City of Decatur, IL

Mayor Michael T. McElroy

Comprehensive Annual Financial Report

Fiscal Year ending April 30, 2012

Prepared by:
Department of Financial Management
Gregg D. Zientara, City Treasurer & Director of Finance

Imagine the Possibilities...

LIVING IN DECATUR

Choosing to live in Decatur is an easy choice both because of its impressive quality of life and local housing value. Decatur is an attractive choice for long term residents and those looking to call Central Illinois home for the first time.

WORKING IN DECATUR

Decatur, a leader in American manufacturing and technological breakthroughs, from providing the crops that feed our families to serving as a world leader in creating the fuel of the future. Today's Decatur offers a mixture of work opportunities, from traditional manufacturing to cutting edge technology development to customer service support.

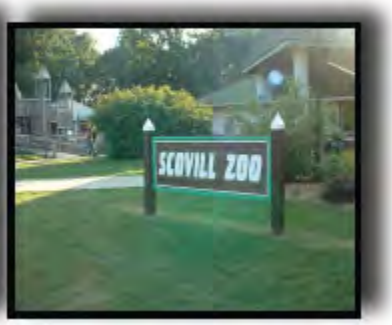
PLAYING IN DECATUR

Whether you're looking to spend some time relaxing outdoors, want to shop 'till you drop or prefer your entertainment on the stage or big screen, Decatur's got something just for you. Today we offer more than 2,000 acres of parks and recreational areas and host more than 130 festivals and other entertainment events including the Decatur Celebration, Illinois' largest free family street festival. Free downtown events include the annual Cruisin' Car Show, Arts in Central Park and the summer Blues in Central Park series.

LEARNING IN DECATUR

They are local and state government officials, award winning musicians, Broadway performers and leaders of private enterprise. And they're all products of Decatur area schools. Area schools provide world-class educational opportunities, mixing fundamentals with exposure to innovative educational disciplines. Millikin University and Richland Community College combine first-rate education at a value unseen in other areas of the country.

COME AND JOIN US



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City of Decatur, Illinois

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Cover Photo: A view of downtown Central Park highlighting the historic Transfer House and Fountain. Standing as a symbol of fond memories of a time gone by, the Transfer House holds a great deal of sentimental value to the people of Decatur Illinois. Built in 1895 on Lincoln Square, the Transfer House sat in the center of the original town. It served as a shelter for those waiting to board street cars and later buses. Over the years, the Transfer House has been much more to the citizens of Decatur than just protection from the cold. This symbol of Decatur reminds us of a time when those crazy trolly parties were the rage and young people lined up to ride the new electric street cars. It was an era of good old fashion fun, as friends met on the Square for those weekly band concerts by the Goodman Band and later the WPA Orchestra. During a period of time marked by victory celebrations and political speeches, the Transfer House served as a centerpiece for social gatherings. The Transfer House remains as a symbol of Decatur, and will continue its role as a historic landmark in the central city footprint.

TABLE OF CONTENTS

PAGE

I. INTRODUCTORY SECTION

Officers and Officials i
Letter of Transmittal ii
Certificate of Achievement for Excellence in Financial Reporting iixx
Organization Chart ixx

II. FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis 3
Statement of Net Assets 25
Statement of Activities 26
Balance Sheet – Governmental Funds 27
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets 28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 29
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities 30
Statement of Net Assets – Proprietary Funds 32
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds 33
Statement of Cash Flows – Proprietary Funds 34
Statement of Fiduciary Net Assets – Pension Trust Funds 35
Statement of Changes in Net Assets – Pension Trust Funds 36
Notes to Financial Statements 37

TABLE OF CONTENTS

PAGE

III. REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress 86
Schedules of Employer Contributions 87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – General Account 88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Illinois Municipal Retirement Fund Account 89
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Library Fund 90
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – 2010 Project Fund 91
Notes to Required Supplementary Information 92

IV. SUPPLEMENTARY INFORMATION – GOVERNMENTAL FUNDS

Combining Balance Sheet – General Fund 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund 95
Nonmajor Governmental Funds 96
Combining Balance Sheet – Nonmajor Governmental Funds 98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 99

TABLE OF CONTENTS

PAGE

Special Revenue Funds
Combining Balance Sheet – Nonmajor Special Revenue Funds 100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds 101
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Community Development Block Grant 102
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Home Fund 103
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – TIF Districts Fund 104
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Drug Enforcement Fund 105
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Municipal Band Fund 106
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – PEG Fund 107
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – Motor Fuel Tax Fund 108

Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Debt Service Fund 109

Capital Projects Funds
Combining Balance Sheet – Nonmajor Capital Projects Funds 110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds 111
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – General Capital Project Fund 112
Schedule of Revenues, Expenditures, and Changes in Fund Balance Cash Basis (Non-GAAP) Budget and Actual – 2008 Project Fund 113

TABLE OF CONTENTS

PAGE

V. SUPPLEMENTARY INFORMATION – NON MAJOR ENTERPRISE FUNDS
Nonmajor Enterprise Funds 114
Combining Statement of Net Assets – Nonmajor Enterprise Funds 115
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds 116
Combining Statement of Cash Flows – Nonmajor Enterprise Funds 117

VI. SUPPLEMENTARY INFORMATION – INTERNAL SERVICE FUNDS
Internal Service Funds 118
Combining Statement of Net Assets (Deficit) – Internal Service Funds 119
Combining Statement of Revenues, Expenses, and Changes in Net Assets (Deficit) – Internal Service Funds 120
Combining Statement of Cash Flows – Internal Service Funds 121

VII. SUPPLEMENTARY INFORMATION – FIDUCIARY FUNDS
Fiduciary Funds 122
Combining Statement of Fiduciary Net Assets – Pension Trust Funds 123
Combining Statement of Changes in Net Assets – Pension Trust Funds 124

VIII. STATISTICAL SECTION
Statistical Information 125
Financial Trends
Net Assets by Component – Most Recent Fiscal Years 126
Changes in Net Assets – Most Recent Fiscal Years 127
Fund Balances of Governmental Funds – Most Recent Fiscal Years 129
Changes in Fund Balances of Governmental Funds – Most Recent Fiscal Years 130
Revenue Capacity
Taxable Assessed Value, Taxable Value and Tax Collections – Most Recent Fiscal Years 132
Property Tax Rates – Direct and Overlapping Governmental Units – Last Ten Years 133
Major Property Taxpayers 134
Property Tax Levy and Tax Collections - Most Recent Fiscal Years 135
Assessed Value and Estimated Actual Value of Taxable Property – Most Recent Fiscal Years 136

TABLE OF CONTENTS

PAGE

City Government Property Tax Rates - Most Recent Fiscal Years....137
City Government Tax Levy....138
Property Tax Information....139
Water Utility Revenue - Most Recent Fiscal Years....140
Water Utility Service Usage Rates - Most Recent Fiscal Years....141
Water Utility Revenue by Consumer Segment - Most Recent Fiscal Years....142
Debt Capacity
Ratios of Outstanding Debt by Type - Most Recent Fiscal Years....143
Ratios of Outstanding General Bonded Debt - Most Recent Fiscal Years....144
Direct and Overlapping Debt....145
Demographic and Economic Information
Demographics and Economic Statistics - Most Recent Fiscal Years....146
Principal Employers – Current and Nine Years Ago....147
Operating Indicators by Function/Program – Last Ten Fiscal Years....148
Capital Asset and Infrastructure Statistics by Function/Program – Most Recent Fiscal Years....149
Full-Time Equivalent City Government Employees by Function – Most Recent Fiscal Years....150
Insurance Coverage....151

IX. SINGLE AUDIT SECTION
Schedule of Expenditures of Federal Awards....152
Notes to Schedule of Expenditures of Federal Awards....154
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*....155
Independent Auditor's Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133....157
Schedule of Findings and Questioned Costs....159
Schedule of Status of Prior Year Findings....163

I Introductory Section

City of Decatur
City Officials

Office	Official	Term of Office	
Mayor	Michael T. McElroy	05-01-2011 to 04-30-2015	elected
Council Members			
at large	Jerry Dawson	05-01-2009 to 04-30-2013	elected
at large	Pat McDaniel	05-01-2011 to 04-30-2013	elected
at large	Julie Moore-Wolfe	05-01-2009 to 04-30-2013	elected
at large	Larry Foster	05-01-2011 to 04-30-2015	elected
at large	Patrick Laegeler	05-01-2011 to 04-30-2015	elected
at large	Dr. Dana Ray	05-01-2011 to 04-30-2015	elected
City Manager	Ryan P. McCrady	per contract	contractual
City Treasurer	Ron E. Neufeld	05-01-2011 to 05-31-2012	appointed
	Gregg D. Zientara	06-01-2012 to 04-30-2015	appointed
City Clerk	Celeste Harris	05-01-2011 to 04-30-2012	appointed
	Linda Swartz	05-07-2012 to 04-30-2015	appointed

CITY OF DECATUR ILLINOIS

#1 GARY K. ANDERSON PLAZA DECATUR, ILLINOIS 62523-1196

October 24, 2012

Honorable Mayor Michael T. McElroy,
Members of the City of Decatur City Council,
Residents of the City of Decatur, and
Interested Parties:

This Comprehensive Annual Financial Report ("CAFR"), for the City of Decatur, Illinois ("City") for the fiscal year ended April 30, 2012 is hereby submitted. By Ordinance of the City Council, the City operates with a fiscal year commencing on May 1 and ending the following April 30. This CAFR presents the financial position of the City for the fiscal year May 1, 2011 through and including April 30, 2012, and is hereby referenced in this report as "fiscal year ending April 30, 2012".

The City is responsible for the accuracy of the information contained herewith, and the completeness and fairness of the presentation, including all disclosures.

To the best knowledge and belief of the City, the information contained in this report is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of all funds of the City of Decatur. All notes and disclosures necessary to enable the reader to gain an understanding of the financial activities have been included in this report.

Generally Accepted Accounting Principles ("GAAP") requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management Discussion & Analysis ("MD&A").

This letter of transmittal is intended to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found in Section II of this CAFR, immediately following the independent auditors report.

The CAFR is presented in nine (9) sections as follows:

I) Introductory information,
II) Financial information,
III) Required supplementary information,
IV) Supplementary information Governmental funds,
V) Supplementary information Non major enterprise funds,
VI) Supplementary information Internal service funds,
VII) Supplementary information Fiduciary funds,
VIII) Statistical information, and
IX) Single Audit section.

The introductory section (I) includes this transmittal letter, City Officers & Officials, City organizational chart, and Certificate of Achievement for Excellence in Financial Reporting awarded to the City of Decatur for the year ended April 30, 2011.

The financial section (II – VII) includes the independent auditor's report of CliffftonLarsonAllen, LLP, ("CLA") basic financial statements and notes and disclosures to the financial statements, and the combining and individual fund and other financial statements and disclosures.

The statistical section (VIII) includes financial and community demographic facts and data, generally presented on a multi-year comparative basis, in order to provide the reader of this CAFR a broad understanding of the trends with respect to City operations and information.

The Single Audit section (IX) includes the results of the CLA supplemental audit of the City's federal awards and internal controls with respect to these federal awards, necessary for federal award compliance.

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget Control, A-133, Audit of States, Local Governments and Non-Profit Organizations.

Independent Auditor's report, including schedule of federal financial assistance, findings and recommendations, report on internal control structure, and compliance with applicable laws and regulations, is included in Section IX of this CAFR.

General Information

The City of Decatur is the county seat of Macon County, Illinois, and is the thirteenth (13) largest city within the State of Illinois, whereas Macon County is the nineteenth (19) largest county within the State of Illinois, according to the 2010 U.S. Government Census. The County has a total land mass area of 581 square miles and contains seventeen (17) townships and twelve (12) municipalities.

The City of Decatur is located within the central heartland of the agricultural region of the State of Illinois and is in the geographic center of the state. The City of Decatur is located sixty (60) miles west of the Illinois / Indiana State boundary line, one-hundred and seventy-five (175) miles south of Chicago, one-hundred and twenty (120) miles northeast of St. Louis, Missouri, and within a region of fifty (50) mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois.

The year 2010 U.S. Bureau of the Census population for the City of Decatur was reported as 76,122, whereas the year 2010 Census population for Macon County was reported as 110,768.

Macon County is the epitome of America's agricultural heartland. Vast expanses of corn and soybean cropland cover eighty-four percent (84%) of the County landmass. Macon County continues as a major center for agribusiness with many local and global businesses participating in a thriving manufacturing economy based in large part on the agricultural resources in the County.

Decatur and Macon County is a vibrant and diverse area with a strong local economy based on a mix of manufacturing and service, agricultural, higher education and other commercial based industries. The diverse economic mix creates varied employment opportunities for residents while providing some level of diversification from economic downturns.

The City of Decatur provides a full range of governmental services to citizens. Services include general government, public safety police and fire protection, street construction and maintenance, infrastructure construction and maintenance, water utility services to commercial, industrial and residential properties within the city, and parking operations within the central city footprint.

The City of Decatur was incorporated in 1836, and since 1971 has operated as a Home Rule unit of local government pursuant to the State of Illinois Constitution. The City operates under a managerial form of government, under which the elected Mayor and City Council discharge the legislative function and establish municipal policy, with an appointed City Manager responsible for all city administrative and operational functions.

The City of Decatur governmental structure includes elected officials and appointed officials as follows with defined management and legislative authority in compliance with State of Illinois Statutes.

Mayor	Chief Legislative Officer Chair of Council Non partisan	4 year term
Council Members	6 member legislative body All members non partisan	4 year term
City Manager	Appointed by Mayor	Contractual term
City Clerk	Recording Secretary of Council Appointed by Mayor	4 year term
City Treasurer	Appointed by Mayor	4 year term

Mayor and three (3) Council seat member terms are elected every four (4) years with the remaining three (3) Council seat member terms elected every two (2) years hence. Mayoral and Council elections are held in April of election years.

Economic Demographics, Economic Condition, Position & Outlook

The City of Decatur and Macon County, historically and at present, has experienced a strong and vibrant economic profile based on a mix of employment including agriculture, manufacturing and service, higher education, and other commercial based industries.

Population

The current population for the City of Decatur is reported at 76,122 inhabitants according to the 2010 U.S. Bureau of Census, thus representing a decline in population level in comparison to the year 2000 U.S Bureau of Census population of 81,860.

The population demographics of the City of Decatur closely resembles the state and national profiles, albeit, with certain divergences. Versus the state and national profiles, current demographics indicate higher female population, a slightly younger age disbursement, a lower demographic in the primary wage earner ages of 25-64 year of age, a higher post 65 years of age demographic, a demographic skewed towards unmarried residents, and a less diverse race demographic given the lower level of Asian and Hispanic population, with home ownership level in line with state demographics and above the national demographics.

