039)	100	888,290	(9,957)
FUND BALANCE (DEFICIT), END OF YEAR	\$ 207,706	\$ (40,929)	\$ 100	\$ 883,255	\$ (44,657)

TIF Fund	Drug Enforcement Fund	Municipal Band Fund	HASC Fund	Motor Fuel Tax Fund	Total
\$ 1,158,589	\$ -	\$ 69,566	\$ -	\$ -	\$ 1,987,927
34,222	20,108	142	-	51,910	114,169
115,464	-	-	-	2,484,261	4,642,417
-	141,149	-	-	-	141,149
-	16,698	3,812	1,090	29,031	79,687
<u>1,308,275</u>	<u>177,955</u>	<u>73,520</u>	<u>1,090</u>	<u>2,565,202</u>	<u>6,965,349</u>
896,095	-	-	-	-	4,284,500
-	272,267	-	-	-	272,267
-	-	70,507	10,566	-	81,073
-	-	-	-	1,830,205	1,830,205
-	-	-	-	-	100,000
-	-	-	-	-	53,890
<u>896,095</u>	<u>272,267</u>	<u>70,507</u>	<u>10,566</u>	<u>1,830,205</u>	<u>6,621,935</u>
412,180	(94,312)	3,013	(9,476)	734,997	343,414
-	-	-	6,497	-	909,900
(680,477)	-	-	-	(438,663)	(1,195,476)
<u>(680,477)</u>	<u>-</u>	<u>-</u>	<u>6,497</u>	<u>(438,663)</u>	<u>(285,576)</u>
(268,297)	(94,312)	3,013	(2,979)	296,334	57,838
<u>384,825</u>	<u>286,307</u>	<u>3,995</u>	<u>16,922</u>	<u>1,578,542</u>	<u>3,151,987</u>
\$ <u>116,528</u>	\$ <u>191,995</u>	\$ <u>7,008</u>	\$ <u>13,943</u>	\$ <u>1,874,876</u>	\$ <u>3,209,825</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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 765,083	\$ 759,772	\$ (5,311)
Investment income	4,100	7,787	3,687
Intergovernmental:			
Replacement tax	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues	<u>869,183</u>	<u>867,559</u>	<u>(1,624)</u>
EXPENDITURES			
General Government:			
Contributions for employees' pension and social security	<u>1,677,846</u>	<u>1,464,358</u>	<u>213,488</u>
Excess (deficiency) of revenues over expenditures	(808,663)	(596,799)	211,864
OTHER FINANCING SOURCES			
Transfers in	<u>747,000</u>	<u>753,403</u>	<u>6,403</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ (61,663)</u>	<u>\$ 156,604</u>	<u>\$ 218,267</u>

CITY OF DECATUR, ILLINOIS
 MAIN PLACE SECTION 108 LOAN GUARANTEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Loan repayments	\$ 115,572	\$ -	\$ (115,572)
EXPENDITURES			
Debt Service:			
Principal retirement	100,000	100,000	-
Interest and fiscal charges	53,891	53,890	1
Total expenditures	153,891	153,890	1
Deficiency of revenues over expenditures	(38,319)	(153,890)	(115,571)
OTHER FINANCING SOURCES			
Transfers in	150,000	150,000	-
Excess (deficiency) of revenues over expenditures and other financing sources	\$ 111,681	\$ (3,890)	\$ (115,571)

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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	\$ 2,093,410	\$ 672,875	\$ (1,420,535)
Loan repayment	111,500	86,742	(24,758)
Total revenues	<u>2,204,910</u>	<u>759,617</u>	<u>(1,445,293)</u>
EXPENDITURES			
General Government:			
Economic and urban development	<u>2,143,328</u>	<u>810,486</u>	<u>1,332,842</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 61,582</u>	<u>\$ (50,869)</u>	<u>\$ (112,451)</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Federal grant	\$ 2,174,883	\$ 1,258,717	\$ (916,166)
Other revenue	<u>500</u>	<u>5,560</u>	<u>5,060</u>
Total revenues	<u>2,175,383</u>	<u>1,264,277</u>	<u>(911,106)</u>
EXPENDITURES			
General Government:			
Public services	1,396,219	759,857	636,362
Personnel services	512,834	396,721	116,113
Contractual services	102,366	64,539	37,827
Commodities	2,100	1,310	790
Other charges	<u>19,762</u>	<u>2,942</u>	<u>16,820</u>
Total expenditures	<u>2,033,281</u>	<u>1,225,369</u>	<u>807,912</u>
Excess (deficiency) of revenues over expenditures	<u>142,102</u>	<u>38,908</u>	<u>(103,194)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	35,000	12,754	(22,246)
Transfers out	<u>(135,718)</u>	<u>(76,336)</u>	<u>59,382</u>
Total other financing sources (uses)	<u>(100,718)</u>	<u>(63,582)</u>	<u>37,136</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 41,384</u>	<u>\$ (24,674)</u>	<u>\$ (66,058)</u>

CITY OF DECATUR, ILLINOIS
TIF DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,436,000	\$ 1,158,589	\$ (277,411)
Sales tax	130,000	115,464	(14,536)
Investment income	<u>46,400</u>	<u>34,222</u>	<u>(12,178)</u>
Total revenues	1,612,400	1,308,275	(304,125)
EXPENDITURES			
General government	<u>890,664</u>	<u>895,247</u>	<u>(4,583)</u>
Excess (deficiency) of revenues over expenditures	721,736	413,028	(308,708)
OTHER FINANCING USES			
Transfers out	<u>948,290</u>	<u>680,477</u>	<u>267,813</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (226,554)</u>	<u>\$ (267,449)</u>	<u>\$ (40,895)</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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 10,000	\$ 20,108	\$ 10,108
Fines and fees	168,000	289,506	121,506
Other revenue	<u>1,500</u>	<u>16,697</u>	<u>15,197</u>
Total revenues	179,500	326,311	146,811
EXPENDITURES			
Public safety	<u>352,240</u>	<u>272,267</u>	<u>79,973</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (172,740)</u>	<u>\$ 54,044</u>	<u>\$ 226,784</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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 70,000	\$ 69,566	\$ (434)
Investment income	100	142	42
Other revenue	<u>1,000</u>	<u>3,812</u>	<u>2,812</u>
Total revenues	71,100	73,520	2,420
EXPENDITURES			
Culture and recreation	<u>73,218</u>	<u>70,507</u>	<u>2,711</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,118)</u>	<u>\$ 3,013</u>	<u>\$ 5,131</u>

CITY OF DECATUR, ILLINOIS
HASC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Other revenue	\$ 12,635	\$ 1,090	\$ (11,545)
EXPENDITURES			
Culture and recreation	43,650	10,566	33,084
Excess (deficiency) of revenues over expenditures	(31,015)	(9,476)	21,539
OTHER FINANCING SOURCES			
Transfers in	11,000	6,497	(4,503)
Excess (deficiency) of revenues over expenditures and other financing sources	\$ (20,015)	\$ (2,979)	\$ 17,036

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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 15,000	\$ 51,910	\$ 36,910
Intergovernmental:			
Motor fuel tax	2,380,000	2,368,269	(11,731)
Other	70,000	75,373	5,373
Other revenue	<u>21,000</u>	<u>29,032</u>	<u>8,032</u>
Total revenues	2,486,000	2,524,584	38,584
EXPENDITURES			
Highways and streets:			
Maintenance of traffic lights and overpass	<u>2,116,000</u>	<u>1,830,205</u>	<u>285,795</u>
Excess of revenues over expenditures	370,000	694,379	324,379
OTHER FINANCING USES			
Transfers out	<u>(402,400)</u>	<u>(438,663)</u>	<u>(36,263)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (32,400)</u>	<u>\$ 255,716</u>	<u>\$ 288,116</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR DEBT SERVICE FUNDS
BALANCE SHEET
April 30, 2007