The following provides a current demographic profile of the residents of Decatur as compared to the state and national profiles.

		City of Decatur	State	National
Gender	Male	46.9%	49.1%	49.2%
	Female	53.1%	50.9%	50.8%
Age	0 – 24 years of age	34.1%	33.9%	33.8%
	25 – 44	23.1%	27.3%	26.6%
	45 – 64	26.2%	26.1%	26.4%
	65 +	16.6%	12.7%	13.2%
	Median age (in years)	38.6	36.6	37.2
Race	White alone	74.9%	71.5%	72.4%
	Black alone	20.7%	14.5%	12.6%
	American Indian alone	0.2%	0.3%	0.9%
	Asian alone	1.1%	4.6%	4.7%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (multiracial)	3.1%	9.1%	9.2%
	Hispanic origin	1.8%	16.1%	16.6%
Marital status	Never married	30%	32%	30%
	Married	48%	53%	53%
	Widowed	8%	6%	6%
	Divorced	14%	9%	11%
Households	Total number	32,315	4,846,144	117,457,661
Families	Total number	19,467	3,190,022	78,084,849
	Avg. household	2.24	2.59	2.58
Home ownership	Owner occupied	21,248	3,227,010	75,460,316
	Renter occupied	11,067	1,619,134	41,997,345

Data source: 2010 US Census, Esri demographic profile report

Education

The educational profile of the City of Decatur residents age 25 and older diverges from both the state and national profile, whereby, the percentage of population earning educational degree completion beyond high school graduation lags both the state and national levels. Population with high school graduation and some college experience is higher than both the state and national profiles.

The following provides a current demographic profile of the residents of Decatur as compared to the state and national profiles.

	City of Decatur	State	National
Less than Grade 9	4.1%	6.3%	6.3%
Grade 9 – 12, no diploma	9.9%	7.6%	8.5%
High school graduate	37.3%	28.1%	29.6%
Some college, no degree	21.7%	20.4%	19.9%
Associates degree	6.8%	7.5%	7.7%
Bachelors degree	13.3%	18.7%	17.6%
Graduate degree	6.9%	11.4%	10.4%

Data source: 2010 US Census, Esri demographic profile report

The City of Decatur Community School Corporation, District 61, is the primary responsible authority for the elementary and secondary school structure within the City of Decatur. In addition, school corporation authorities of Argenta/Oreana, CerroGordo, Maroa/Forsyth, Meridian, Mt. Zion, and WarrensburgLatham have jurisdiction for elementary and secondary school structure within certain township locales within the City of Decatur Corporation limits. In addition, Roman Catholic parochial schools at both the elementary and secondary level, as well as other religious affiliated schools at both the elementary and secondary level, remain a vibrant part of the primary and secondary educational structure within the City of Decatur.

The City of Decatur includes two institutions of higher education including Millikin University and Richland Community College.

Employment

The total resident labor force in the City of Decatur according to the 2010 U.S Bureau of Census was reported as 31,910 resident workers for employed population 16 years and older.

The employment profile for the City of Decatur is comprised of 58.9% service industries, 22.5% other industries and 18.6% manufacturing and construction industries. Service sector is the largest employment category with 15,446 workers or 48.4% of the workforce population. Other significant employment sectors include manufacturing with 4,277 workers or 13.4% of the workforce, followed by retail trade at 3,733 workers or 11.7%, transportation / utilities at 2,138 workers or 6.7%, finance / insurance / real estate at 1,691 or 5.3% and construction at 1,659 or 5.2%. The remaining categories employ 2,966 workers or 9.3% of the workforce.

Employment statistics for the City of Decatur's major economic sectors are as follows for employed population 16 years and older:

Economic Sector	Employment	% of Total
Agriculture/mining	351	1.1%
Construction	1,659	5.2%
Manufacturing	4,277	13.4%
Wholesale trade	957	3.0%
Retail trade	3,733	11.7%
Transportation/utilities	2,138	6.7%
Information	574	1.8%
Finance/insurance/real estate	1,691	5.3%
Services	15,446	48.4%
Public administration	1,084	3.4%
Total	31,910	100.0%

Data source: 2010 US Census, Esri demographic profile report

Employment statistics for the City of Decatur by occupation type is as follows for employed population 16 years and older:

Occupation	Employment	% of Total
White collar	17,391	54.5%
Services	6,542	20.5%
Blue Collar	7,977	25.0%
Total	31,910	100.0%

Data source: 2010 US Census, Esri demographic profile report

The ten (10) largest employers in the City of Decatur are represented in the following chart. Three (3) of the top ten employers are classified in the manufacturing sector, three (3) are classified in the service sector, with two (2) each in the education and government sectors. The top ten employers account for 16,539 workers representing approximately 52% of the resident labor workforce.

Employer	Employees
Caterpillar Tractor Co.	4,665
Archer Daniels Midland Co.	4,040
Decatur Memorial Hospital	2,374
Decatur Public School Corporation	1,500
St. Mary's Hospital	1,136
Tate & Lyle (aka AE Staley Co.)	634
Millikin University	627
Macon County	545
Ameren (aka Illinois Power Company)	512
City of Decatur	506
Total	16,539

Data source: Decatur Economic Development Foundation and Illinois Department of Employment Security

The City of Decatur continues to place high emphasis on a growing and diversified local economy. The City has been historically active in supporting manufacturing operations, offering a strong residential labor force, with low-cost alternatives to other cities in Illinois and in the Midwest region. In addition, the City offers a strong infrastructure backbone for establishment of manufacturing, transportation, and distribution industry operations in the City footprint.

The City of Decatur is the corporate headquarters home to Archer Daniels Midland, a multi-national business concern in the agribusiness industry and a trailblazer in the quest for new alternative energy sources. Decatur is also the global manufacturing location for the mining heavy-equipment business unit of Caterpillar Tractor Company, and is the principal United States manufacturing and operations center for Tate & Lyle (formerly known as A.E. Staley Company), a multi-national business concern in the food additives industry.

Unemployment

Unemployment statistics as of April, 2012, as reported by the State of Illinois Bureau of Labor Statistics, reflects an unemployment rate of 9.4% in the City of Decatur. The reported unemployment rate is above the State of Illinois and National levels. The City of Decatur unemployment rate is reduced from the unemployment rate of one year ago of 9.9%.

Locale	Unemployment % April, 2012	Unemployment % April, 2011
City of Decatur	9.4%	9.9%
Bloomington / Normal	6.2%	6.3%
Champaign / Urbana	7.0%	7.5%
Peoria	7.1%	8.2%
Springfield	6.7%	6.9%
State of Illinois	8.6%	9.2%
National	8.1%	9.0%

Data source: Bureau of Labor Statistics

Personal Income

The City of Decatur presently has an estimated 32,315 households with an average per capita personal income of $23,060, according to the 2010 U.S. Census, which compares to the State of Illinois average per capita income of $27,793 and the United States per capita income of $26,391. Median household and average household income levels for the City of Decatur are below both the state and national levels.

$ whole	Decatur	State	National
Per capita income	23,060	27,793	26,391
Median household income	41,923	53,391	50,227
Average household income	52,587	72,011	68,013

Data source: 2010 US Census, Esri demographic profile report

Cost of Living

The City of Decatur maintains an affordable cost of living currently ranked 10% below the national average and continues to be one of the greatest advantages of living in the community. Decatur ranks favorably when compared to similar locations within the state and the region.

The following chart depicts the cost of living ranking of the City of Decatur in comparison to other locales within the State of Illinois, closely located major centers, and national epicenters.

	Ranking
National average	100%
Decatur	90%
Bloomington / Normal, IL	96%
Champaign / Urbana, IL	97%
Peoria, IL	93%
Springfield, IL	88%
Indianapolis, IN	91%
St. Louis, MO	91%
Chicago, IL	107%
New York, NY	155%

Data source: Kiplinger Letter

The housing costs in Decatur are below the state and national averages. Per a report compiled by Esri for median home values in year 2010, the median home value for a single family home in the City of Decatur statistical area was $80,485 as compared to a median home value in the State of Illinois of $177,601. The national median home value is $157,913.

Economic Condition and Position

The Decatur economy is largely a manufacturing driven economy with service industry economic drivers supporting the main employment thrust in the City, as evidenced by the supporting statistics previously reported in this document.

The educational element of the economy, with the presence of Millikin University and Richland Community College, continues to be an important contributor to the economic profile of the City of Decatur.

In addition, the cultural and recreational offerings of Millikin University and Richland Community College, coupled with the Decatur Parks District, provide an array of events and activities that generate economic activity within the City of Decatur, contributing to the local economy.

The City has long maintained and continues to maintain a healthy city economic philosophy, whereby, it is incumbent upon the City to possess the essential financial resources to provide essential services to taxpayers and stakeholders, at all times, regardless of the economic climate existing in the community.

The City is financially stable, with adequate reserves that have assisted the City to weather the economic recession that has affected the local and national economy in the last fiscal years.

However, the City is not immune to any lack of economic development in all economic sectors driving the local and national economies.

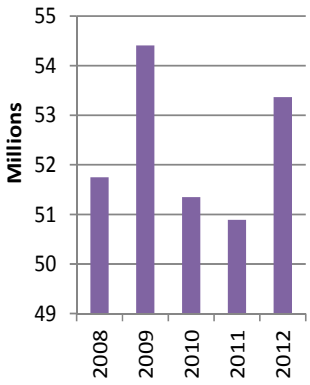
Commencing in fiscal 2008, the City anticipated the negative impact of stagnated economic drivers that would impact the local economy, and initiated actions that would secure and protect the City financial affairs. These actions included, rationalization of required services as provided by the city, reduction in City employment force through an early retirement offering for eligible employees, and continued review of operational costs of City operations and required services to taxpayers.

These efforts were successful in placing the City in an improved financial position, versus the position had these actions not been taken and implemented. As a result, the City has been able to continue all required services to taxpayers and stakeholders, without disruption, and within the constructs of a balanced general fund budget.

The following chart identifies the expense control exhibited by City Administration in management of general fund expenditures over the five (5) year period from fiscal 2008 to fiscal 2012.

Year $	General Fund Expenditure	Change from Prior Year	% Change
2008 fiscal year actual	51,748,799		
2009 fiscal year actual	54,406,697	2,657,898	5.1%
2010 fiscal year actual	51,349,950	(3,056,747)	(5.6)%
2011 fiscal year actual	50,889,268	(460,682)	(0.9)%
2012 fiscal year actual	53,364,592	2,475,324	4.9%
2012 vs. 2008	1,615,793	1,615,792	3.1%
% change	3.1%		

Data source: City of Decatur cash basis accounting records



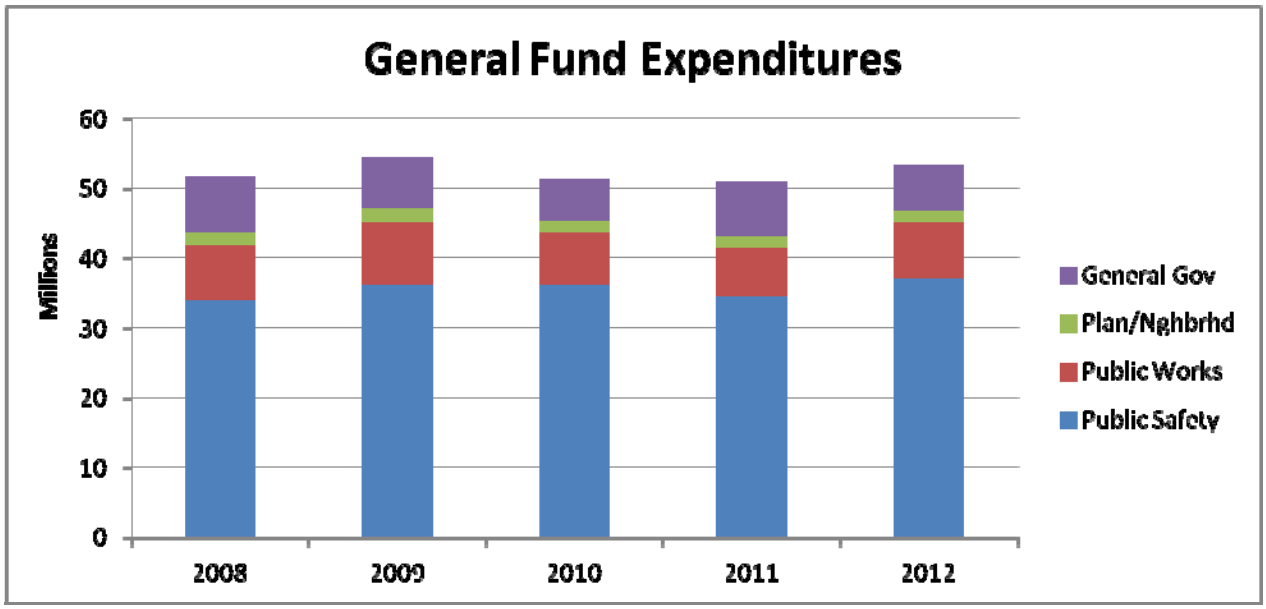
The City's General Fund provides the financial resources to pay for public safety protection including police and fire operations; public works operations, including City engineering services, street and municipal operations; community development activities of the planning and neighborhood development operations; and general government operations including, legislative, City management, legal, finance and administration, and certain general service functions of City operations.

General Fund expenditures over the period from fiscal year 2008 have increased 3.1%, a level below the inflationary increase over the four year period. In addition, despite contractual wage obligations over the period of 2-3% annually, the City has been able to control spending in non contractual labor areas to limit overall cost increases impacting overall expenditures. The City has accomplished this through cost controls and expenditure rationalization in all areas of City operations. The City has successfully met this challenge of cost control without disruption or reduction of essential City services.

At closer view of General Fund expenditures, in the chart below, general fund expenditures over the period from 2008 to 2012, have increased primarily due to cost additions in public safety, offset by reductions in community development planning and neighborhood services and general government operations. The public safety increases are primarily the result of increased contributions to fund the public safety police and fire pension funds.