	<u>Special Assessment Fund</u>
ASSETS	
Accounts receivable	\$ <u>1,608</u>
TOTAL ASSETS	\$ <u>1,608</u>
FUND BALANCE	
Reserved for debt service	\$ <u>1,608</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,608</u>

CITY OF DECATUR, ILLINOIS
 NONMAJOR DEBT SERVICE FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year Ended April 30, 2007

	Special Assessment Fund
	<u> </u>
REVENUES	
Investment income and net increase in fair value of investments	\$ 143
OTHER FINANCING USES	
Transfers out	<u> (4,905)</u>
Deficiency of revenues over other financing uses	(4,762)
FUND BALANCE, BEGINNING OF YEAR	<u> 6,370</u>
FUND BALANCE, END OF YEAR	<u><u> 1,608</u></u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
April 30, 2007

	Capital Projects Fund	Letter of Credit Project Fund	Wabash Crossing LOC Fund	Total
ASSETS				
Cash and investments	\$ 1,751,990	\$ 5,298	\$ 83,632	\$ 1,840,920
Receivables:				
Illinois Municipal Sales Tax	318,750	-	-	318,750
Other taxes	327,100	-	-	327,100
Accounts receivable	14,328	-	-	14,328
TOTAL ASSETS	<u>\$ 2,412,168</u>	<u>\$ 5,298</u>	<u>\$ 83,632</u>	<u>\$ 2,501,098</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 540	\$ -	\$ -	\$ 540
Contracts payable	40,821	-	-	40,821
Deferred revenue	113,837	-	-	113,837
Total liabilities	<u>155,198</u>	<u>-</u>	<u>-</u>	<u>155,198</u>
Fund Balances:				
Reserved for encumbrances	552,163	2,064,576	-	2,616,739
Unreserved	1,704,807	(2,059,278)	83,632	(270,839)
Total fund balance	<u>2,256,970</u>	<u>5,298</u>	<u>83,632</u>	<u>2,345,900</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,412,168</u>	<u>\$ 5,298</u>	<u>\$ 83,632</u>	<u>\$ 2,501,098</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended April 30, 2007

	Capital Projects Fund	Letter of Credit Project Fund	Wabash Crossing LOC Fund	Total
REVENUES				
Investment income and net increase in fair value of investments,	\$ 58,212	\$ 7,089	\$ 5,680	\$ 70,981
Intergovernmental	2,610,844	-	-	2,610,844
Fines and fees	39,660	-	-	39,660
Other revenue	10,754	-	-	10,754
Total revenues	2,719,470	7,089	5,680	2,732,239
EXPENDITURES				
Current:				
Highways and streets	2,653,752	480,820	4,394,008	7,528,580
Debt Service:				
Principal retirement	-	25,572	-	25,572
Interest and fiscal charges	-	36,701	-	36,701
Total expenditures	2,653,752	543,093	4,394,008	7,590,853
Excess (deficiency) of revenues over expenditures	65,718	(536,004)	(4,388,328)	(4,858,614)
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	550,000	4,471,960	5,021,960
Sale of assets	189,893	-	-	189,893
Transfers in	300,000	54,577	-	354,577
Transfers out	(407,556)	-	-	(407,556)
Total other financing sources	82,337	604,577	4,471,960	5,158,874
Excess of revenues over expenditures and other financing sources	148,055	68,573	83,632	300,260
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	2,108,915	(63,275)	-	2,045,640
FUND BALANCE, END OF YEAR	\$ 2,256,970	\$ 5,298	\$ 83,632	\$ 2,345,900

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, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment interest	\$ 25,000	\$ 58,212	\$ 33,212
Intergovernmental	2,659,000	2,716,303	57,303
Fines and fees	10,100	39,660	29,560
Other revenues	<u>16,500</u>	<u>10,754</u>	<u>(5,746)</u>
Total revenues	2,710,600	2,824,929	114,329
EXPENDITURES			
Capital projects	<u>3,726,506</u>	<u>2,612,931</u>	<u>1,113,575</u>
Excess (deficiency) of revenues over expenditures	<u>(1,015,906)</u>	<u>211,998</u>	<u>1,227,904</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	400,000	189,893	(210,107)
Transfers in	300,000	300,000	-
Transfers out	<u>(407,556)</u>	<u>(407,556)</u>	<u>-</u>
Total other financing sources (uses)	<u>292,444</u>	<u>82,337</u>	<u>(210,107)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (723,462)</u>	<u>\$ 294,335</u>	<u>\$ 1,017,797</u>

CITY OF DECATUR, ILLINOIS
 LETTER OF CREDIT PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 Year Ended April 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment interest	\$ 1,000	\$ 7,089	\$ 6,089
EXPENDITURES			
Current:			
Capital projects	1,800,000	523,383	1,276,617
Debt Service:			
Principal retirement	-	25,572	(25,572)
Interest and fiscal charges	<u>131,000</u>	<u>36,701</u>	<u>94,299</u>
Total expenditures	<u>1,931,000</u>	<u>585,656</u>	<u>1,345,344</u>
Excess (deficiency) of revenues over expenditures	<u>(1,930,000)</u>	<u>(578,567)</u>	<u>1,351,433</u>
OTHER FINANCING SOURCES (USES)			
Note proceeds	1,800,000	550,000	(1,250,000)
Transfers in	<u>131,000</u>	<u>54,577</u>	<u>(76,423)</u>
Total other financing sources (uses)	<u>1,931,000</u>	<u>604,577</u>	<u>(1,326,423)</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ 1,000</u>	<u>\$ 26,010</u>	<u>\$ 25,010</u>

CITY OF DECATUR, ILLINOIS
WABASH CROSSING LETTER OF CREDIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2007

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment interest	\$ -	\$ 5,680	\$ 5,680
EXPENDITURES			
Capital projects	<u>4,500,000</u>	<u>4,394,008</u>	<u>105,992</u>
Excess (deficiency) of revenues over expenditures	<u>(4,500,000)</u>	<u>(4,388,328)</u>	<u>111,672</u>
OTHER FINANCING SOURCES			
Note proceeds	<u>-</u>	<u>4,471,960</u>	<u>4,471,960</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (4,500,000)</u>	<u>\$ 83,632</u>	<u>\$ 4,583,632</u>

NONMAJOR PROPRIETARY FUNDS

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

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

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

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

The Home Mortgage Fund accounts for the activity of a program for subsidizing the construction of homes for purchase within designated areas of the City.

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

CITY OF DECATUR, ILLINOIS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
April 30, 2007

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 66,281	\$ 1,818,959	\$ 815,277	\$ -	\$ -	\$ 2,700,517
Receivables:						
Accounts receivable	71,063	171,790	253	11,421	85,566	340,093
Other	75	-	-	-	-	75
Due from other funds	-	-	295,831	-	-	295,831
Assets held for sale	-	-	73,288	-	-	73,288
Prepaid expenses, current	46,200	-	-	-	-	46,200
Total current assets	<u>183,619</u>	<u>1,990,749</u>	<u>1,184,649</u>	<u>11,421</u>	<u>85,566</u>	<u>3,456,004</u>
Notes receivable	-	-	293,435	-	-	293,435
Property, plant and equipment						
Land	2,158,991	-	-	-	-	2,158,991
Buildings	5,505,994	-	-	-	-	5,505,994
Improvements other than buildings	291,003	186,391	-	-	-	477,394
Machinery and equipment	541,313	-	-	-	-	541,313
Less accumulated depreciation	<u>8,497,301</u>	<u>186,391</u>	<u>15,533</u>	<u>-</u>	<u>-</u>	<u>8,683,692</u>
Total property, plant and equipment	<u>2,885,971</u>	<u>170,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,056,829</u>
TOTAL ASSETS	<u>\$ 3,069,590</u>	<u>\$ 2,161,607</u>	<u>\$ 1,478,084</u>	<u>\$ 11,421</u>	<u>\$ 85,566</u>	<u>\$ 6,806,268</u>
LIABILITIES AND NET ASSETS						
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 15,833	\$ -	\$ 84	\$ -	\$ 43,081	\$ 58,998
Contracts payable	-	117,522	-	-	-	117,522
Other accrued liabilities	25,697	-	-	-	-	25,697
Due to other funds	-	-	1,240	-	756	1,996
Total liabilities	<u>41,530</u>	<u>117,522</u>	<u>1,324</u>	<u>-</u>	<u>43,837</u>	<u>204,213</u>
Net Assets:						
Invested in capital assets, net of related debt	2,885,971	170,858	-	-	-	3,056,829
Unrestricted	142,089	1,873,227	1,476,760	11,421	41,729	3,545,226
Total net assets	<u>3,028,060</u>	<u>2,044,085</u>	<u>1,476,760</u>	<u>11,421</u>	<u>41,729</u>	<u>6,602,055</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,069,590</u>	<u>\$ 2,161,607</u>	<u>\$ 1,478,084</u>	<u>\$ 11,421</u>	<u>\$ 85,566</u>	<u>\$ 6,806,268</u>