Fiscal Year $	Public Safety	Public Works	Planning & Neighborhood	General Government	Total Expenditure
2008 actual	33,871,289	7,976,466	1,811,032	8,090,012	51,748,799
2009 actual	36,149,964	9,007,188	1,992,498	7,257,047	54,406,697
2010 actual	36,144,026	7,574,225	1,643,090	5,987,608	51,348,949
2011 actual	34,422,066	7,044,028	1,573,282	7,849,892	50,889,268
2012 actual	37,069,095	8,091,150	1,633,284	6,571,063	53,364,592
2012 vs. 2008	3,197,806	114,684	(177,748)	(1,518,949)	1,615,793
% change	9.4%	1.4%	(9.8)%	(18.8)%	3.1%

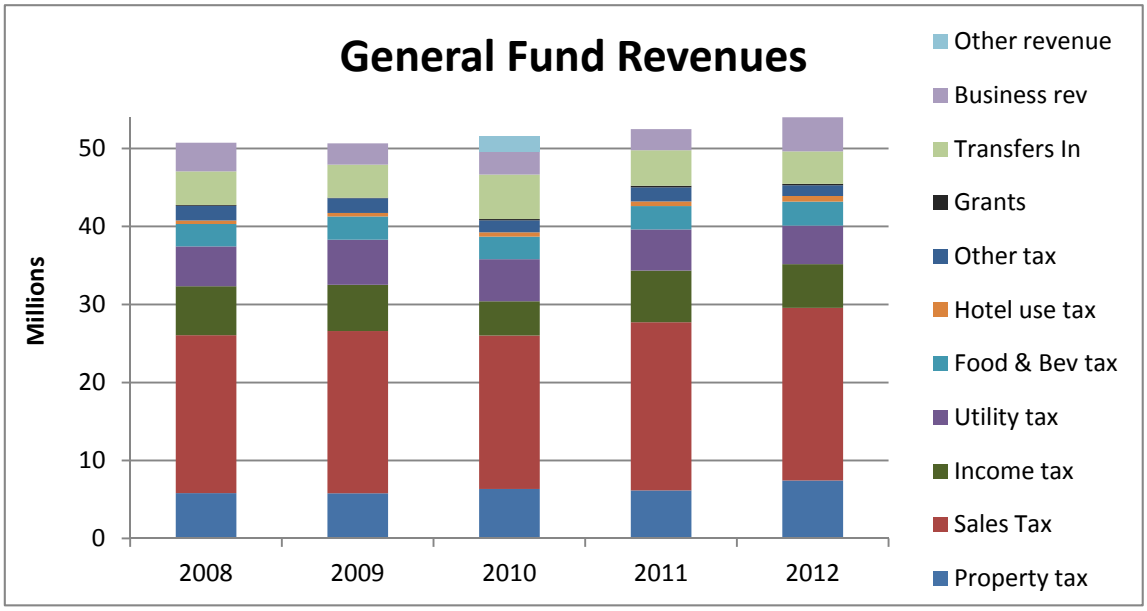
Data source: City of Decatur cash basis accounting records



The following chart identifies the revenue sources funding the City General Fund over the five (5) year period from fiscal 2008 to fiscal 2012.

Fiscal Year $	2012	2011	2010	2009	2008
Property tax	7,432,691	6,175,061	6,345,009	5,786,997	5,815,727
Sales tax	22,120,709	21,551,003	19,662,961	20,797,320	20,241,605
Income tax	5,621,265	6,621,569	4,392,623	5,938,961	6,286,422
Utility tax	4,938,899	5,281,231	5,399,837	5,786,774	5,090,979
Food & Beverage tax	3,085,818	2,987,815	2,893,444	2,963,871	2,877,615
Hotel use tax	716,136	601,716	555,277	451,141	454,322
Other tax	1,378,015	1,795,123	1,541,442	1,891,432	1,883,559
Grants	174,378	203,671	163,968	59,166	110,213
Transfers In	4,171,814	4,564,180	5,705,265	4,252,959	4,298,659
Business revenue	4,363,522	2,704,738	2,899,275	2,726,124	3,684,645
Other revenue	-	-	2,000,000	-	-
Total	54,003,247	52,486,107	51,559,101	50,654,745	50,743,746

Data source: City of Decatur cash basis accounting records



The primary revenue source for the City General Fund remains tax based revenues.

Of note, the property tax revenues received by the City according to the Tax Levy in effect, provide the cash resources to fund City contributions to the Police and Firemen's Pension Fund, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of the General Obligation Bond debt payments, provide City funding for a portion of the City contribution to the IMRF (Illinois Municipal Retirement Fund) covering City Management and AFSCME employees, and provides funding for the City contribution to the Decatur Municipal Band.

The cost of day to day City government operations as well as capital spending requirements of City operations, including general government, public safety police and fire protection, public works streets & municipal services

and infrastructure operations, are not funded by property tax revenues, but rather are funded by other taxes including locally imposed or state distributed sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor tax, as well as by business revenues generated by city operations.

The City bond rating remains at Aa2, high quality rating, as rated by Moody's Investor Services, for the general obligation debt currently outstanding.

The Management Discussion & Analysis and accompanying financial statements, and notes to the financial statements, contained later in this CAFR, presents in full the financial activities and condition of the City of Decatur.

Economic Development & Infrastructure Development

Executive Management of the City of Decatur continues to pursue economic development and public works opportunities that will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

Downtown Revitalization – The City's Downtown Streetscape project represents a $14 million public development imagined as the next step in efforts to bring a new look, feel and energy to the City's Central Business District. The three-phased plan will bring new sidewalks, landscaping, lighting, recreational opportunities and other amenities to Downtown Decatur. Improvements to Central Park, Merchant Street and Lincoln Square are also planned while 120-140 new downtown parking spaces to facilitate the expected increase in activity will be added. A second round of work is now underway with project completion scheduled for 2013.

Downtown Parking - The Decatur City Council has agreed informally to remove parking meters in Downtown Decatur, going to free parking with varying time limits in different areas as part of ongoing streetscape improvements. The downtown area will have free parking in all on-street spaces with time limits based on adjacent land uses. Parking lots A (near the Courthouse) and F (east of County office building) will continue to have parking meters while Parking Garage C will have a combination of permit parking and parking meters.

Franklin Street Water Tower – The City held a ribbon cutting for the newly constructed, 1-million gallon capacity tank at 3635 S. Franklin Street Road in November. Both the tower and South Pressure Zone Booster Pump Station were constructed to ensure consistent and reliable water pressure for Decatur water customers south of Lake Decatur and the Sangamon River. The total project cost was approximately $2.6 million, with 75 percent of the total funded through the Illinois Environmental Protection Agency's Public Water Supply Loan Program at 0% interest. The rest of the project was funded with American Recovery and Reinvestment Act (Stimulus) funds the City received at no cost and will not have to repay.

Downtown Streetscape / Truck Rerouting – The City is to receive $1.9 million in federal funds to help improve the streetscape along the heavily traveled Franklin and Main Street corridors. Additionally, the City recently negotiated to receive control of the Main St. corridor from the State of Illinois, allowing for the rerouting of truck traffic out of the area in such a way so as not to make things hard on truckers.

Eldorado Streetscape Improvements – This project was recently completed bringing a new roadway, sidewalks, curbs and other aesthetic improvements to the section of Eldorado Street between Church Street and the railroad tracks just east of Martin Luther King Jr. Drive. Additionally, the State of Illinois recently completed work to resurface the section of Eldorado between the railroad and 19th Street east of the City's work, meaning that Eldorado Street will have been completely resurfaced from Church Street to 19th Street once all work is completed. The $2.6 million project was funded by a $1.2 million federal transportation grant, $1.09 million from the Illinois Department of Transportation and $308,280 in Motor Fuel Tax funding allocated by the City of Decatur.

Lakefront Development Project – The Decatur Park District and the City continue to work together to bring a new face and amenities to the Nelson Park lakefront. The project, as discussed will create a destination for both local residents and people who come to our city to live, work and play. The planned dog park has already been completed with work on a new pier area and other upgrades expected to begin in 2012.

Jackson Ford Development Agreement – The Decatur City Council this year approved a redevelopment agreement with Jackson Ford and Jackson Family Limited Partnership which will allow for the construction of a new dealership on the site currently occupied by its Ford dealership on East Pershing Road. This $4.1 million project will continue the recent development of the Pershing Road corridor and is expected to result in added value to the site in the form of an increased Equalized Assessed Valuation (EAV) and sales.

Mound Center Development – Plans are for the next stage of Mound Center at the intersection of U.S. 51 and Mound Road to include a Smashburger, which ranked first in the most recent Forbes Magazine list of America's Most Promising Companies. According to Forbes, this Denver-based company is expected to grow to 143 locations throughout the U.S. and $54 million in annual revenue by the end of the year with 450 more franchise agreements currently in place. An overriding goal for the city at this location has been to recruit new retail and/or restaurant space not currently operating in the City as a means to drive both local and out-of-town traffic to the City to dine or shop. This strategy in staff's opinion has been successful in bringing to our community entities that were highly desirable by local residents and that, today, continue as popular destinations. (Target, Olive Garden, Starbucks, Papa Murphy's Pizza, etc.).

Identification of Additional Water Supply – Council members voted unanimously to fund additional work to confirm that shallow groundwater wells near the City's South Water Treatment Plant could help secure needed additional water supply. The community needs an estimated 10,000 acre feet of water to be able to supply the community during drought and it is thought that the wells might provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously.

Administrative Court (A.C.E.S.) – This year saw the approval of a new Administrative Court, a new tool in efforts to better clean up and maintain the city. Ordinance violations are currently prosecuted in Circuit Court with the exception of violations of the city's noise ordinance and unlawful use of a motor vehicle charges. The types of cases that could be heard in administrative court could include, among other types, those related to property maintenance, garbage and littering complaints, certain building code and overweight vehicle cases. The new system is expected to begin in the coming weeks.

New Single Stream Recycling – City residents have responded in record numbers to the new city single-stream recycling program. More than 50 percent of city households have signed up to participate in the program and the amount of recycled material continues to increase as residents get used to the program. The City's Sustainability Plan had hoped to reach 30% participation by the year 2020 and some residents say that they actually no longer need twice per week garbage service as the amount of garbage generated has been reduce dramatically with the new recycling system. The participation rate prior to the new program being implemented was about 15 percent.

Lake Decatur Dam Repair – This $3.4 million investment was critical to protecting our ability to control lake levels and protect the Lake Decatur/Sangamon River shoreline. The project rehabilitated mechanical systems, replaced seals and cylinders and repaired the upstream face of the dam. The work continues a recent history of investment in the city's water system, keeping with a stated council goal of improving the local water supply. Other projects in recent years have included:

- South Water Tower and Pressure Zone: Contract Amount - $2.665 Million
- Martin Luther King Jr. Drive Water Main Project : Contract Amount - $5.93 million
- South Water Treatment Plant Phase II Improvements: Contract Amount - $1.76 million
- Basin 6 Dredging: Contract amount - $11.75 million

Lake Decatur Basin 6 Dredging – The dredging of Basin 6 was completed in 2011, weeks earlier than had been anticipated. Dredging is a necessary step in maintaining Lake Decatur both for recreational purposes and as the city's water supply. The Basin 6 dredging removed 1,670 acre-feet of sediment, which is equivalent to 544 million gallons of water.

Sustainable Decatur Plan Wins American Planning Award – Decatur's "Sustainable Decatur" plan/process this year won an American Planning Association - Illinois Chapter award in the Sustainability Planning category. The award was given during the group's October conference and honors the community's recently completed plan that sets long term goals for sustainability in the areas of recycling, water, energy and land use.

Brush College Road – The Decatur City Council recently hired a firm to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Faries Parkway.

Corridors Project – The City will receive a grant of more than $1 million to improve the appearance of corridors within the city's corporate limits, work that is expected to include addressing the appearance of railroad overpasses. The city is in the process of putting together a plan to submit to the Illinois Department of Transportation with work to begin once the plan is approved.

Financial / Single Audit / Budgetary Controls

The City Management Team, under the direction of the City Manager, 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 is 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: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the City is 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 of the City. As part of the City's single audit, tests are performed 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 has complied with applicable laws and regulations.

The results of the City's single audit for the year ended April 30, 2012 disclosed no instances of significant deficiencies or material weaknesses in the internal control structure and no significant violations of applicable laws and regulations.

Budgetary Controls

In accordance with State of Illinois Statutes and Home Rule Authority adopted by the City of Decatur, the City maintains budgetary controls integrated within the accounting system to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted and approved by the City of Decatur City Council.

Activities of the general fund, special revenue funds, capital project funds, internal service funds, and enterprise funds have been included in the annual appropriated budget. Motor Fuel Tax, Debt Service, DCDF, Inc., and the non-tax levy portions of the Police and Fire Pension Funds are not included in the annual appropriated budget.

By Ordinance of the City Council, the organizational level for which expenditures cannot exceed the appropriated amount is by organizational division in the General Fund; by organizational division in the Water Fund; and at fund level for all other funds of City operations.

Expenditures contemplated in excess of appropriated amounts require City of Decatur Council approval prior to expenditure commitment.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at fiscal year end and are required to be appropriated in the subsequent year.

City Vision, Goals, and Objectives

In 2009, the City of Decatur and Macon County developed a comprehensive joint land use and development plan to guide the vision for the community's future growth and development.

Current & Future Vision for the City of Decatur

The City of Decatur and Macon County are blessed with the fertile farmland and the varied topography of the Sangamon River valley that has shaped region history, identity and economy over the past 200 years. We honor this rich natural history as we shape a sustainable future by:

Capitalizing on our unique environmental resources to create regionally attractive recreational opportunities,

Building on our agricultural history by using the resources of the land to create quality jobs for our residents through new technologies and an economy that is competitive in the world market,

Meeting the needs of our citizens through the coordinated use of our resources to provide a high quality of education, housing, community services and employment,

Resulting in a sense of pride in place and fostering opportunities for public involvement that are responsive to the needs of our citizens.

The Comprehensive Plan set forth a vision which looks back to the land which brought us here today and looks forward to the opportunities this same environment can offer future generations as a place to live, work, and play. This vision will be realized by addressing five key themes.

- Balanced Land Conservation and Development,
- An Accessible and Connected County,
- A Quality of Life Community,
- A Diversified Economy,
- A Sense of Pride in Place

Balanced Land Conservation and Development. Community residents value both the vista and open spaces created by our agricultural landscape and the opportunities created by new housing choices. We commit to a plan which conserves the unique and significant natural features of our Region while compactly creating opportunities for the future.

An Accessible and Connected Community. Providing quality transportation service has been a major strength of our region. We move into the future with a well developed system of rail, road, and mass transit. We commit to a plan which reinforces these connections through the completion of the South East Beltway while increasing the capacity of the transportation system to support a full range of travel choices for residents and visitors.

A Quality of Life Community. Our villages and neighborhoods are the life blood of the larger City and Macon County community and at the heart is the urban core of the City of Decatur. The strength of each is dependent on many factors working together – safety, educational opportunities, access to services, and housing choices. We commit to a plan which puts the health of our existing municipalities and neighborhoods first.

A Diversified Economy. Quality of life is tied to the strength of the local economy. A more diversified economy is more stable and creates a wider range of employment choices. As the City of Decatur and Macon County enters

the 21st Century, it is the midst of a fundamental transition from an industrial economy. The regional role as a provider of retail and healthcare services continues to grow. It is, however, the image and identity of our leading agricultural industry that positions us to become the center of technological innovation and research in agri-business, healthcare and other regionally significant industries. We commit to a plan which prioritizes the land use, transportation and infrastructure changes that are necessary to ensure that this transition is successful.