CITY OF DECATUR, ILLINOIS
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Year Ended April 30, 2007

	Motor Vehicle Parking System Fund	Sewer Fund	DCOF Fund	Home Mortgage Fund	Recycling Fund	Total
OPERATING REVENUES						
Charges for services	\$ 499,082	\$ 1,890,302	-	-	\$ 444,509	\$ 2,833,893
Other revenue		800	8,456	505		9,761
Total operating revenues	<u>499,082</u>	<u>1,891,102</u>	<u>8,456</u>	<u>505</u>	<u>444,509</u>	<u>2,843,654</u>
OPERATING EXPENSES						
Personnel services	294,309					294,309
Contractual services	230,693	204,369	4,773		512,003	951,838
Commodities	6,546	4,379			6,720	17,645
Other charges	4,459	539,240	6,549			550,248
Depreciation and amortization	184,657	7,456				192,113
Total operating expenses	<u>720,664</u>	<u>755,444</u>	<u>11,322</u>		<u>518,723</u>	<u>2,006,153</u>
Operating income (loss)	<u>(221,582)</u>	<u>1,135,658</u>	<u>(2,866)</u>	<u>505</u>	<u>(74,214)</u>	<u>837,501</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income and net increase in fair value of investments	9,815	57,676	31,914	45	227	99,677
Loss on disposal of city property	(43,808)					(43,808)
Total nonoperating revenues (expenses)	<u>(33,993)</u>	<u>57,676</u>	<u>31,914</u>	<u>45</u>	<u>227</u>	<u>55,869</u>
Income (loss) before transfers	<u>(255,575)</u>	<u>1,193,334</u>	<u>29,048</u>	<u>550</u>	<u>(73,987)</u>	<u>893,370</u>
TRANSFERS						
Transfers in	25,000	183,218			42,100	250,318
Transfers out	(55,800)	(646,278)		(2,287)		(704,365)
Net transfers	<u>(30,800)</u>	<u>(463,060)</u>		<u>(2,287)</u>	<u>42,100</u>	<u>(454,047)</u>
Change in net assets	<u>(286,375)</u>	<u>730,274</u>	<u>29,048</u>	<u>(1,737)</u>	<u>(31,887)</u>	<u>439,323</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,314,435</u>	<u>1,313,811</u>	<u>1,447,712</u>	<u>13,158</u>	<u>73,616</u>	<u>6,162,732</u>
NET ASSETS, END OF YEAR	<u>\$ 3,028,060</u>	<u>\$ 2,044,085</u>	<u>\$ 1,476,760</u>	<u>\$ 11,421</u>	<u>\$ 41,729</u>	<u>\$ 6,602,055</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
 Year Ended April 30, 2007

	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	\$ 501,057	\$ 1,949,540	\$ 62,231	\$ 2,221	\$ 482,266	\$ 2,997,315
Cash paid to suppliers for goods and services	(228,814)	(630,466)	(17,497)	-	(517,154)	(1,395,931)
Cash paid to employees	(293,787)	-	-	-	-	(293,787)
Net cash provided by (used in) operating activities	(21,604)	1,319,074	44,734	2,221	(34,888)	1,309,537
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund borrowings	25,000	4,904	-	-	(7,439)	(7,439)
Transfers from other funds	(55,800)	(646,278)	-	(2,287)	42,100	72,004
Transfers to other funds	(30,800)	(641,374)	-	(3,287)	34,661	(639,800)
Net cash provided by (used in) noncapital financing activities	(61,600)	(1,282,748)	-	(5,574)	68,661	(1,280,261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant and equipment	-	-	(10)	-	-	(10)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	9,815	57,676	31,914	45	227	99,677
NET INCREASE (DECREASE) IN CASH	(42,589)	735,376	76,638	(21)	-	769,404
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	108,870	1,083,583	738,639	21	-	1,931,113
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 66,281	\$ 1,818,959	\$ 815,277	\$ -	\$ -	\$ 2,700,517
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (221,582)	\$ 1,135,658	\$ (2,866)	\$ 505	\$ (74,214)	\$ 837,501
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	184,657	7,456	-	-	-	192,113
Effects of changes in operating assets and liabilities:						
Receivables	1,975	58,438	51,775	1,716	37,757	153,661
Prepaid items	4,200	-	-	-	-	4,200
Accounts payable	8,624	-	(6,175)	-	1,569	4,018
Contracts payable	-	117,522	-	-	-	117,522
Other accrued liabilities	522	-	-	-	-	522
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (21,604)	\$ 1,319,074	\$ 44,734	\$ 2,221	\$ (34,888)	\$ 1,309,537

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
April 30, 2007

	<u>Fleet Maintenance</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 150	\$ 3,158,626	\$ 1,509,586	\$ 3,780,992	\$ 8,449,354
Receivables:					
Accounts receivable	403	690	-	-	1,093
Other	-	1,536	-	2,369	3,905
Inventories	154,965	-	-	-	154,965
Total current assets	<u>155,518</u>	<u>3,160,852</u>	<u>1,509,586</u>	<u>3,783,361</u>	<u>8,609,317</u>
Property, plant and equipment					
Machinery and equipment	3,182,485	-	981,552	-	4,164,037
Less accumulated depreciation	<u>732,173</u>	<u>-</u>	<u>463,515</u>	<u>-</u>	<u>1,195,688</u>
Total property, plant and equipment	<u>2,450,312</u>	<u>-</u>	<u>518,037</u>	<u>-</u>	<u>2,968,349</u>
TOTAL ASSETS	<u>\$ 2,605,830</u>	<u>\$ 3,160,852</u>	<u>\$ 2,027,623</u>	<u>\$ 3,783,361</u>	<u>\$ 11,577,666</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 20,580	\$ -	\$ -	\$ -	\$ 20,580
Other accrued liabilities	42,634	-	42,238	-	84,872
Claims payable	-	3,071,421	-	-	3,071,421
Unearned revenue	<u>297</u>	<u>-</u>	<u>6,565</u>	<u>-</u>	<u>6,862</u>
Total liabilities	<u>63,511</u>	<u>3,071,421</u>	<u>48,803</u>	<u>-</u>	<u>3,183,735</u>
Net Assets:					
Invested in capital assets, net of related debt	2,450,312	-	518,037	-	2,968,349
Unrestricted	<u>92,007</u>	<u>89,431</u>	<u>1,460,783</u>	<u>3,783,361</u>	<u>5,425,582</u>
Total net assets	<u>2,542,319</u>	<u>89,431</u>	<u>1,978,820</u>	<u>3,783,361</u>	<u>8,393,931</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,605,830</u>	<u>\$ 3,160,852</u>	<u>\$ 2,027,623</u>	<u>\$ 3,783,361</u>	<u>\$ 11,577,666</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended April 30, 2007

	Fleet Maintenance	Self Insurance	Management Information Services	Equipment Replacement	Total
OPERATING REVENUES					
Charges for services	\$ 3,062,591	\$ 9,582,194	\$ 1,511,126	\$ -	\$ 14,155,911
Payroll deductions/retiree contributions	-	1,477,088	-	-	1,477,088
Other revenue	120,431	35,647	-	-	156,078
Total operating revenues	<u>3,183,022</u>	<u>11,094,929</u>	<u>1,511,126</u>	<u>-</u>	<u>15,789,077</u>
OPERATING EXPENSES					
Personnel services	613,837	-	970,082	-	1,583,919
Contractual services	211,178	415,212	264,860	-	891,250
Supplies and materials	946,050	996	3,772	(222,002)	728,816
Insurance and other charges	421,462	10,457,284	153,858	-	11,032,604
Depreciation	408,744	-	44,630	-	453,374
Total operating expenses	<u>2,601,271</u>	<u>10,873,492</u>	<u>1,437,202</u>	<u>(222,002)</u>	<u>14,689,963</u>
Operating income	<u>581,751</u>	<u>221,437</u>	<u>73,924</u>	<u>222,002</u>	<u>1,099,114</u>
NONOPERATING REVENUES (EXPENSES)					
Investment interest	-	128,881	60,576	153,679	343,136
Gain on disposal of city property	-	-	-	234,645	234,645
Total nonoperating revenues	<u>-</u>	<u>128,881</u>	<u>60,576</u>	<u>388,324</u>	<u>577,781</u>
Income before transfers	<u>581,751</u>	<u>350,318</u>	<u>134,500</u>	<u>610,326</u>	<u>1,676,895</u>
TRANSFERS					
Transfers in	2,007,678	-	366,334	885,841	3,259,853
Transfers out	(997,441)	(170,400)	(366,334)	(1,872,421)	(3,406,596)
Net transfers	<u>1,010,237</u>	<u>(170,400)</u>	<u>-</u>	<u>(986,580)</u>	<u>(146,743)</u>
Net income (loss)	1,591,988	179,918	134,500	(376,254)	1,530,152
NET ASSETS, BEGINNING OF YEAR	<u>950,331</u>	<u>(90,487)</u>	<u>1,844,320</u>	<u>4,159,815</u>	<u>6,863,779</u>
NET ASSETS, END OF YEAR	<u>\$ 2,542,319</u>	<u>\$ 89,431</u>	<u>\$ 1,978,820</u>	<u>\$ 3,783,361</u>	<u>\$ 8,393,931</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2007

	Fleet Maintenance	Self Insurance	Management Information Systems	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 3,183,022	\$ 11,094,929	\$ 1,511,126	\$ -	\$ 15,789,077
Cash paid to suppliers for goods and services	(1,572,840)	(10,419,342)	(422,490)	(26,215)	(12,440,887)
Cash paid to employees	(615,605)	-	(959,798)	-	(1,575,403)
Net cash provided by (used in) operating activities	<u>994,577</u>	<u>675,587</u>	<u>128,838</u>	<u>(26,215)</u>	<u>1,772,787</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers from other funds	2,007,678	-	366,334	885,841	3,259,853
Cash transfers to other funds	(997,441)	(170,400)	(356,334)	(1,872,421)	(3,406,596)
Net cash provided by (used in) noncapital financing activities	<u>1,010,237</u>	<u>(170,400)</u>	<u>-</u>	<u>(986,580)</u>	<u>(146,743)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant and equipment	(2,004,764)	-	-	-	(2,004,764)
Proceeds on sale of city property	-	-	-	234,645	234,645
Net cash provided by (used in) capital and related financing activities	<u>(2,004,764)</u>	<u>-</u>	<u>-</u>	<u>234,645</u>	<u>(1,770,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	128,881	60,576	153,679	343,136
NET INCREASE (DECREASE) IN CASH	50	634,068	189,414	(824,471)	199,061
CASH, BEGINNING OF YEAR	100	2,524,558	1,320,172	4,405,463	8,250,293
CASH, END OF YEAR	\$ 150	\$ 3,158,626	\$ 1,509,586	\$ 3,780,992	\$ 8,449,354
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 581,751	\$ 221,437	\$ 73,924	\$ 222,002	\$ 1,099,114
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	408,744	-	44,830	-	453,574
Effects of changes in operating assets and liabilities:					
Receivables	145	-	-	-	145
Inventories	5,624	-	-	-	5,624
Accounts payable	226	454,150	-	(248,217)	206,159
Other current liabilities	(1,768)	-	10,284	-	8,516
Unearned revenue	(145)	-	-	-	(145)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 994,577	\$ 675,587	\$ 128,838	\$ (26,215)	\$ 1,772,787

FIDUCIARY FUNDS

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

The City has two types of Fiduciary Funds as follows:

Pension Trust

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

Private-Purpose Trust

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
COMBINING BALANCE SHEET
April 30, 2007

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 2,957,767	\$ 7,795,279	\$ 10,753,046
Taxes receivable	88,868	72,546	161,414
Accrued interest	302,191	253,053	555,244
Long-term investments, at fair value:			
U.S. Government obligations	33,307,480	27,839,157	61,146,637
Mutual funds	21,887,157	9,317,154	31,204,311
Common stock	3,532,126	7,754,658	11,286,784
Total long-term investments	58,726,763	44,910,969	103,637,732
TOTAL ASSETS	\$ 62,075,589	\$ 53,031,847	\$ 115,107,436
NET ASSETS			
Held in trust for pension benefits	\$ 62,075,589	\$ 53,031,847	\$ 115,107,436

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2007

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 2,837,853	\$ 2,836,462	\$ 5,674,315
Plan member	<u>917,755</u>	<u>628,878</u>	<u>1,546,633</u>
Total contributions	<u>3,755,608</u>	<u>3,465,340</u>	<u>7,220,948</u>
Investment income	5,939,536	4,302,690	10,242,226
Less: Investment expense	<u>175,896</u>	<u>146,445</u>	<u>322,341</u>
Net investment income	<u>5,763,640</u>	<u>4,156,245</u>	<u>9,919,885</u>
Total additions	<u>9,519,248</u>	<u>7,621,585</u>	<u>17,140,833</u>
DEDUCTIONS			
Benefits and refunds	3,626,177	4,180,044	7,806,221
Administrative expense	<u>31,619</u>	<u>46,573</u>	<u>78,192</u>
Total deductions	<u>3,657,796</u>	<u>4,226,617</u>	<u>7,884,413</u>
Net increase	5,861,452	3,394,968	9,256,420
NET ASSETS, BEGINNING OF YEAR	<u>56,214,137</u>	<u>49,636,879</u>	<u>105,851,016</u>
NET ASSETS, END OF YEAR	<u>\$ 62,075,589</u>	<u>\$ 53,031,847</u>	<u>\$ 115,107,436</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>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 19,313,839	\$ 20,694,671	\$ 20,186,970	\$ 21,827,108
Restricted	16,605,645	9,486,926	3,979,821	2,407,527
Unrestricted	<u>(30,561,374)</u>	<u>(26,992,521)</u>	<u>(22,243,869)</u>	<u>(17,699,526)</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>
Business-type activities				
Invested in capital assets, net of related debt	62,562,784	63,584,906	60,305,067	57,930,995
Unrestricted	<u>37,228,430</u>	<u>36,781,035</u>	<u>31,253,474</u>	<u>28,846,361</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>
Primary government				
Invested in capital assets, net of related debt	81,876,623	84,279,577	80,492,037	79,758,103
Restricted	16,605,645	9,486,926	3,979,821	2,407,527
Unrestricted	<u>6,667,056</u>	<u>9,788,514</u>	<u>9,009,605</u>	<u>11,146,835</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>