A Sense of Pride in Place. The City of Decatur and Macon County has a rich tradition embedded in the lives of its founding families and the working men and women whose legacy is found in the culture and institutions. We commit to a plan which reinforces the values we have to celebrate and the ways we can make them more a part of our daily lives.

The City of Decatur is committed to realization of the vision, goals and objectives as defined within the Comprehensive Plan and will continue to employ all efforts within the constructs of the City available financial resources to accomplish such realization.

Other Information

Independent Audit

In accordance with State of Illinois Statutes, the City is required to be annually audited by independent certified public accountants.

The audit was performed by CliftonLarsonAllen, LLP.

In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133.

The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section (section II) of this report.

For each of the past twenty (20) years consecutively, including the year ended April 30, 2012, the City has received an unqualified audit opinion from the independent auditors.

The auditor's report related specifically to the single audit required by the Single Audit Act of 1984 is included in a separately filed report included in section IX of this CAFR 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, 2011.

This was the thirty-ninth (39) consecutive year that the City of Decatur has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year. The City of Decatur believes that the current comprehensive annual financial report, contained herewith, continues to meet the GFOA Certificate of Achievement Program requirements, and thus, the City of Decatur will submit this CAFR report to the GFOA for consideration.

Acknowledgments

The preparation of this comprehensive annual financial report, for the City of Decatur, was made possible by the dedicated service of the staff of the City Department of Financial Management.

All contributing members of the City of Decatur receive our sincere appreciation for their contribution in the preparation of this report. In addition, we thank the work performed by the independent audit firm of CliftonLarsonAllen, LLP, for their timely work and dedication in this effort.

Finally, without the leadership and support of Mayor Michael McElroy, members of the City Council, and City Department Heads, preparation of this report would not have been possible.

Closing

This letter of transmittal and Comprehensive Annual Financial Report for the City of Decatur is respectively submitted for the fiscal year ended April 30, 2012.

Ryan P. McCrady
City Manager

Gregg D. Zientara
City Treasurer & Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur Illinois

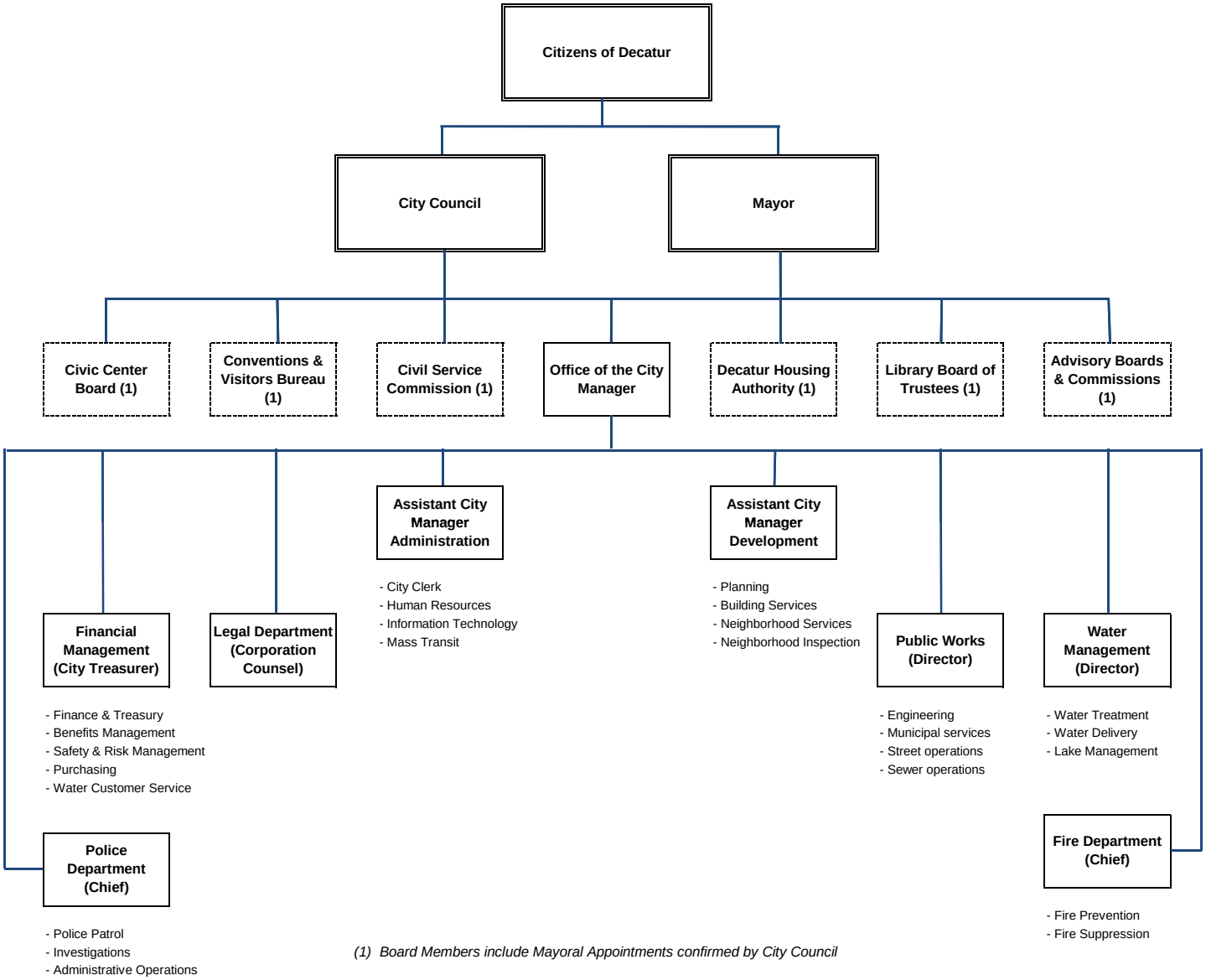
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2011

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

City of Decatur, Illinois
Organizational Chart



(1) Board Members include Mayoral Appointments confirmed by City Council

Effective as of May 1, 2012

II Financial Section

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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 City of Decatur, Illinois as of and for the year ended April 30, 2012, which collectively comprise City of Decatur, Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, insofaras it relates to the amounts included for such component units, is based solely on the report of other auditors. The financial statements of the Civic Center Authority were not audited in accordance with *Government Auditing Standards.*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Decatur, Illinois as of April 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2012 on our consideration of City of Decatur, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Illinois' basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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.

CliftonLarsonAllen LLP

Danville, Illinois
October 24, 2012

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2012

The Management of the City of Decatur, Illinois ("City") provides herewith, this Management Discussion & Analysis ("MD&A") of the financial activities and financial condition of the City of Decatur for the fiscal year ended April 30, 2012.

Readers of the information contained within this Management Discussion & Analysis, and any opinion derived therein, should be considered as a part of the greater whole of the financial statements, notes to the financial statements, supplemental information and letter of transmittal, as contained within this Comprehensive Annual Financial Report ("CAFR").

The City of Decatur is the county seat of Macon County, Illinois, and is the thirteenth (13) largest City, in the State of Illinois, whereas Macon County is the nineteenth (19) largest county within the State of Illinois, according to the 2010 U.S. Government Census.

The City of Decatur is located within the central heartland of the agricultural region of the State of Illinois and is in the geographic center of the state. The City of Decatur is located sixty (60) miles west of the Illinois / Indiana State boundary line, one-hundred and seventy-five (175) miles south of Chicago, one-hundred and twenty (120) miles northeast of St. Louis, Missouri, and within a region of fifty (50) mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois.

The year 2010 U.S. Bureau of the Census population for the City of Decatur was reported as 76,122, whereas the year 2010 Census population for Macon County was reported as 110,768.

Decatur and Macon County is a vibrant and diverse area with a strong local economy based on a mix of manufacturing and service, agricultural, higher education and other commercial based industries. The diverse economic mix creates varied employment opportunities for residents while providing some level of diversification from economic downturns.

The City of Decatur provides a full range of governmental services to citizens. Services include general government, public safety police and fire protection, street construction and maintenance, infrastructure construction and maintenance, water utility services to commercial, industrial and residential properties within the city, and parking operations within the central city footprint.

The City of Decatur was incorporated in 1836, and since 1971 has operated as a Home Rule unit of local government pursuant to the State of Illinois Constitution. The City operates under a managerial form of government, under which the elected Mayor and City Council discharge the legislative function and establish municipal policy, with an appointed City Manager responsible for all city administrative and operational functions.

The City of Decatur governmental structure includes elected officials and appointed officials as follows with defined management and legislative authority in compliance with State of Illinois Statutes.

Mayor	Chief Legislative Officer Chair of Council Non partisan	4 year term
Council Members	6 member legislative body All members non partisan	4 year term
City Manager	Appointed by Mayor	Contractual term
City Clerk	Recording Secretary of Council Appointed by Mayor	4 year term
City Treasurer	Appointed by Mayor	4 year term

Mayor and three (3) Council seat member terms are elected every four (4) years with the remaining three (3) Council seat member terms elected every two (2) years hence. Mayoral and Council elections are held in April of election years.

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Total Assets	149,717,444	147,607,075	71,834,078	79,497,180	221,551,522	227,104,255
Total Liabilities	117,474,264	115,175,820	12,874,535	11,148,133	130,348,799	126,323,953
Net Assets						
Capital net of debt	19,474,067	15,721,174	46,571,347	52,810,641	66,045,414	68,531,815
Restricted	7,846,041	27,950,290	-	-	7,846,041	27,950,290
Unrestricted	4,923,072	(11,240,209)	12,388,196	15,538,406	17,311,268	4,298,197
Total net assets	32,243,180	32,431,255	58,959,543	68,349,047	91,202,723	100,780,302
Change vs. pr year	(188,075)	(2,456,988)	(9,389,504)	(3,844,381)	(9,577,579)	(6,301,369)
Expenses	77,234,806	76,060,643	23,062,768	22,648,372	100,297,574	98,709,015
Revenues	77,046,731	73,603,655	13,673,264	18,803,991	90,719,995	92,407,646

- Government wide net assets (total assets less total liabilities) as of April 30, 2012 are $91,202,723.

- Government wide net assets decreased by $9,577,579 or 9.5% during the fiscal year ending April 30, 2012. Governmental activity net assets decreased by $188,075 or 0.6% whereas business activity net assets decreased by $9,389,504 or 13.7% during the fiscal year.

- Total assets as of April 30, 2012 of $221,551,522 decreased $5,552,733 or 2.4% as compared to total assets as of April 30, 2011.

- Total liabilities as of April 30, 2012 of $130,348,799 increased $4,024,846 or 3.2% as compared to total liabilities as of April 30, 2011.

- Government wide net assets of $66,045,414 are invested in capital assets net of debt and are therefore, not available for spending. $17,311,268 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. $7,846,041 is classified as restricted for debt service and capital outlay.

- Government wide revenue achieved in the fiscal year amounted to $90,719,995, a decrease of $1,687,651 or 1.8% versus government wide revenue achieved in the prior fiscal year. Governmental activity revenue increased $3,443,076 or 4.7%, whereas Business activity revenue decreased $5,130,727 or 27.3%, when compared to the prior fiscal year.

- Government wide program expenditures in the fiscal year ending April 30, 2012 amounted to $100,297,574, an increase of $1,588,559 or 1.6% from program expense of $98,709,015 in the prior fiscal year. Governmental activity expenditures increased $1,174,163 or 1.5%, whereas, Business activity expenditures increased $414,396 or 1.8%, when compared to the prior fiscal year.

- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

The City of Decatur's financial statements are comprised of three (3) components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government wide financial statements

The government wide financial statements are designed to provide readers with a board overview of the City of Decatur's finances using "accrual based accounting", a method of accounting used by private-sector business concerns.

- **Statement of net assets**

  This statement reports all assets and liabilities of the City of Decatur as of April 30, 2012. The difference between total assets and total liabilities is reported as "net assets", and can generally be thought of as the net worth of the City. Increases in net assets generally indicate an improvement in financial position, while decreases in net assets may indicate a deterioration of financial position.

- **Statement of activities**

  This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of Decatur for the year ended April 30, 2012. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenue available for general purposes including property tax, sales & use tax, other tax, fees for services and other revenue sources.

The government wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The major governmental activities of the City of Decatur include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, and arts & culture through the public library. The major business-type activities of the City include the water utility and mass transit operations.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Decatur can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use modified accrual accounting method. The City maintains three (3) major governmental funds (General, Library, 2010 Bond Project Capital) and twenty-eight (28) non-major governmental funds.

Proprietary Funds

The City of Decatur maintains two (2) types of proprietary funds: 1) enterprise and 2) internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains nine (9) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net assets for the Water Utility (2 funds) and Mass Transit (3 funds) which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Sewer, DCDF, Home Mortgage, and Recycling) are combined into a single, aggregate presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains five (5) internal service funds. The City of Decatur uses internal service funds to account for its self-insured liability insurance program, self-funded employee health benefits program, information technology program, fleet maintenance and equipment replacement programs. Because these services predominantly benefit governmental activities rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregate 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

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government wide financial statement because the resources of those funds are not available to support City programs. The City maintains two (2) fiduciary funds, which consist of the two (2) pension trust funds (Police Pension and Firefighters Pension). These two (2) funds are administered by the City.

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes and disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal and fiduciary funds are presented immediately after the basic financial statements within the financial statement section of the CAFR report.

Government wide financial statements

The following financial analysis will focus on the statement of net assets and statement of changes in net assets of the City's governmental and business type activities.

Statement of Net Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Assets						
Current & other	59,944,918	72,153,875	14,095,386	17,027,010	74,040,304	89,180,885
Capital assets (net)	89,772,526	75,453,200	57,738,692	62,470,170	147,511,218	137,923,370
Total Assets	149,717,444	147,607,075	71,834,078	79,497,180	221,551,522	227,104,255
Liabilities						
Current	32,770,148	29,110,208	2,403,290	1,841,283	35,173,438	30,951,491
Long term	84,704,116	86,065,612	10,471,245	9,306,850	95,175,361	95,372,462
Total Liabilities	117,474,264	115,175,820	12,874,535	11,148,133	130,348,799	126,323,953
Net assets						
Capital net of debt	19,474,067	15,721,174	46,571,347	52,810,641	66,045,414	68,531,815
Restricted	7,846,041	27,950,290	-	-	7,846,041	27,950,290
Unrestricted	4,923,072	(11,240,209)	12,388,196	15,538,406	17,311,268	4,298,197
Total net assets	32,243,180	32,431,255	58,959,543	68,349,047	91,202,723	100,780,302

As of April 30, 2012, City assets exceeded liabilities by $91,202,723, a decrease of $9,577,579 from the net asset level as of April 30, 2011.