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
EXPENSES				
Governmental activities				
General government	\$ 14,751,089	\$ 11,231,794	\$ 12,355,329	\$ 12,752,403
Public safety	28,332,963	29,959,590	30,901,106	31,958,049
Public works	9,229,510	14,764,122	17,390,666	10,562,237
Culture and recreation	3,468,287	3,609,189	3,749,474	3,916,250
Interest on debt	<u>3,029,752</u>	<u>3,039,104</u>	<u>3,078,850</u>	<u>2,952,352</u>
Total governmental activities expenses	<u>58,811,601</u>	<u>62,603,799</u>	<u>67,475,425</u>	<u>62,141,291</u>
Business-type activities				
Water	12,729,900	11,387,369	12,977,816	12,547,968
Parking	679,620	682,392	746,042	748,568
Mass Transit	4,698,845	4,722,404	4,947,093	4,936,203
Housing programs	38,512	278,361	42,466	11,322
Waste removal	505,584	481,492	496,095	518,561
Sewer	<u>1,729,595</u>	<u>932,591</u>	<u>780,498</u>	<u>755,444</u>
Total business-type activities expenses	<u>20,382,056</u>	<u>18,484,609</u>	<u>19,990,010</u>	<u>19,518,066</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 79,193,657</u>	<u>\$ 81,088,408</u>	<u>\$ 87,465,435</u>	<u>\$ 81,659,357</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services:				
General government	\$ 1,134,218	\$ 1,034,913	\$ 1,626,091	\$ 1,509,879
Public safety	717,390	770,040	219,965	230,736
Other activities	271,850	292,338	130,483	129,989
Operating grants and contributions	5,358,138	3,533,131	4,760,023	6,321,264
Capital grants and contributions	<u>17,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>7,499,150</u>	<u>5,630,422</u>	<u>6,736,562</u>	<u>8,191,868</u>
Business-type activities				
Charges for services:				
Water	12,618,005	14,209,199	12,252,193	11,509,404
Other activities	3,478,711	3,343,276	3,640,434	3,332,874
Operating grants and contributions	3,140,921	3,285,819	2,423,190	5,239,319
Capital grants and contributions	<u>122,467</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>19,360,104</u>	<u>20,838,294</u>	<u>18,315,817</u>	<u>20,081,597</u>
TOTAL PRIMARY GOVERNMENT REVENUES	<u>\$ 26,859,254</u>	<u>\$ 26,468,716</u>	<u>\$ 25,052,379</u>	<u>\$ 28,273,465</u>

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$(51,312,451)	\$(56,973,377)	\$(60,738,863)	\$ (53,949,423)
Business-type activities	<u>(1,021,952)</u>	<u>2,353,685</u>	<u>(1,674,193)</u>	<u>563,531</u>
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>(52,334,403)</u>	<u>(54,619,692)</u>	<u>(62,413,056)</u>	<u>(53,385,892)</u>
General Revenues and Other				
Changes in Net Assets				
Governmental activities				
Taxes:				
Property taxes	9,952,854	10,581,082	11,258,757	11,703,520
Sales and use taxes	19,486,593	21,855,409	21,814,347	22,041,088
Income taxes	4,938,597	6,221,442	6,465,031	6,410,060
Utility taxes	-	5,760,454	5,924,807	5,341,719
Food and beverage taxes	-	2,611,781	2,665,731	2,714,786
Hotel and motel taxes	-	620,000	661,629	652,839
Other taxes	10,060,189	938,657	1,444,728	991,002
Investment earnings	309,847	425,431	713,716	1,023,446
Miscellaneous	1,424,398	844,783	1,386,026	909,144
Transfers	<u>4,468,419</u>	<u>4,935,470</u>	<u>7,349,755</u>	<u>6,774,006</u>
Total governmental activities	<u>50,640,897</u>	<u>54,794,509</u>	<u>59,684,527</u>	<u>58,561,610</u>
Business-type activities				
Property taxes	151,519	151,654	217,322	217,091
Investment earnings	319,320	549,191	1,023,657	1,212,199
Miscellaneous	-	20,964	(1,024,431)	-
Transfers	<u>(4,468,419)</u>	<u>(4,935,470)</u>	<u>(7,349,755)</u>	<u>(6,774,006)</u>
Total business-type activities	<u>(3,997,580)</u>	<u>(4,213,661)</u>	<u>(7,133,207)</u>	<u>(5,344,716)</u>
TOTAL PRIMARY GOVERNMENT	<u>46,643,317</u>	<u>50,580,848</u>	<u>52,551,320</u>	<u>53,216,894</u>
CHANGE IN NET ASSETS				
Governmental activities	(671,554)	(2,178,868)	(1,054,336)	4,612,187
Business-type activities	<u>(5,019,532)</u>	<u>(1,859,976)</u>	<u>(8,807,400)</u>	<u>(4,781,185)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (5,691,086)</u>	<u>\$ (4,038,844)</u>	<u>\$ (9,861,736)</u>	<u>\$ (168,998)</u>

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund				
Reserved	\$ 254,788	\$ 1,508,645	\$ 465,499	\$ 1,244,305
Unreserved	<u>9,571,619</u>	<u>11,479,722</u>	<u>13,326,187</u>	<u>12,373,608</u>
Total general fund	<u>9,826,407</u>	<u>12,988,367</u>	<u>13,791,686</u>	<u>13,617,913</u>
All other governmental funds				
Reserved	14,272,610	7,319,800	1,333,910	3,047,814
Unreserved reported in:				
Special revenue funds	3,762,315	3,241,868	3,570,733	3,415,306
Capital projects funds	<u>1,833,611</u>	<u>2,195,084</u>	<u>1,893,486</u>	<u>(264,923)</u>
Total all other governmental funds	<u>19,868,536</u>	<u>12,756,752</u>	<u>6,798,129</u>	<u>6,198,197</u>
TOTAL FUND BALANCE	<u>\$29,694,943</u>	<u>\$25,745,119</u>	<u>\$20,589,815</u>	<u>\$ 19,816,110</u>

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$18,667,393	\$15,869,064	\$20,510,924	\$20,412,864
Charges for service	147,086	157,203	163,721	140,221
Investment income and net increase in fair value of investments	255,580	334,709	514,380	680,310
Intergovernmental	30,940,013	37,652,299	34,520,731	35,755,784
Licenses and permits	893,767	775,198	786,276	824,540
Fines and fees	979,705	1,106,679	1,026,542	905,843
Other revenue	<u>594,540</u>	<u>538,209</u>	<u>914,670</u>	<u>430,613</u>
Total revenues	<u>52,478,084</u>	<u>56,433,361</u>	<u>58,437,244</u>	<u>59,150,175</u>
Expenditures				
General government	12,526,719	11,083,220	12,348,085	12,861,179
Public safety	27,323,352	28,681,398	30,999,294	32,484,928
Culture and recreation	3,226,952	3,377,323	3,620,570	3,910,134
Highways and streets	11,597,896	17,118,331	17,437,894	17,398,138
Debt service:				
Principal retirement	2,404,032	2,468,228	2,570,078	2,515,152
Interest and fiscal charges	<u>3,388,433</u>	<u>3,000,675</u>	<u>2,864,065</u>	<u>2,940,944</u>
Total expenditures	<u>60,467,384</u>	<u>65,729,175</u>	<u>69,839,986</u>	<u>72,110,475</u>
Deficiency of revenues over expenditures	<u>(7,989,300)</u>	<u>(9,295,814)</u>	<u>(11,402,742)</u>	<u>(12,960,300)</u>
Other Financing Sources				
Bond proceeds	13,914,162	62,653	100,000	5,021,960
Sale of assets	37,076	10,021	331,480	243,886
Transfers in	7,597,108	8,030,834	9,161,249	9,810,513
Transfers out	<u>(2,824,408)</u>	<u>(2,767,352)</u>	<u>(3,345,291)</u>	<u>(2,889,764)</u>
Total other financing sources	<u>18,723,938</u>	<u>5,336,156</u>	<u>6,247,438</u>	<u>12,186,595</u>
NET CHANGE IN FUND BALANCES	<u>\$10,734,638</u>	<u>\$ (3,959,658)</u>	<u>\$ (5,155,304)</u>	<u>\$ (773,705)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.58%	8.32%	7.78%	7.57%

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

<u>Fiscal Year</u>	<u>Water Utility Billed</u>				<u>Direct rate per 700 gallons</u>	
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Total</u>	<u>Domestic and Non-Domestic</u>	<u>Large Users</u>
2004	\$ 3,533,694	\$ 5,925,509	\$ 119,801	\$ 9,579,004	\$ 1.37	\$ 2.10
2005	3,078,785	7,882,285	310,688	11,271,758	1.37	2.10
2006	3,201,423	7,681,239	324,152	11,206,814	1.37	2.10
2007	3,102,937	7,665,383	322,649	11,090,969	1.37	2.10

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

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

	<i>Fiscal Year</i>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Service Charge Per Meter				
Domestic-all meters (quarterly)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32
Non-Domestic (quarterly)				
Meter size 5/8"-3/4"	8.97	8.97	8.97	8.97
Meter size 1"-1 1/2"	33.15	33.15	33.15	33.15
Meter size 2"-4"	117.00	117.00	117.00	117.00
Meter size 7"-12"	546.00	546.00	546.00	546.00
Meter size 14"-18"	2,242.50	2,242.50	2,242.50	2,242.50
Non-Domestic & large users (monthly)				
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05
Meter size 2"-4"	39.00	39.00	39.00	39.00
Meter size 7"-12"	182.00	182.00	182.00	182.00
Meter size 14"-18"	747.50	747.50	747.50	747.50
Usage Charge-cu ft (monthly equiv)				
Domestic and Non-Domestic				
1st 700	1.37	1.37	1.37	1.37
Next 1,500	1.24	1.24	1.24	1.24
Next 12,900	1.11	1.11	1.11	1.11
Next 18,300	0.89	0.89	0.89	0.89
Next 133,300	0.70	0.70	0.70	0.70
Next 833,300	0.66	0.66	0.66	0.66
Next 1,000,000	0.55	0.55	0.55	0.55
All Over 2,000,000	0.39	0.39	0.39	0.39
Large User				
1st 700	2.10	2.10	2.10	2.10
Next 1,500	1.90	1.90	1.90	1.90
Next 12,900	1.69	1.69	1.69	1.69
Next 18,300	1.36	1.36	1.36	1.36
Next 133,300	1.08	1.08	1.08	1.08
Next 833,300	1.00	1.00	1.00	1.00
Next 1,000,000	0.84	0.84	0.84	0.84
All Over 2,000,000	0.60	0.60	0.60	0.60

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

CITY OF DECATUR, ILLINOIS
SUMMARY OF PRINCIPAL PAYERS
LAST TEN 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>	
2004	9,579,004				0.0%
2005	11,271,758	6,082,481	138,366	280,029	55.2%
2006	11,206,814	6,083,537	140,089	306,877	55.5%
2007	11,090,969	5,899,731	117,977	291,625	54.3%

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

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

<u>Fiscal Year</u>	<u>Total Taxes Levied By City (1)</u>	<u>Total Taxes Extended by County Collector</u>	<u>Collection of Current Year's Taxes During Fiscal Period (2)</u>	<u>Percentage of Levy Collected During Fiscal Period</u>	<u>Collection Prior Year's Taxes During Fiscal Period</u>	<u>Total Collections</u>	<u>Total Collections as a % of Current Levy</u>	<u>Accumulated Delinquent Taxes (3)</u>	<u>Outstanding Delinquent Taxes as a % of Current Levy</u>
1996	\$ 7,836,673	\$ 8,475,238	\$ 7,882,290	101%	\$ (6,018)	\$ 7,876,272	101%	\$ 13,415	0.17%
1997	8,083,849	8,088,807	8,026,654	99%	(205)	8,026,449	99%	14,741	0.18%
1998	8,244,975	8,248,805	8,138,991	99%	38,614	8,177,605	99%	7,483	0.09%
1999	8,652,306	8,655,429	9,116,229	105%	(242,808)	8,873,421	103%	7,866	0.09%
2000	8,904,865	8,907,994	9,147,767	103%	(22,533)	9,125,234	102%	13,545	0.15%
2001	8,881,128	8,884,399	9,210,643	104%	(40,859)	9,169,784	103%	4,583	0.05%
2002	9,253,069	9,256,944	9,523,880	103%	(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	10,331,634	102%	(26,125)	10,305,509	102%	16,509	0.16%
2005	10,529,076	10,529,462	10,786,728	102%	(41,922)	10,744,806	102%	23,419	0.22%

(1) Actual Levy for the City of Decatur. Years 1996-2005 are used because of the two year collection lag between levy and actual collection. 2006 levy will be collected during fiscal year 2008.

(2) Includes additions, refunds, and other adjustments

(3) Adjusted for refunds.

Source: Macon County Treasurer

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

REAL PROPERTY

<u>TAX YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)</u>
1996	\$ 556,819,371	\$ 1,670,458,113	33.33%
1997	584,755,734	1,754,267,202	33.33%
1998	613,567,895	1,840,703,685	33.33%
1999	631,046,296	1,893,138,888	33.33%
2000	639,069,887	1,917,209,661	33.33%
2001	691,016,351	2,073,049,053	33.33%
2002	723,424,819	2,170,274,457	33.33%
2003	807,265,386	2,421,796,158	33.33%
2004	794,049,821	2,382,149,463	33.33%
2005	829,097,689	2,487,293,067	33.33%

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

Source: Macon County Clerk. There is a one year lag, thus tax year 2006 real estate taxes are collected during fiscal year 2008.

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

<u>GOVERNMENTAL UNIT</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City of Decatur	\$ 1.4098	\$ 1.3829	\$ 1.3444	\$ 1.3716	\$ 1.3939	\$ 1.2857	\$ 1.2796	\$ 1.1925	\$ 1.2717	\$ 1.2717
County of Macon	1.2663	1.2429	1.2064	1.1517	1.1290	1.1049	1.1337	1.0987	0.9876	1.0244
Sanitary District	0.3800	0.3611	0.3504	0.3380	0.3301	0.3047	0.2873	0.2617	0.2964	0.2828
Decatur School District	3.2600	3.2994	3.3086	3.2946	3.6250	3.9862	4.1053	4.0734	4.1670	4.3207
Decatur Park District	0.9979	0.9838	0.9879	0.9910	0.9980	0.9325	0.9721	0.9988	0.9988	1.0140
Decatur Township	0.2443	0.2455	0.2637	0.2686	0.2840	0.2653	0.2647	0.2494	0.2664	0.2678
Decatur Twp Road and Bridge									0.0111	0.0112
Mosquito abatement	0.0304	0.0305	0.0292	0.0333	0.0330	0.0325	0.0327	0.0311	0.0334	0.0334
Conservation District	0.1102	0.1051	0.1046	0.1097	0.1070	0.1052	0.1061	0.1082	0.1146	0.1088
Mental Health	0.1319	0.1319	0.1420	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.0150
Richland Community College	0.2824	0.2871	0.3325	0.3328	0.3721	0.3723	0.3840	0.3839	0.3895	0.3890
Macon County Health	0.1067	0.1025	0.1039	0.1012	0.1070	0.1035	0.1070	0.1070	0.1070	0.1054
Cooperative Extension		0.0242	0.0252	0.0245	0.0238	0.0236	0.0228	0.0272	0.0274	0.0271
TOTAL TAX RATE PER \$100 OF ASSESSED VALUATION	\$ 8.2199	\$ 8.1969	\$ 8.1988	\$ 8.1670	\$ 8.5529	\$ 8.6664	\$ 8.8453	\$ 8.6819	\$ 8.8209	\$ 8.8713
Share of Total Tax Rate Levied by City of Decatur	17.15%	16.87%	16.40%	16.79%	16.30%	14.84%	14.47%	13.74%	14.42%	14.33%