Governmental net assets of $32,243,180 decreased by $188,075 versus the level at April 30, 2011, a decrease of 0.6%. Business net assets of $58,959,543 decreased by $9,389,504 versus the level at April 30, 2011, a decrease of 13.7%.

The decrease in the net asset position of the City results from a reduction in asset position of $5,552,733 coupled with an increase in liability position of $4,024,846.

Total assets decreased $5,552,733 or 2.4% as compared to the asset level of April 30, 2011. The decrease in assets is attributed to cash spending converted to construction in progress capital programs and to in year depreciation expense in excess of new capital investment in depreciable assets.

The increase in capital assets from the level as of April 30, 2011 of $9,587,848 is the result of several major capital construction projects capitalized or in process during the period. Major projects include dredging of Lake Decatur, downtown streetscape improvements, street restorations, water utility projects, and Lake Decatur dam spillway maintenance. Construction on these projects commenced in the fiscal years ending April 30, 2011 and April 30, 2012, and remain as construction in progress as of April 30, 2012.

Current and other assets decreased by $15,140,581 as compared to the level as of April 30, 2011. Cash & equivalents and investments decreased $17,622,771 offset by an increase in accounts receivable of $2,632,143 and a reduction in other assets of $149,953.

The decrease in cash and equivalents can be attributed to cash flow, due to the timing of receivable collections from the county and state governmental units, and from the expenditure of cash for construction projects.

Total liabilities increased $4,024,846 or 3.2% as compared to the liability level as of April 30, 2011. The increase in liabilities is largely attributed to an increase in contract and pension liabilities offset by a reduction in outstanding bond debts.

Government wide net assets of $66,045,414, are invested in capital assets net of debt and are therefore, not available for spending. $17,311,268 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. $7,846,041 is classified as restricted for debt service and capital outlay.

Capital assets, net of debt of $66,045,414, represents, a decrease of $2,486,401 from the level as of April 30, 2011. Restricted net assets decreased $20,104,249 as compared to the level as of April 30, 2011. Unrestricted net assets increased $13,013,071 as compared to the level as of April 30, 2011.

Statement of Changes in Net Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Revenue						
Program Revenue						
Charge for services	2,964,523	2,293,661	18,936,124	20,761,581	21,900,647	23,055,242
Operating grants	6,815,292	10,093,544	5,722,143	4,290,027	12,537,435	14,383,571
Capital grants	-	33,120	-	1,605,270	-	1,638,390
General Revenue						
Property tax	13,513,648	13,337,710	-	-	13,513,648	13,337,710
Sales & use tax	23,919,621	22,975,574	-	-	23,919,621	22,975,574
Other tax	16,448,909	16,965,910	-	-	16,448,909	16,965,910
Investment earnings	239,646	56,420	91,842	97,133	331,488	153,553
Other revenue	2,051,932	714,142	16,315	(816,446)	2,068,247	(102,304)
Total Revenue	65,953,571	66,470,081	24,766,424	25,937,565	90,719,995	92,407,646
Expenses						
General government	13,692,390	13,292,805	-	-	13,692,390	13,292,805
Public safety	41,416,933	35,477,795	-	-	41,416,933	35,477,795
Public works	13,846,451	19,443,483	-	-	13,846,451	19,443,483
Culture & recreation	3,770,113	4,514,057	-	-	3,770,113	4,514,057
Interest on LT debt	4,508,919	3,332,503	-	-	4,508,919	3,332,503
Water utility	-	-	13,312,583	13,631,171	13,312,583	13,631,171
Parking	-	-	-	509,932	-	509,932
Mass transit	-	-	6,542,694	6,626,503	6,542,694	6,626,503
Housing programs	-	-	96,422	6,633	96,422	6,633
Waste removal	-	-	1,238,284	556,721	1,238,284	556,721
Sewer			1,872,785	1,317,412	1,872,785	1,317,412
Total Expense	77,234,806	76,060,643	23,062,768	22,648,372	100,297,574	98,709,015
Change in net assets						
Excess (deficiency)	(11,281,235)	(9,590,562)	1,703,656	3,289,193	(9,577,579)	(6,301,369)
Transfers	11,093,160	7,133,574	(11,093,160)	(7,133,574)	-	-
Special items	-	-	-	-	-	-
Change in net assets	(188,075)	(2,456,988)	(9,389,504)	(3,844,381)	(9,577,579)	(6,301,369)
Beginning net assets	32,431,255	34,888,243	68,349,047	72,193,428	100,780,302	107,081,671
(restated)						
Ending net assets	32,243,180	32,431,255	58,959,543	68,349,047	91,202,723	100,780,302

Governmental Activities

Net assets decreased $188,075 during the fiscal period ending April 30, 2012 net of transfers. Revenue of $65,953,571 decreased $516,510, 0.8%, with expenses of $77,234,806, an increase of $1,174,163, 1.5%, when compared to the prior fiscal period.

The revenue decrease was due to a reduction in operating and unrestricted grants of $3,311,372 received in the fiscal period, offset by an increase in charge for service and other revenue of $2,191,878, and a net tax revenue increase of $602,984, as compared to the prior fiscal period ending April 30, 2011.

Expenditures for general government, public safety, public works and culture and recreation in total decreased $2,253. Increased public safety and general government expense were offset by reductions in public works and culture & recreation expense. General government expense increases reflected general inflationary increases in personnel and other operating expenditures. Public safety expense increases resulted from increased contractual labor costs, increased pension obligations, and increased operating costs for public safety protection. The reduction in public works expense primarily results from the non repeat of lake dredging costs incurred and expensed in the prior fiscal period, whereas the reduction in culture and recreation expense results from expenditure reductions in the public library operation.

Interest on long term debt of $4,508,919 increased $1,176,416 consistent with existing repayment obligations.

The resultant deficiency in expenditures exceeding revenues for governmental activities of $11,281,235 was offset by transfers of $11,093,160 from business activities.

Business Activities

Net assets decreased $9,389,504 during the fiscal period ending April 30, 2012 net of transfers. Revenue of $24,766,424 decreased $1,171,141, 4.5%, with expenses of $23,062,768, an increase of $414,396, 1.8%, when compared to the prior fiscal period.

The revenue decrease was due to a reduction in charge for services and capital grants of $3,430,727, offset by an increase in operating grants of $1,432,116, and a net change in other revenues of $827,470, largely due to a loss on the sale of certain capital assets in the prior fiscal period, not repeated in the current fiscal period.

The City of Decatur Water Utility is the primary business activity of city operations. In-year operating revenues for the water utility increased by $764,359 or 5.3%, as compared to the prior fiscal period. The operating revenue increase was offset by a reduction in non operating revenue resulting from the non repeat of a one-time revenue occurrence in the prior fiscal period with the sale of dredging equipment assets.

Expenditures increased $414,396 or 1.8%, primarily driven by increased costs of sewer and waste removal operations offset by a reduction in water utility, parking operations, and mass transit expenditures.

The resultant excess of revenues exceeding expenses for business activities was $1,703,656, and was offset by transfers of $11,093,160 to governmental activities.

Financial Analysis of Government Funds

The City of Decatur uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Fund Balance
As of April 30, 2012

$ (whole)	General	Library	2010 Project	Non-Major	Total
Total assets	23,003,473	3,620,672	17,372,733	10,029,278	54,026,156
Total liabilities	11,893,339	3,080,341	2,595,814	2,241,752	19,811,246
Fund Balance					
Non spendable	23,407	-	-	-	23,407
Restricted	89,754	540,331	14,776,919	7,215,956	22,622,960
Assigned	-	-	-	754,957	754,957
Unassigned	10,996,973	-	-	(183,387)	10,813,586
Total Fund Balance	11,110,134	540,331	14,776,919	7,787,526	34,214,910
Liability & fund balance	23,003,473	3,620,672	17,372,733	10,029,278	54,026,156
Revenues	53,062,412	3,463,371	197,973	9,435,758	66,159,514
Expenditures	55,558,113	3,674,573	13,371,344	16,291,834	88,895,864
In year surplus (deficit)	(2,495,701)	(211,202)	(13,173,371)	(6,856,076)	(22,736,350)
Other sources (uses)	3,859,854	(1,200)	-	5,123,027	8,981,681
Change in fund balance	1,364,153	(212,402)	(13,173,371)	(1,733,049)	(13,754,669)
Beginning fund balance	9,745,981	752,733	27,950,290	9,520,575	47,969,579
Ending fund balance	11,110,134	540,331	14,776,919	7,787,526	34,214,910

As of April 30, 2012, the City governmental funds reported a combined ending fund balance of $34,214,910.

Non spendable fund balance of $23,407 is sequestered for prepaid items and inventory and is therefore not available for spending.

Restricted fund balance of $22,622,960 is sequestered for spending on specific projects or specific types of expenditures whereby constraints have been placed on the use of these resources, including 2010 Bond Capital Project ($14,776,919), Transportation & Highway Motor Vehicle Tax Fund ($5,267,745), economic development projects ($882,694), Decatur Public Library ($540,331), court service & public safety Drug Enforcement Fund ($511,857), debt service ($409,119), and other minor amounts ($234,295).

Assigned fund balance of $754,957 is sequestered for spending on general government capital spending projects.

Unassigned fund balance of $10,813,586 (31.6% of fund balance) is available for spending at the City's discretion. This amount includes a general fund unassigned balance of $10,996,973 offset by a negative residual CDBG fund balance of $183,387. It is the intent of the City to sequester the use of the unassigned fund balance for general government purpose, delivery of required services, capital projects, and reserves for unexpected opportunities and unexpected expenditures.

The General Fund is the primary operating fund for City operations including general government, public safety police and fire protection, public works operations, certain highways & streets expenses, certain culture & recreation expenses, and certain debt service obligations.

As of April 30, 2012, the General Fund balance of $11,110,134 represents an increase of $1,364,153 or 14.0% from the General Fund balance as of April 30, 2011.

The increase in General Fund balance was primarily due to an increase in tax and other account receivables coupled with a minor decrease in liabilities. The receivable increase can be attributed to increased tax revenues including property, utility, food & beverage, hotel/motel, and sales & use tax where some tax receipt collection remains outstanding as of April 30, 2012 and for increased charge for services and other revenues in period which remain outstanding as of April 30, 2012.

A primary tax funding City operations is the State of Illinois distribution of Income Tax, which as of April 30, 2012, is three (3) months in arrears for distribution to the City of Decatur. The amount of income tax receivable as of April 30, 2012 is $1.7 million. The City of Decatur fully expects receipt of this outstanding receivable from the State of Illinois.

As of April 30, 2012, the General Fund unassigned balance of $10,996,973 is 21% of fiscal year General Fund Revenue of $53,062,412, and represents a position consistent with the prior fiscal year.

The General Fund unassigned fund balance has been traditionally used by the City to fund certain capital projects and emergency contingencies. In addition, the City will use the unassigned fund balance in future fiscal periods as a cash flow bridge to the receipt of tax revenues from County or State tax distribution authorities. The General Fund unassigned balance will provide sufficient cash and resources to cover City General Fund operating obligations without incurring tax anticipation notes and other potential borrowing costs during future fiscal periods.

As discussed in Governmental Accounting, Auditing, and Financial Reporting (GAAFR), a general fund unassigned balance should be either 1) no less that 5 to 15 percent of regular general fund operating revenues, or 2) no less than 1 to 2 months of regular general fund operating expenditures. An unassigned fund balance may be higher if varying circumstance require such as a delay in collection of a major revenue source.

The City's unassigned general fund balance of $10,996,973 as of April 30, 2012, is 20.7% of in year general fund revenue, and represents 2.4 months of in-year general fund expenditures.

The Decatur Public Library Fund experienced a decrease in fund balance of $212,402 during the fiscal year ending April 30, 2012. The reduction in fund balance is the result of in year expenditures in excess of in year revenues. No significant events occurred in period.

As of April 30, 2012, the restricted Library Fund balance of $540,331 is 16% of in year fiscal revenue.

The 2010 Project Fund was created in calendar year 2010 to account for the general obligation bond issue funding capital projects including Lake Decatur dredging, certain debt refunding, and certain infrastructure streetscape renovation projects in the central downtown footprint. The restricted fund balance as of April 30, 2012 of $14,776,919 represents funds restricted for spending to complete the capital projects included in the bond financing. These funds will be expended to complete the capital project scope over the next 1 to 2 fiscal years.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Supplementary Information section of this CAFR report.

Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended April 30, 2012, with comparison to the prior fiscal year.

Governmental Fund Revenue

$ (whole)	Current fiscal period	% of Total	Prior fiscal period	% of Total
Tax Based				
General property	13,513,648	20.4%	13,337,710	19.9%
Utility	5,310,600	8.0%	5,268,016	7.9%
Food & beverage	3,093,186	4.7%	2,806,014	4.2%
Hotel/motel	711,053	1.1%	498,812	0.8%
Total Tax	22,628,487	34.2%	21,910,552	32.8%
Intergovernmental				
Operating Grants				
General government	4,228,028	6.4%	5,209,264	7.8%
Public safety	-	-	-	-
Public works	1,921,919	2.9%	4,818,813	7.2%
Culture and recreation	129,770	0.2%	98,587	0.1%
Total Operating Grants	6,279,717	9.5%	10,126,664	15.1%
Tax Based				
Income tax	6,538,360	9.9%	7,110,735	10.6%
Sales tax	23,919,621	36.2%	22,975,574	34.4%
Replacement tax	513,912	0.8%	968,483	1.5%
Other tax	627,517	0.9%	627,517	0.9%
Total Tax Based	31,599,410	47.8%	31,682,309	47.4%
Total Intergovernmental	37,879,127	57.3%	41,808,973	62.5%
Non Tax Based				
Charge for services	622,614	1.0%	83,722	0.1%
Fines & fees	1,589,055	2.4%	1,550,885	2.3%
Interest income	217,062	0.3%	36,891	0.1%
Licenses and permits	752,854	1.1%	659,054	1.0%
Other revenue	2,470,315	3.7%	819,179	1.2%
Total non Tax Based	5,651,900	8.5%	3,149,731	4.7%
Total Revenue	66,159,514	100.0%	66,869,256	100.0%

Tax revenue continues to represent the significant source of revenue required to support and to defray the expenses of the governmental services provided by the City.

In the fiscal period ending April 30, 2012, tax revenues accounted for 82.0% of the total revenue stream funding governmental operations, as compared to 80.2% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution of 9.5% in the current fiscal period, declined from 15.1% in the prior fiscal period, whereas, the non tax based revenue stream increased to 8.5% versus 4.7% in the prior fiscal period.

Sales tax continues to be the primary revenue source funding city operations, followed by property tax, income tax, utility and other taxes, operating grants and other revenues including charge for service, fines and fees, licenses and permits.

The City recognizes the need to further diversify the revenue stream, and to reduce the dependency on the primary tax sources funding city operations. A potential viable source of revenue is from user fees and/or charges for services currently being performed, which would ensure pricing levels at price points representing the full cost of service, taking into consideration fees charged by private sector providers of similar services.

Government Fund Expenditures

The City accounts for government fund expenditures in five categories as follows: 1) general government, 2) public safety, 3) highway and streets, 4) culture and recreation, and 5) debt service.

The following schedule presents a summary of governmental fund expenditures for the year ended April 30, 2012 with comparison to the prior year.

Government Fund Expenditures

$ (whole)	Current fiscal period	% of Total	Prior fiscal period	% of Total
General government	12,369,181	13.9%	13,573,156	16.4%
Public safety	38,113,003	42.9%	34,845,020	42.1%
Highways and streets	25,874,325	29.1%	16,730,343	20.2%
Culture and recreation	3,742,754	4.2%	3,468,406	4.2%
Debt service	8,796,601	9.9%	14,133,472	17.1%
Total Expenditures	88,895,864	100.0%	82,750,397	100.0%

Government fund expenditures in the fiscal year ended April 30, 2012, increased by $6,145,467 or 7.4%, in comparison to government fund expenditures in the prior fiscal period.

Expenditure reductions in general government of $1,203,975 or 8.9% were achieved through continued activity rationalization and cost based efficiency improvements.

Public safety expenditures increased $3,267,983 or 9.4%. The increase was predominately evenly split between increases in police spending and in fire spending. The increased expenditures were primarily the result of contractual wage increases and general inflationary cost increases in operating expenses supporting police and fire operations.

Highways and streets, or public works, expenditures increased $9,143,982 due primarily to capital expenditures related to the 2010 Bond Issue funding infrastructure improvements in the city downtown streetscape.

Culture and recreation expenses increased $274,348 or 7.9%, driven by operating expense increases in the City of Decatur Public Library operation.

Debt service costs decreased $5,336,871, primarily due to debt retirement through debt refunding in the prior fiscal period and consistent with the debt service payment obligations in effect for city debt issues at the present time.

Proprietary Funds

Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Fund Balance
As of April 30, 2012

$ (whole)	Water Utility	Mass Transit	Non-Major	Total Enterprise	Internal Service
Total assets	59,203,289	6,908,315	7,142,240	73,253,844	9,110,217
Total liabilities	12,481,445	304,961	688,401	13,474,807	7,055,004
Net assets					
Capital net of debt	37,866,828	4,435,416	4,269,103	46,571,347	3,845,031
Unrestricted	8,855,016	2,167,938	2,184,736	13,207,690	(1,789,818)
Total net assets	46,721,844	6,603,354	6,453,839	59,779,037	2,055,213
Operating revenues	15,284,540	585,741	3,065,843	18,936,124	14,161,871
Operating expenses	13,123,732	6,492,940	3,207,086	22,823,758	15,620,644
Operating income (loss)	2,160,808	(5,907,199)	(141,243)	(3,887,634)	(1,458,773)
Non operating rev (exp)	69,242	5,701,563	26,297	5,797,102	55,433
Income (loss) before transfers	2,230,050	(205,636)	(114,946)	1,909,468	(1,403,340)
Transfers					
Transfers in	23,934	205,736	-	229,670	263,293
Transfers out	(7,809,846)	(158,279)	(913,641)	(8,881,766)	(521,639)
Transfers out LT assets	-	-	(2,441,064)	(2,441,064)	-
Change in net assets	(5,555,862)	(158,179)	(3,469,651)	(9,183,692)	(1,661,686)
Net assets beginning	52,277,706	6,761,533	9,923,490	68,962,729	3,716,899
Net assets ending	46,721,844	6,603,354	6,453,839	59,779,037	2,055,213

The City of Decatur maintains two types of proprietary funds; enterprise and internal service funds.

The City maintains nine (9) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net assets for the Water Utility (2 funds) and Mass Transit (3 funds) which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Sewer, DCDF, Home Mortgage, and Recycling) are combined into a single, aggregate presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The City maintains five (5) internal service funds. The City of Decatur uses internal service funds to account for its self-insured liability insurance program, self-funded employee health benefits program, information technology program, fleet maintenance and equipment replacement programs. Because these services predominantly benefit governmental activities rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregate 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.

As of April 30, 2012, City enterprise funds reported a net asset position of $59,779,037, a decrease of $9,183,692 or 13.3% versus the level as of April 30, 2011.

The net asset position as of April 30, 2012 includes capital assets, net of related debt, of $46,571,347, a decrease of $6,239,294 when compared to April 30, 2011.

Unrestricted net assets as of April 30, 2012 amounting to $13,207,690 represent a decrease of $2,944,398 when compared to April 30, 2011.

Water Utility, with net assets of $46,721,844 experienced a decrease in net assets of $5,555,862 or 10.6% versus the net asset position as of April 30, 2011. Utility operating revenues achieved were $15,284,540, a decrease of $1,723,942 versus prior fiscal year operating revenues of $17,008,482. Utility charge for service revenue amounted to $15,170,378 in the current fiscal year and represented an increase in charge for services revenue of $764,359 or 5.3% increase versus the prior fiscal year. Other revenue earned in the prior fiscal year of $2,602,463 consisting mainly of revenue on the sale of dredging equipment, did not repeat in the current fiscal year. Utility operating expense amounted to $13,123,732 in the current fiscal year, a slight decrease of $92,144 or 0.7% versus the prior fiscal year. During the fiscal year, the utility reported income before transfer expense of $2,230,050, a reduction of $797,285 from the income level before transfers of $3,027,335 reported in the prior fiscal year. The reduction occurred due to one-time revenue from the sale of dredging assets occurring in the prior fiscal year. Transfer expense in the current fiscal year amounted to $7,809,846, comprised of $5,349,744 transferred to pay utility debt service, $2,236,710 transfer to the general fund for payment in lieu of tax and other services provided by central staff, and $223,392 transferred to reimburse the general fund for utility customer service costs. Transfer expense incurred in the current fiscal year increased $1,408,634 versus the prior fiscal year, primarily due to increased transfers to fund increased utility debt service payments.

Mass Transit net assets of $6,603,354, decreased $158,179 or 2.3% versus the net asset position as of April 30, 2011. Operating revenue representing passenger fares of $585,741 increased $53,268 or 10.0% as compared to the prior fiscal year, the result of increased volume of passenger ridership during the period. Current period operating expense of $6,492,940 decreased $41,032 or 0.6% versus the prior year operating expense of $6,533,972. Mass Transit operations are funded primarily by operating and capital grants from the federal and state governmental units. Intergovernmental revenue of $5,701,161 received in the fiscal year ending April 30, 2012, represented a grant funding level approximating 88% of in year operating expense and consistently compares to the 87% grant funding level occurring in the prior fiscal year. Mass Transit operations recorded a loss before transfers of $205,636, an improvement versus the prior fiscal year loss position of $318,574, due to increased operating and grant revenue coupled with the operating expense reduction between the periods.

Other enterprise or non-major enterprise funds experienced a decrease in net assets of $3,469,651 to a net asset position of $6,453,839 in comparison to the net asset position at April 30, 2011. The primary driver of the reduction of non-major enterprise fund net assets is the discontinuation of the Parking System Fund, and transfer of activities to the City General Fund. No restatement has been prepared for the discontinuation of the parking fund as a part of this MD&A.

As of April 30, 2012, City internal service funds reported a net asset position of $2,055,213, a decrease of $1,661,686 or 44.7% versus the level as of April 30, 2011. The current period net asset position includes capital assets, net of related debt, of $3,845,031, a decrease of $818,545 as compared to April 30, 2011. Unrestricted net assets as of April 30, 2012 are a deficit of $1,789,818, a further increase in the unrestricted net asset deficit position of $946,677 as of April 30, 2011. The deficit unrestricted net asset position is the result of the deficit in the City's Self Insurance Fund of $3,865,083 offset by unrestricted net assets of $1,158,486 in the Fleet Maintenance Fund(s) and $916,779 in the Information Technology Management Information Systems Funds.

Individual fund data for each of the non-major proprietary funds is provided in the form of combining statements in the Supplementary Information section of this CAFR report.

Fiduciary Funds

Fiduciary funds are used to account for resources received and held for the benefit of parties outside of the government. The City maintains two (2) fiduciary funds, which consist of two (2) private pension trust funds, the Police Pension Fund, and the Firefighter's Pension Fund.

$ (whole)	Pension Trust
Total assets	135,151,268
Total liabilities	-
Net assets held in trust	135,151,268

As of April 30, 2012, the net assets in the pension trust funds increased $3,174,614 or 2.4% versus the level of net assets as of April 30, 2011.

The Pension Trust Funds are managed by separate pension boards, the Police Pension Board and the Firefighter's Pension Board. The City functions as administrator for the pension trust funds.

General Fund Budgetary Highlights

The City prepares an annual budget for general fund expenditures, which is presented to the City Council for adoption by Council Resolution before May 1st of the year preceding, the budget period. Prior to the end of the 1st quarter of the fiscal year, the City submits an appropriation ordinance to the City Council, which upon passage and adoption, provides the City with the legal authority to encumber and spend monies defraying the expenses of the city government operation.

The general fund budget applicable for the fiscal year ending April 30, 2012 is reported as follows:

$ (whole)	**Original Budget**	**Final Budget**	**Actual Budgetary Basis**	**Variance Pos (Neg)**
Revenue	55,196,262	55,196,262	54,003,248	(1,193,014)
Expenditures	54,761,646	55,165,292	53,364,592	(1,800,700)
Surplus (deficit)	434,616	30,970	638,656	

General Fund revenue was originally budgeted at $55,196,262 for the current fiscal period with Council adoption of the 2012 fiscal period budget in April, 2011. No revisions were made to the 2012 fiscal period General Fund revenue budget.

General Fund expenditures were originally budgeted at $54,761,646 for the current fiscal period with Council adoption of the 2012 fiscal period budget in April, 2011. During the 2012 fiscal period, the General Fund budget was increased $403,646 resulting in an ending expenditure budget of $55,165,292. The expenditure budget increase resulted from encumbrance roll over at fiscal year-end 2011 to fiscal year 2012 of $252,146, and additional appropriations for public safety and city court initiatives of $151,500 during the 2012 fiscal period.

General Fund spending is reviewed on a monthly basis under the direction of the City Treasurer and Director of Finance to ensure spending remains within budgetary constraints. Quarterly reviews are conducted as required, with general fund department management to review spending projections to ensure that annual expenditures remain within budgetary levels. Budget amendments for cost neutral redistribution between departments and divisions are submitted to council at year-end, as required to adjust the budget as necessary to prevent any budget overruns in any departments and divisions.

Capital Assets and Debt Administration

Capital assets

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Assets not depreciated						
Land	8,427,272	6,232,081	4,218,177	6,377,168	12,645,449	12,609,249
Construction in progress	17,928,811	2,727,391	9,757,465	8,000,381	27,686,276	10,727,772
Total	26,356,083	8,959,472	13,975,642	14,377,549	40,331,725	23,337,021
Assets depreciated						
Infrastructure	94,371,733	94,344,719	21,334,372	21,334,372	115,706,105	115,679,091
Building & improvement	32,631,016	27,408,024	94,018,319	99,874,791	126,649,335	127,282,815
Vehicles	14,738,156	13,920,771	7,693,434	7,883,623	22,431,590	21,804,394
Office equipment	3,187,080	2,869,857	98,303	38,312	3,285,383	2,908,169
Other equipment	10,697,165	9,735,849	1,475,996	1,871,579	12,173,161	11,607,428
Total Cost	155,625,150	148,279,220	124,620,424	131,002,677	280,245,574	279,281,897
Accumulated depreciation						
Infrastructure	51,348,078	48,600,505	12,989,171	12,290,336	64,337,249	60,890,841
Building & improvement	19,068,698	13,037,425	61,239,661	64,087,223	80,308,359	77,124,648
Vehicles	10,122,119	9,381,175	5,308,324	4,929,728	15,430,443	14,310,903
Office equipment	1,891,903	1,742,711	45,161	38,280	1,937,064	1,780,991
Other equipment	9,777,909	9,023,676	1,275,057	1,564,489	11,052,966	10,588,165
Total Depreciation	92,208,707	81,785,492	80,857,374	82,910,056	173,066,081	164,695,548
Net Depreciated Assets	63,416,443	66,493,728	43,763,050	48,092,621	107,179,493	114,586,349
Net Assets	89,772,526	75,453,200	57,738,692	62,470,170	147,511,218	137,923,370

City investment in capital assets for governmental and business type activities was $147,511,218, net of depreciation, as of April 30, 2012, and represents an increase in net capital assets of $9,587,848.

The investment in capital assets includes land and land improvements, infrastructure and improvements, buildings and building improvements, vehicles, office equipment, and other equipment including machinery and equipment and information technology hardware and equipment. Asset categories, capitalization thresholds and depreciable life can be found in the Notes to the Financial Statements, Note 6 Capital Assets.

Major Capital Asset Project Spending in the Fiscal Year ended April 30, 2012

Primary Government		$	
	South Shore Sand Creek Bridge	251,432	Continued project
	Downtown Streetscape Water Street	1,154,090	Continued project
	Brush College Subway	410,969	Continued project
	Dam Spillway	1,418,533	Continued project
	Decatur Corridor	17,380	New project
	Lake Decatur dredging basin 6	8,952,770	New project
	Rt 51 Franklin & Main	124,772	New project
	Downtown Streetscape Main Street	768,428	New project
	Downtown Streetscape Franklin Street	9,016	New project
	Parking Garage restoration	87,512	New project
	Street restorations	1,358,565	New project
	L&A Industrial Street Construction	300,657	New project
	North Water Streetscape	304,306	New project
	Software	65,490	New project
Total		15,223,920	
Business Activities			
	Water Pressure Zone Pumps	814,392	Continued project
	SWTP Water Main Extension	866,718	Continued project
	Additional water supply	59,986	Continued project
	Critical Sewer Facility Plan	68,265	Continued project
	Lakefront Project	11,492	Continued project
Total		1,820,853	

Capital Assets Analysis

Government wide capital asset, net of accumulated depreciation as of April 30, 2012 of $147,511,218 increased by $9,587,848 or 7.0% when compared to the level as of April 30, 2011. Construction in progress capital assets and land increased $16,994,704, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, decreased by $7,406,856, when compared to April 30, 2011.

The cost of capital assets not being depreciated increased from $23,337,021 at April 30, 2011 to $40,331,725 at April 30, 2012, an increase of $16,994,704, entirely due to the increase in construction in progress.

Several major capital projects continued or were commenced in the current fiscal period, as identified in the chart above, and included capital investments in infrastructure, building & building improvements, vehicles, office and other equipment.

Total depreciation expense for the current fiscal period was $8,370,533.