Source: Macon County Clerk

CITY OF DECATUR, ILLINOIS
TAX INFORMATION
April 30, 2007

- 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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Library	\$ 0.4077	\$ 0.3995	\$ 0.3923	\$ 0.4003	\$ 0.4205	\$ 0.4006	\$ 0.3942	\$ 0.3638	\$ 0.3810	\$ 0.3759
Police Pension	0.1280	0.1336	0.1274	0.1272	0.1338	0.2036	0.2163	0.2373	0.2603	0.3042
Fire Pension	0.1474	0.1606	0.1532	0.1516	0.1858	0.2068	0.2361	0.2219	0.2484	0.3114
Public Benefit	0.0251	0.0212	0.0096	0.0033	0.0031	-	-	-	-	-
Municipal Band	0.0108	0.0103	0.0099	0.0097	0.0096	0.0089	0.0090	0.0081	0.0082	0.0085
Mass Transit System	0.0270	0.0257	0.0245	0.0239	0.0236	0.0219	0.0210	0.0188	0.0191	0.0264
Social Security and Retirement Insurance	0.1720	0.1637	0.1562	0.1520	0.1308	0.0921	0.0604	0.0366	0.0651	0.0923
Police Protection	0.1307	0.1245	0.1448	0.1408	0.1312	0.1214	0.1160	-	0.0504	-
Law Enforcement Facility Lease	0.1061	0.0966	0.0943	0.0941	0.0940	0.0882	0.0869	0.0798	0.0517	0.0338
<u>BOND AND INTEREST</u>										
General obligation	<u>0.2550</u>	<u>0.2472</u>	<u>0.2322</u>	<u>0.2687</u>	<u>0.2615</u>	<u>0.1422</u>	<u>0.1397</u>	<u>0.1223</u>	<u>0.1627</u>	<u>0.1175</u>
ALL PURPOSE - TOTAL	<u>\$ 1.4098</u>	<u>\$ 1.3829</u>	<u>\$ 1.3444</u>	<u>\$ 1.3716</u>	<u>\$ 1.3939</u>	<u>\$ 1.2857</u>	<u>\$ 1.2796</u>	<u>\$ 1.1925</u>	<u>\$ 1.2717</u>	<u>\$ 1.2700</u>
Actual Rate Extended	<u>\$ 1.4098</u>	<u>\$ 1.3829</u>	<u>\$ 1.3444</u>	<u>\$ 1.3716</u>	<u>\$ 1.3939</u>	<u>\$ 1.2857</u>	<u>\$ 1.2796</u>	<u>\$ 1.1925</u>	<u>\$ 1.2717</u>	<u>\$ 1.2700</u>

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Library	\$2,269,672	\$2,335,562	\$2,406,842	\$2,525,910	\$2,687,288	\$2,768,212	\$2,851,741	\$2,936,831	\$3,025,330	\$3,116,776
Police Pension	712,225	727,762	781,448	802,249	855,075	1,406,909	1,564,767	1,915,640	2,066,912	2,521,810
Fire Pension	820,197	938,849	939,375	956,539	1,187,391	1,429,022	1,708,005	1,791,321	1,972,420	2,582,169
Public Benefit	139,570	123,850	58,295	20,558	19,810	-	-	-	-	-
Municipal Band	60,000	60,000	60,246	60,743	61,350	61,500	65,108	65,388	65,112	70,059
Mass Transit System	150,000	150,000	150,323	150,323	150,820	151,332	151,918	151,765	151,664	218,635
Social Security and Retirement Insurance	956,645	956,645	957,508	958,393	835,903	636,425	436,948	295,458	516,926	765,182
Police Protection	727,467	727,762	888,221	888,446	838,459	838,893	839,173	838,748	196,924	-
Law Enforcement Facility Lease	590,651	564,609	578,465	593,713	600,730	609,480	628,660	644,203	410,524	280,570
<u>BOND AND INTEREST</u>										
General obligation	1,419,349	1,445,392	1,424,252	1,695,432	1,671,167	982,625	1,010,624	987,285	1,291,919	974,366
<u>ALL PURPOSE - TOTAL</u>	<u>\$7,845,776</u>	<u>\$8,030,431</u>	<u>\$8,244,975</u>	<u>\$8,652,306</u>	<u>\$8,907,993</u>	<u>\$8,884,398</u>	<u>\$9,256,944</u>	<u>\$9,626,639</u>	<u>\$10,097,932</u>	<u>\$10,529,567</u>

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

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

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Assessed Valuation	Per Capita
	General Obligation	Compensated Absences	Loan			
2003	\$44,313,428	\$2,443,605	\$7,172,169	\$53,929,202	7.80%	\$659
2004	55,823,558	2,419,131	6,823,796	65,066,485	8.99%	795
2005	55,346,242	2,423,199	6,535,592	64,305,033	7.97%	786
2006	53,172,401	2,566,422	6,238,954	61,977,777	7.81%	757
2007	53,565,637	2,566,235	5,933,637	62,065,509	7.49%	758

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 39,413,428	\$ 1,605,397	\$ 37,808,031	1.82%	\$ 462
2004	50,168,424	884,830	49,283,594	2.27%	602
2005	47,946,433	853,134	47,093,299	1.94%	575
2006	45,882,592	868,037	45,014,555	1.89%	550
2007	43,774,249	380,993	43,393,256	1.74%	530

**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>
1998	85,306				18,549	4.7%
1999	85,306				18,328	4.3%
2000	81,860	\$	19,009 \$	37.2	18,168	5.0%
2001	81,860		19,009	37.2	18,168	6.0%
2002	81,860		19,009	37.2	18,300	7.3%
2003	81,860		19,009	37.2	18,290	6.8%
2004	81,860		19,009	37.2	18,290	6.1%
2005	81,860		19,009	37.2	18,047	5.8%
2006	81,860		19,009	37.2	17,201	7.2%
2007	81,860		19,009	37.2	16,820	5.8%

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

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

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

	2007			1998		
	<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	11.58%	3025	1	8.06%
Caterpillar Tractor Co.	3200	2	9.26%	2600	2	6.93%
Decatur Memorial Hospital	2443	3	7.07%	1600	5	4.26%
Decatur Public Schools	1500	4	4.34%	2261	3	6.02%
St. Mary's Hospital	1100	5	3.18%	1100	6	2.93%
Tate & Lyle fka AE Staley Mfg. Co.	800	6	2.32%	725	8	1.93%
Mueller Co., Inc.	750	7	2.17%	650	10	1.73%
County of Macon	600	8	1.74%	**	**	**
City of Decatur	595	9	1.72%	**	**	**
Millikin University	500	10	1.45%	**	**	**
Richland Community College	500	10	1.45%	**	**	**
Bridgestone/Firestone				2000	4	5.33%
Wagner Castings Company				935	7	2.49%
Illinois Power Company aka Ameren				660	9	1.76%

Source: Economic Development Foundation and Illinois Department of Employment Security

** Employers not included in top 10 employers in 1998. Data is not available.

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

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	80	80	84	82
Public Safety:				
Police:				
Officers	169	172	167	165
Civilians	22	23	24	21
Fire:				
Firefighters and officers	108	114	113	110
Civilians	2	2	2	2
Public works	79	81	79	77
Culture and recreation	43	47	48	46
Water	54	57	58	51
Parking	5	5	5	5
Mass Transit	1	1	1	1
Total primary government employees	<u>563</u>	<u>582</u>	<u>581</u>	<u>560</u>

Part time employee data unavailable for FY04 due to mid year accounting system conversion. Full time equivalent for 2007 was 6 employees.