Additional information on capital assets can be found in the notes to the financial statements in statement note 1.H. - Summary of significant accounting policies, Capital assets, and statement note 6. - Capital assets.

Debt Administration

Outstanding debt issue as of April 20, 2012 is $104,360,147, an increase of $946,793 or 0.9% as compared to the outstanding debt issue as of April 30, 2011. City outstanding debt includes bond issues, notes & loans payable, capital leases, compensated absences, pension obligation, and other post employment benefits ("OPEB").

$ (whole)	Beginning Debt	Debt Additions	Debt Retirements	Ending Debt	Due within One Year
GO bonds	85,102,316	-	3,279,788	81,822,528	5,025,000
Notes & loans	12,239,529	1,860,495	627,679	13,472,345	976,100
Capital leases	-	-	-	-	-
Total interest bearing debt	97,341,845	1,860,495	3,907,467	95,294,873	6,001,100
Compensated absences	4,402,881	2,591,836	2,337,210	4,657,507	4,005,456
Pension obligation	671,925	2,634,920	-	3,306,845	-
OPEB	996,703	736,646	632,427	1,100,922	-
Total Debt	103,413,354	7,823,897	6,877,104	104,360,147	10,006,556

The City issued no new general obligation bonds, nor refunding issues in the fiscal period ending April 30, 2012. New interest bearing debt issue includes an additional draw-down in the amount of $1,860,495 on the Illinois Environmental Protection Agency ("IEPA") Water Loan, originally issued in March, 2010. The additional draw-down was used to defray additional construction costs defined within the original scope of the project. The IEPA water loan was issued to finance the costs related to the construction of a new water main, water tower, and booster pumping station, connected to the City's Water Treatment Facility.

Debt retirements include principle payments on general obligation bonds and principle payments on outstanding notes and loans payable in accordance with debt repayment schedules.

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, sick time and holiday time which will be paid to employees upon separation of employment from the City. 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 $4,657,507, as of April 30, 2012.

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 Fund, which is a single-employer pension plan; and the Firefighter's Pension Plan, which is a single-employer pension plan. None of the pension plans issue a separate annual report.

As of April 30, 2012, the net pension obligation of the City to the three pension plans is $3,306,845.

The City provides OPEB post-employment healthcare benefits for retired employees through a single-employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel policy and labor union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate annual report.

As of April 30, 2012, the net OPEB obligation of the City to the Retiree Healthcare program is $1,100,922.

Additional information on debt can be found in the notes to the financial statements in statement note 8. Long-Term Debt; statement note 9.D. Employee Retirement Systems – Defined benefit Plans, Trend Information; and statement note 16.A, and E. Other Post-Employment Benefits.

The City has no statutory legal debt limitation, according to current State of Illinois Statutes and City Code of the City of Decatur.

During the fiscal period ending April 30, 2012, Moody's Public Investment rating service reaffirmed the City's Aa2 bond rating.

Economic Factors and Future Fiscal Period Budgets

Economic Factors

Tax revenue, historically and at present, is the principal source of revenue for funding of the governmental activities within the City of Decatur.

Tax revenue is generated from a variety of sources, including property tax, sales & use tax, income tax, replacement property tax, utility tax, food & beverage tax, hotel/motel tax and other minor taxes.

Property tax revenues received by the City according to the Tax Levy in effect, provide the cash resources to fund City contributions to the Police and Firefighters Pension Fund, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of General Obligation Bond debt payments, provide City funding for a portion of the City contribution to the IMRF (Illinois Municipal Retirement Fund) covering City Management and AFSCME employee, and provides funding for the City contribution to the Decatur Municipal Band.

Under current legislation, all Illinois localities assess properties based on market values. Each year properties are trended, whereby this process involves comparing property values to sales activity in the neighborhood and adjusting the current assessed values up or down according to trended data. Assessed values, according to state legislation, are capped at 33% of market value.

The cost of day to day City government operations as well as capital spending requirements of City operations, including general government, public safety police and fire protection, public works streets & municipal services and infrastructure operations, are not funded by property tax revenues, but rather are funded by other taxes including locally imposed or state distributed sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor taxes.

The ability of the City to fund basic required services, such as general government, public safety police and fire protection, public works streets & municipal services and infrastructure operations is dependent upon community economic drivers that contribute to tax revenues generated by those tax elements that fund these basic services, namely sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor taxes.

Financial stability in the City of Decatur is also dependent upon the ability of the State of Illinois to affect timely tax distributions for sales & use tax, and income taxes, due to the City, in order to secure cash flow and expense coverage normality without additional burden to the City.

Management of the City of Decatur will continue to manage the financial affairs of the City from a posture of fiscal conservatism similar to the management practices that have been engaged in recent and past fiscal periods.

City Management believes that the national and local economy will continue to recover, albeit, at a slow pace in accordance to the predictions of national and state governmental economists, with low to no inflation over the near term future fiscal periods. In addition, job creation in the local economic sector is the primary engine that will drive local economic development and stability.

Current Fiscal Year Budget ending April 30, 2013

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced general fund budget.

The City has engaged in certain reengineering projects targeted to create efficiency and cost improvements within City operations. These reengineering efforts include simplification of the banking relationship landscape, back office process improvements for customer service operations in the water utility and transaction functionality improvements in bill payment operations, and state of art customer service functionality.

The City is committed to creating a budget for the next fiscal period that will remain fiscally responsible to the effective delivery of required services to citizens and stakeholders within the revenue constraints available.

Current Economic Development Projects

Executive Management of the City of Decatur continues to pursue economic development and public works opportunities that will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

Downtown Revitalization – The City's Downtown Streetscape project represents a $14 million public development imagined as the next step in efforts to bring a new look, feel and energy to the city's Central Business District. The three-phased plan will bring new sidewalks, landscaping, lighting, recreational opportunities and other amenities to Downtown Decatur. Improvements to Central Park, Merchant Street and Lincoln Square are also planned while 120-140 new downtown parking spaces to facilitate the expected increase in activity will be added. A second round of work is now underway with project completion scheduled for 2013.

Downtown Parking - The Decatur City Council has agreed informally to remove parking meters in Downtown Decatur, going to free parking with varying time limits in different areas as part of ongoing streetscape improvements. The downtown area will have free parking in all on-street spaces with time limits based on adjacent land uses. Parking lots A (near the Courthouse) and F (east of County office building) will continue to have parking meters while Parking Garage C will have a combination of permit parking and parking meters.

Franklin Street Water Tower – The City held a ribbon cutting for the newly constructed, 1-million gallon capacity tank at 3635 S. Franklin Street Road in November. Both the tower and South Pressure Zone Booster Pump Station were constructed to ensure consistent and reliable water pressure for Decatur water customers south of Lake Decatur and the Sangamon River. The total project cost was approximately $2.6 million, with 75 percent of the total funded through the Illinois Environmental Protection Agency's Public Water Supply Loan Program at 0% interest. The rest of the project was funded with American Recovery and Reinvestment Act (Stimulus) funds the city received at no cost and will not have to repay.

Downtown Streetscape / Truck Rerouting – The City is to receive $1.9 million in federal funds to help improve the streetscape along the heavily traveled Franklin and Main Street corridors. Additionally, the

City recently negotiated to receive control of the Main St. corridor from the State of Illinois, allowing for the rerouting of truck traffic out of the area in such a way so as not to make things hard on truckers.

Eldorado Streetscape Improvements – This project was recently completed, bringing a new roadway, sidewalks, curbs and other aesthetic improvements to the section of Eldorado Street between Church Street and the railroad tracks just east of Martin Luther King Jr. Drive. Additionally, the State of Illinois recently completed work to resurface the section of Eldorado between the railroad and 19th street east of the City's work, meaning that Eldorado Street will have been completely resurfaced from Church Street to 19th Street once all work is completed. The $2.6 million project was funded by a $1.2 million federal transportation grant, $1.09 million from the Illinois Department of Transportation and $308,280 in Motor Fuel Tax funding allocated by the City of Decatur.

Lakefront Development Project – The Decatur Park District and the City continue to work together to bring a new face and amenities to the Nelson Park lakefront. The project, as discussed will create a destination for both local residents and people who come to our city to live, work and play. The planned dog park has already been completed with work on a new pier area and other upgrades expected to begin in 2012.

Jackson Ford Development Agreement – The Decatur City Council this year approved a redevelopment agreement with Jackson Ford and Jackson Family Limited Partnership which will allow for the construction of a new dealership on the site currently occupied by its Ford dealership on East Pershing Road. This $4.1 million project will continue the recent development of the Pershing Road corridor and is expected to result in added value to the site in the form of an increased Equalized Assessed Valuation (EAV) and sales.

Mound Center Development – Plans are for the next stage of Mound Center at the intersection of U.S. 51 and Mound Road to include a Smashburger, which ranked first in the most recent Forbes Magazine list of America's Most Promising Companies. According to Forbes, this Denver-based company is expected to grow to 143 locations throughout the U.S. and $54 million in annual revenue by the end of the year with 450 more franchise agreements currently in place. An overriding goal for the city at this location has been to recruit new retail and/or restaurant space not currently operating in the City as a means to drive both local and out-of-town traffic to the City to dine or shop. This strategy in staff's opinion has been successful in bringing to our community entities that were highly desirable by local residents and that, today, continue as popular destinations. (Target, Olive Garden, Starbucks, Papa Murphy's Pizza, etc.).

Identification of Additional Water Supply – Council members voted unanimously to fund additional work to confirm that shallow groundwater wells near the City's South Water Treatment Plant could help secure needed additional water supply. The community needs an estimated 10,000 acre feet of water to be able to supply the community during drought and it is thought that the wells might provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously.

Administrative Court (A.C.E.S.) – This year saw the approval of a new Administrative Court, a new tool in efforts to better clean up and maintain the city. Ordinance violations are currently prosecuted in Circuit Court with the exception of violations of the city's noise ordinance and unlawful use of a motor vehicle charges. The types of cases that could be heard in administrative court could include, among other types, those related to property maintenance, garbage and littering complaints, certain building code and overweight vehicle cases. The new system is expected to begin in the coming weeks.

New Single Stream Recycling – City residents have responded in record numbers to the new city single-stream recycling program. More than 50 percent of city households have signed up to participate in the program and the amount of recycled material continues to increase as residents get used to the program. The City's Sustainability Plan had hoped to reach 30% participation by the year 2020 and some residents say that they actually no longer need twice per week garbage service as the amount of garbage

generated has been reduce dramatically with the new recycling system. The participation rate prior to the new program being implemented was about 15 percent.

Lake Decatur Dam Repair – This $3.4 million investment was critical to protecting our ability to control lake levels and protect the Lake Decatur/Sangamon River shoreline. The project rehabilitated mechanical systems, replaced seals and cylinders and repaired the upstream face of the dam. The work continues a recent history of investment in the city's water system, keeping with a stated council goal of improving the local water supply. Other projects in recent years have included:

- South Water Tower and Pressure Zone: Contract Amount - $2.665 Million
- Martin Luther King Jr. Drive Water Main Project : Contract Amount - $5.93 million
- South Water Treatment Plant Phase II Improvements: Contract Amount - $1.76 million
- Basin 6 Dredging: Contract amount - $11.75 million

Lake Decatur Basin 6 Dredging – The dredging of Basin 6 was completed in 2011, weeks earlier than had been anticipated. Dredging is a necessary step in maintaining Lake Decatur both for recreational purposes and as the city's water supply. The Basin 6 dredging removed 1,670 acre-feet of sediment, which is equivalent to 544 million gallons of water.

Sustainable Decatur Plan Wins American Planning Award – Decatur's "Sustainable Decatur" plan/process this year won an American Planning Association - Illinois Chapter award in the Sustainability Planning category. The award was given during the group's October conference and honor's the community's recently completed plan that sets long term goals for sustainability in the areas of recycling, water, energy and land use.

Brush College Road – The Decatur City Council recently hired a firm to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Faries Parkway.

Corridors Project – The City will receive a grant of more than $1 million to improve the appearance of corridors within the city's corporate limits, work that is expected to include addressing the appearance of railroad overpasses. The city is in the process of putting together a plan to submit to the Illinois Department of Transportation with work to begin once the plan is approved.

Requests for Information

This Management Discussion & Analysis as contained within the City of Decatur Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial affairs of the City as of April 30, 2012. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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City of Decatur

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City of Decatur
October 24, 2012

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 34,123,577	$ 6,172,168	$ 40,295,745	$ 113,885
Investments	-	3,091,227	3,091,227	-
Receivables:				
Property taxes, net	11,635,210	-	11,635,210	-
Illinois municipal sales tax	6,048,007	-	6,048,007	-
Other taxes	4,610,473	-	4,610,473	-
Due from other governments	473,265	-	473,265	-
Accounts receivable	230,712	4,328,619	4,559,331	10,588
Notes receivable	559,132	267,475	826,607	-
Other	81,004	279,963	360,967	124
Internal balances	627,086	(627,086)	-	-
Prepaid items	6,326	155,400	161,726	-
Deferred charges	1,074,612	-	1,074,612	-
Due from component unit	224,624	-	224,624	-
Inventories	250,890	404,680	655,570	8,312
Assets held for resale	-	22,940	22,940	-
Restricted investments	-	-	-	66,163
Capital assets not being depreciated	26,356,083	13,975,642	40,331,725	3,130,762
Capital assets being depreciated, net	63,416,443	43,763,050	107,179,493	3,229,960
TOTAL ASSETS	$ 149,717,444	$ 71,834,078	$ 221,551,522	$ 6,559,794
LIABILITIES				
Accounts payable	$ 652,134	$ 836,471	$ 1,488,605	$ 14,019
Contracts payable	2,670,886	373,132	3,044,018	-
Interest payable	1,253,933	40,840	1,294,773	79,224
Claims payable	5,867,081	-	5,867,081	-
Other accrued liabilities	1,247,191	456,747	1,703,938	10,213
Unearned revenue	11,642,387	-	11,642,387	33,647
Long-term obligations, due within one year:				
Bonds payable	5,025,000	-	5,025,000	-
Capital lease	126,080	-	126,080	-
Notes payable	280,000	696,100	976,100	-
Compensated absences	4,005,456	-	4,005,456	23,741
Long-term obligations, due in more than one year:				
Bonds payable	76,797,528	-	76,797,528	-
Capital lease	821,770	-	821,770	-
Notes payable	2,025,000	10,471,245	12,496,245	-
Due to primary government	-	-	-	224,624
Deferred compensation plan	-	-	-	66,163
Pension obligation	3,306,845	-	3,306,845	-
Other post-employment benefits	1,100,922	-	1,100,922	-
Compensated absences	652,051	-	652,051	-
Total liabilities	117,474,264	12,874,535	130,348,799	451,631
NET ASSETS				
Invested in capital assets, net of related debt	19,474,067	46,571,347	66,045,414	6,136,098
Restricted for capital projects	144,045	-	144,045	-
Restricted for transportation and highway	5,267,745	-	5,267,745	-
Restricted for economic development	882,694	-	882,694	-
Restricted for culture and recreation	540,827	-	540,827	-
Restricted for court services and public safety	511,857	-	511,857	-
Restricted for debt service	409,119	-	409,119	-
Restricted for retirement	89,754	-	89,754	-
Unrestricted net assets (deficit)	4,923,072	12,388,196	17,311,268	(27,935)
TOTAL NET ASSETS	$ 32,243,180	$ 58,959,543	$ 91,202,723	$ 6,108,163