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

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety				
Police:				
Calls for Service	66,648	68,834	66,571	66,732
Traffic Citations	14,078	11,031	12,201	6,804
Parking Tickets	2,720	2,357	2,083	1,688
Fire:				
Call Outs	7,297	7,681	8,035	8,623
Inspections	347	335	487	616
Public works				
Street Surface Improv (LA MI)	22.3	31.6	18.6	20.5
Potholes Repaired	18,266	10,985	10,619	10,200
Pavement markings-paint (LF)	164,149	390,934	362,500	448,412
Culture and recreation				
Library Items Loaned	601,929	546,550	533,276	635,162
Extension (bookmobiles)	92,207	92,608	92,295	89,925
Water				
Water Consumption (CU FT)	929,736,391	887,679,789	892,237,277	859,211,576
Metered Services	31,488	31,462	31,555	31,489
Sediment Dredged (Dry TON)	0	57,182	162,388	201,227
Parking				
Tickets Issued	11,404	13,929	16,335	15,543
Parking Lot Maintenance (Hours)	1,618	1,477	1,466	1,498
Mass Transit (CALENDAR YEAR)				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Buses & Trolleys (Ridership)	903,251	980,796	1,039,354	1,121,789
Paratransit Vans/Taxis	52,902	49,289	39,113	34,872
Housing programs				
Amount of Loans	\$ -	\$ 14,613	\$ 16,900	\$ -
Waste removal				
Recycling (Pounds)	2,814,479	2,815,784	2,799,502	2,785,959
Sewer				
Sanitary Sewer Televised (LF)	273,624	224,024	205,737	208,991

CITY OF DECATUR, ILLINOIS
 MAJOR PROPERTY TAXPAYERS
 April 30, 2007

<u>Name of Company</u>	<u>Business Category</u>	<u>2006 Assessed Valuation</u>	<u>Percent to Total</u>
Archer Daniels Midland Co.	Agribusiness	\$ 26,488,244	3.19%
Wal-Mart Stores, Inc.	Retail sales	8,380,413	1.01%
Caterpillar Tractor Co.	Mfg-Heavy equipment	7,450,822	0.90%
Tate & Lyle fka AE Staley Mfg. Co.	Agribusiness	5,431,650	0.66%
Macon County Real Estate Inc.	Development	4,533,191	0.55%
Decatur Memorial Health Fnd	Health	3,974,358	0.48%
Northgate Limited Partners	Development	3,747,348	0.45%
Brettwood Village Assoc	Shopping center	3,481,759	0.42%
Millikin University (The Woods Apts.)	University apartments	3,211,207	0.39%
Illinois Power Company aka Ameren	Utility	<u>2,982,560</u>	<u>0.36%</u>
TOTAL-MAJOR PROPERTY OWNERS		<u>\$ 69,681,552</u>	<u>8.41%</u>
TOTAL-CITY OF DECATUR		<u>\$ 829,097,689</u>	<u>100.00%</u>

Source: Macon County Supervisor of Assessments

CITY OF DECATUR, ILLINOIS
SCHEDULE OF DIRECT AND OVERLAPPING DEBT
April 30, 2007

	<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	\$ 46,586,510	100.00%	\$ 46,586,510
OVERLAPPING DEBT			
Decatur Park District	11,097,765	99.00%	10,986,676
Decatur School District #61	8,450,000	92.00%	7,773,915
Argenta School District #1	9,050,000	28.00%	2,533,909
Meridian School District #15	515,000	17.00%	87,549
Mt. Zion School District #3	9,485,000	7.00%	663,855
Public Building Commission	11,365,000	61.00%	6,932,536
Richland Community College	370,000	44.00%	162,796
Sangamon Valley #9	210,000	0.20%	420
Warrensburg School District #11	1,860,000	37.00%	688,181
TOTAL OVERLAPPING DEBT	<u>52,402,765</u>	56.92%	<u>29,829,837</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 98,989,275</u>	77.20%	<u>\$ 76,416,347</u>
Per Capita Direct and Overlapping Debt	\$ 1,209		

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

CITY OF DECATUR, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended April 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through or Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Illinois Housing Development Authority				
American Dream Downpayment Initiative	14.239	N/A	\$ 37,800	\$ -
Passed-through Illinois Department of Public Health:				
Lead Based Paint Hazard Control in Privately-Owned Housing Grant	14.900	15380721	55,489	-
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	-	1,258,717	-
HOME Investment in Affordable Housing	14.239	-	671,224	-
Total direct programs			<u>1,929,941</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>2,023,230</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE				
Passed-through Illinois Criminal Justice Information Authority:				
Project Safe Neighborhoods	16.744	106026	70,759	-
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJBX-1296	43,666	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2006-DJBX-0691	26,118	-
Total direct programs			<u>69,784</u>	<u>-</u>
Total U.S. Department of Justice			<u>140,543</u>	<u>-</u>

CITY OF DECATUR, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended April 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through or Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Passed-through Illinois Department of Transportation:				
Urban Corridor Revitalization Grant	20.XXX	CPG03-09	\$ 13,500	\$ -
Highway Planning Grant	20.505	N/A	<u>260,658</u>	<u>-</u>
Direct Programs:				
Federal Transit Capital Investment Grants	20.507	IL-90-0480	2,384	-
Federal Transit Capital Investment Grants	20.507	IL-90-0453	30,557	-
Federal Transit Capital Investment Grants	20.507	IL-90-0511	10,563	-
Federal Transit Operating Assistance Grant	20.507	IL-90-0542	1,198,652	-
Federal Transit Operating Assistance Grant	20.507	IL-90-0576	<u>1,350,371</u>	<u>-</u>
Total direct programs			<u>2,592,527</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,866,685</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through Illinois Department of Natural Resources:				
Inner City High Risk Tree Removal	10.675	RC9050226 FY0702	<u>5,000</u>	<u>-</u>
Wildflower Project	10.664	N/A	<u>5,000</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>10,000</u>	<u>-</u>

CITY OF DECATUR, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended April 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through or Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed-through U.S. Fire Administration of Federal Emergency Management Agency				
Assistance to Firefighters Grant	97.044	EMW-2005- FG-08641	\$ 83,084	\$ -
Passed-through Illinois Emergency Management Agency:				
2006 Ice Storm Disaster Relief	97.036	FEMA-1681- 115-18823-00	724,376	-
Total U.S. Department of Homeland Security			<u>807,460</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,847,918</u>	<u>\$ -</u>

CITY OF DECATUR, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
April 30, 2007

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, 2007.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

The Mayor and City Council
City of Decatur, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Decatur, Illinois as of and for the year ended April 30, 2007, which collectively comprise the City of Decatur's basic financial statements and have issued our report thereon dated October 25, 2007. We did not audit the financial statements of the Civic Center Authority, which is included as a discretely presented component unit, but were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting. 2007-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We believe that finding 2007-01 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we have reported to management of the City in a separate letter dated October 25, 2007.

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

Clifton Gunderson LLP

Danville, Illinois
October 25, 2007

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

The Mayor and City Council
City of Decatur, Illinois

Compliance

We have audited the compliance of City of Decatur, Illinois (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2007.

Internal Control Over Compliance

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

A *control deficiency*, in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Clifton Gunderson LLP

Danville, Illinois
October 25, 2007

CITY OF DECATUR, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended April 30, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unqualified opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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>
97.036	2006 Ice Storm Disaster Relief
14.218	Community Development Block Grants - Entitlement

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

Section II – Financial Statement Findings

FINDING NO. 2007-01 – FINANCIAL STATEMENT PREPARATION, INCLUDING CASH TO ACCRUAL BASIS ADJUSTMENTS

Criteria or Specific Requirement: 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.

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

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2007

Section II – Financial Statement Findings (Continued)

**FINDING NO. 2007-01 – FINANCIAL STATEMENT PREPARATION, INCLUDING CASH
TO ACCRUAL BASIS ADJUSTMENTS (CONTINUED)**

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 monitor the cost benefit of compliance with the internal control system.

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

Section III – Federal Award Findings and Questioned Costs

None to report.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR FINDINGS
Year Ended April 30, 2007**

Finding No. 2006-1 Reporting

In July of 2002, the City of Decatur entered into a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act with the Secretary of Housing and Urban Development (HUD). This contract was for grant number B-95-MC-17-0008-A for the principal amount of \$3,000,000. The contract states that "The borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account, until such accounts are fully disbursed". The City did not file the required reports showing the Loan Funds Account activity during 2006.

No issues noted in current year. This finding is not repeated.