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	**Expenses**	**Fees, Fines & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General government	$ 13,692,390	$ 2,398,906	$ 4,228,028	$ -	$ (7,065,456)	$ -	$ (7,065,456)	$ -
Public safety	41,416,933	433,184	-	-	(40,983,749)	-	(40,983,749)	-
Public works	13,846,451	61,383	1,921,919	-	(11,863,149)	-	(11,863,149)	-
Culture and recreation	3,770,113	71,050	129,770	-	(3,569,293)	-	(3,569,293)	-
Interest and other charges	4,508,919	-	535,575	-	(3,973,344)	-	(3,973,344)	-
Total governmental activities	77,234,806	2,964,523	6,815,292	-	(67,454,991)	-	(67,454,991)	-
Business-type activities:								
Water	13,312,583	15,284,540	-	-	-	1,971,957	1,971,957	-
Mass Transit	6,542,694	585,741	5,701,161	-	-	(255,792)	(255,792)	-
Housing programs	96,422	14,503	-	-	-	(81,919)	(81,919)	-
Waste removal	1,238,284	711,410	-	-	-	(526,874)	(526,874)	-
Sewer	1,872,785	2,339,930	20,982	-	-	488,127	488,127	-
Total business-type activities	23,062,768	18,936,124	5,722,143	-	-	1,595,499	1,595,499	-
Total primary government	$ 100,297,574	$ 21,900,647	$ 12,537,435	$ -	(67,454,991)	1,595,499	(65,859,492)	-
Component unit								
Civic Center Authority	$ 1,160,322	$ 525,808	$ -	$ 500,331				(134,183)
General revenues:								
Taxes:								
Property taxes					13,513,648	-	13,513,648	-
Utility taxes					5,310,600	-	5,310,600	-
Food and beverage taxes					3,093,186	-	3,093,186	-
Hotel and motel taxes					711,053	-	711,053	-
Sales and use taxes					23,919,621	-	23,919,621	-
Income taxes					6,192,641	-	6,192,641	-
Other taxes					1,141,429	-	1,141,429	-
Investment earnings					239,646	91,842	331,488	-
Gain on sale of capital assets					117,192	16,315	133,507	-
Other general revenues					1,934,740	-	1,934,740	119
Transfers					11,093,160	(11,093,160)	-	-
Total general revenues and transfers					67,266,916	(10,985,003)	56,281,913	119
Change in net assets					(188,075)	(9,389,504)	(9,577,579)	(134,064)
Net assets, May 1, 2011, as restated					32,431,255	68,349,047	100,780,302	6,242,227
NET ASSETS, APRIL 30, 2012					$ 32,243,180	$ 58,959,543	$ 91,202,723	$ 6,108,163

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2012

	Major Governmental Funds				
	General Fund	**Library Fund**	**2010 Project Fund**	**Nonmajor Governmental Funds**	**Total**
ASSETS					
Cash and investments	$ 4,629,111	$ 588,809	$ 17,337,476	$ 7,490,172	$ 30,045,568
Receivables:					
Property taxes, net	7,196,916	2,970,000	-	1,468,294	11,635,210
Illinois municipal sales tax	6,048,007	-	-	-	6,048,007
Other taxes	4,568,610	41,863	-	-	4,610,473
Due from other governments	140,864	20,000	-	312,401	473,265
Due from component unit	224,624	-	-	-	224,624
Due from other funds	-	-	-	100,272	100,272
Accounts receivable	128,157	-	-	98,573	226,730
Notes receivable	-	-	-	559,132	559,132
Other	43,777	-	35,257	434	79,468
Prepaid items	6,326	-	-	-	6,326
Inventories	17,081	-	-	-	17,081
TOTAL ASSETS	$ 23,003,473	$ 3,620,672	$ 17,372,733	$ 10,029,278	$ 54,026,156
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 317,720	$ 35,380	$ -	$ 108,364	$ 461,464
Contracts payable	-	-	2,595,814	75,072	2,670,886
Due to other funds	7,432	-	-	285,248	292,680
Other accrued liabilities	832,297	68,099	-	304,774	1,205,170
Deferred revenue	10,735,890	2,976,862	-	1,468,294	15,181,046
Total liabilities	11,893,339	3,080,341	2,595,814	2,241,752	19,811,246
Fund Balances:					
Nonspendable:					
Prepaid items	6,326	-	-	-	6,326
Inventories	17,081	-	-	-	17,081
Restricted:					
Retirement	89,754	-	-	-	89,754
Capital projects	-	-	14,776,919	144,045	14,920,964
Transportation and highway	-	-	-	5,267,745	5,267,745
Culture and recreation	-	540,331	-	496	540,827
Court services and public safety	-	-	-	511,857	511,857
Economic development	-	-	-	882,694	882,694
Debt service	-	-	-	409,119	409,119
Assigned:					
Capital projects	-	-	-	754,957	754,957
Unassigned	10,996,973	-	-	(183,387)	10,813,586
Total fund balances	11,110,134	540,331	14,776,919	7,787,526	34,214,910
TOTAL LIABILITIES AND FUND BALANCES	$ 23,003,473	$ 3,620,672	$ 17,372,733	$ 10,029,278	$ 54,026,156

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

STATEMENT 4

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
April 30, 2012

Total fund balances – Governmental funds		$ 34,214,910
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	$ 181,981,233	
Accumulated depreciation	(92,208,707)	
Net capital assets		89,772,526
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Taxes receivable		3,546,041
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		(970,324)
Costs related to the issuance of long-term debt are recorded as expenditures when incurred in governmental funds, but are capitalized and amortized over the life of the debt issue in the statement of net assets		1,074,612
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due		(1,253,933)
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	(4,657,507)	
Pension obligation	(3,306,845)	
Post-employment benefits	(1,100,922)	
Capital lease	(947,850)	
General obligation bonds payable	(81,822,528)	
Notes payable	(2,305,000)	
Total long-term liabilities		(94,140,652)
Net assets of governmental activities		$ 32,243,180

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, 2012

	General Fund	Library Fund	2010 Project Fund	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 16,547,962	$ 2,966,484	$ -	$ 3,114,041	$ 22,628,487
Charges for service	622,614	-	-	-	622,614
Investment income and net increase in fair value of investments	13,673	843	187,544	15,002	217,062
Intergovernmental	32,515,628	417,824	10,079	4,935,596	37,879,127
Licenses and permits	752,854	-	-	-	752,854
Fines and fees	1,150,008	71,050	-	367,997	1,589,055
Other revenue	1,459,673	7,170	350	1,003,122	2,470,315
Total revenues	53,062,412	3,463,371	197,973	9,435,758	66,159,514
EXPENDITURES					
Current:					
General government	9,486,703	-	-	2,882,478	12,369,181
Public safety	37,800,088	-	-	312,915	38,113,003
Culture and recreation	-	3,674,573	-	68,181	3,742,754
Highways and streets	8,271,322	-	13,362,515	4,240,488	25,874,325
Debt service:					
Principal retirement	-	-	-	3,683,643	3,683,643
Interest and other charges	-	-	8,829	5,104,129	5,112,958
Total expenditures	55,558,113	3,674,573	13,371,344	16,291,834	88,895,864
Deficiency of revenues over expenditures	(2,495,701)	(211,202)	(13,173,371)	(6,856,076)	(22,736,350)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	71,239	-	-	-	71,239
Transfers in	5,674,415	-	-	7,644,552	13,318,967
Transfers out	(1,885,800)	(1,200)	-	(2,521,525)	(4,408,525)
Total other financing sources (uses)	3,859,854	(1,200)	-	5,123,027	8,981,681
Net change in fund balances	1,364,153	(212,402)	(13,173,371)	(1,733,049)	(13,754,669)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	9,745,981	752,733	27,950,290	9,520,575	47,969,579
FUND BALANCES, END OF YEAR	$ 11,110,134	$ 540,331	$ 14,776,919	$ 7,787,526	$ 34,214,910

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, 2012

Net change in total fund balances		$ (13,754,669)
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 2011 to 2012 consists of:		
Taxes received from the State of Illinois		(345,719)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds.		
Increase in long-term compensated absences	$ (254,626)	
Decrease in accrued interest on debt	683,460	
Total expenses of non-current resources		428,834
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	17,255,747	
Capital expenditures – transfer from MVPS	2,417,610	
Depreciation	(5,483,336)	
Capital expenditures in excess of depreciation		14,190,021
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities on the Statement of Activities		(1,455,874)
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		3,683,643
Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statement of Activities		(104,219)

Government Accounting Standards Board requires accrual of pension obligations in the Statement of Activities		(2,634,920)
Bond issuances costs and discounts on issuance were reported in the governmental funds. However, these amounts have been deferred and amortized in the Statement of Net Assets		
Amortization on bond discount and loss on refunding	$ (128,855)	
Amortization on deferred issuance costs	(66,317)	
Total deferred costs		(195,172)
Change in Net Assets of Governmental Activities		$ (188,075)

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

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
April 30, 2012

	Business-type Activities				Governmental Activities-
	Major Enterprise Funds				
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 3,853,341	$ 659,361	$ 1,659,466	$ 6,172,168	$ 2,598,605
Investments	2,765,219	74,812	251,196	3,091,227	1,479,404
Receivables:					
Accounts receivable	2,308,358	1,633,449	386,812	4,328,619	3,982
Other	279,963	-	-	279,963	1,536
Due from other funds	507,432	-	285,248	792,680	-
Inventories	299,403	105,277	-	404,680	233,809
Assets held for sale	-	-	22,940	22,940	-
Prepaid expenses, current	25,900	-	-	25,900	-
Total current assets	10,039,616	2,472,899	2,605,662	15,118,177	4,317,336
Noncurrent Assets:					
Prepaid expense, net of current	129,500	-	-	129,500	-
Notes receivable	-	-	267,475	267,475	-
Property, plant, and equipment					
Land	3,318,778	899,399	-	4,218,177	-
Buildings	44,701,835	4,036,423	-	48,738,258	-
Improvements other than buildings	65,404,098	116,788	10,914,779	76,435,665	-
Machinery and equipment	2,067,488	7,136,478	-	9,203,966	10,850,296
	115,492,199	12,189,088	10,914,779	138,596,066	10,850,296
Less accumulated depreciation	66,458,026	7,753,672	6,645,676	80,857,374	6,057,415
Total property, plant, and equipment	49,034,173	4,435,416	4,269,103	57,738,692	4,792,881
Total noncurrent assets	49,163,673	4,435,416	4,536,578	58,135,667	4,792,881
TOTAL ASSETS	59,203,289	6,908,315	7,142,240	73,253,844	9,110,217
LIABILITIES					
Current liabilities:					
Accounts payable	721,905	26,437	88,129	836,471	190,670
Contracts payable	373,132	-	-	373,132	-
Claims payable	-	-	-	-	5,867,081
Interest payable	40,840	-	-	40,840	-
Other accrued liabilities	178,223	278,524	-	456,747	42,021
Unearned revenue	-	-	-	-	7,382
Capital lease	-	-	-	-	126,080
Note payable	696,100	-	-	696,100	-
Due to other funds	-	-	600,272	600,272	-
Total current liabilities	2,010,200	304,961	688,401	3,003,562	6,233,234
Non-current liabilities:					
Capital lease	-	-	-	-	821,770
Note payable	10,471,245	-	-	10,471,245	-
Total non-current liabilities	10,471,245	-	-	10,471,245	821,770
Total liabilities	12,481,445	304,961	688,401	13,474,807	7,055,004
NET ASSETS					
Invested in capital assets, net of related debt	37,866,828	4,435,416	4,269,103	46,571,347	3,845,031
Unrestricted	8,855,016	2,167,938	2,184,736	13,207,690	(1,789,818)
Total net assets	$ 46,721,844	$ 6,603,354	$ 6,453,839	59,779,037	$ 2,055,213

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	(819,494)
NET ASSETS OF BUSINESS-TYPE ACTIVITIES	$ 58,959,543

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

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year Ended April 30, 2012

	Business-type Activities				Governmental Activities-
	Major Enterprise Funds				
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 15,170,378	$ 584,829	$ 3,049,903	$ 18,805,110	$ 12,119,764
Payroll deductions/retiree contributions	-	-	-	-	1,919,841
Other revenue	114,162	912	15,940	131,014	122,266
Total operating revenues	15,284,540	585,741	3,065,843	18,936,124	14,161,871
OPERATING EXPENSES					
Personnel services	3,469,341	3,788,578	-	7,257,919	1,481,801
Contractual services	3,793,917	449,794	2,143,721	6,387,432	1,096,774
Commodities	2,585,968	1,171,570	690,540	4,448,078	1,103,341
Other charges	113,420	320,548	113,762	547,730	10,735,801
Depreciation and amortization	3,161,086	762,450	259,063	4,182,599	1,202,927
Total operating expenses	13,123,732	6,492,940	3,207,086	22,823,758	15,620,644
Operating income (loss)	2,160,808	(5,907,199)	(141,243)	(3,887,634)	(1,458,773)
NONOPERATING REVENUES (EXPENSES)					
Investment income and net increase in fair value of investments	86,125	402	5,315	91,842	22,584
Intergovernmental revenue	-	5,701,161	20,982	5,722,143	-
Interest expense	(33,198)	-	-	(33,198)	(13,104)
Gain (loss) on disposal of city property	16,315	-	-	16,315	45,953
Total nonoperating revenues (expenses)	69,242	5,701,563	26,297	5,797,102	55,433
Income (loss) before transfers	2,230,050	(205,636)	(114,946)	1,909,468	(1,403,340)
TRANSFERS					
Transfers in	23,934	205,736	-	229,670	263,293
Transfers out	(7,809,846)	(158,279)	(913,641)	(8,881,766)	(521,639)
Transfer out of net long-term assets	-	-	(2,441,064)	(2,441,064)	-
Net transfers	(7,785,912)	47,457	(3,354,705)	(11,093,160)	(258,346)
Change in net assets	(5,555,862)	(158,179)	(3,469,651)	(9,183,692)	(1,661,686)
NET ASSETS, BEGINNING OF YEAR	52,277,706	6,761,533	9,923,490		3,716,899
NET ASSETS, END OF YEAR	$ 46,721,844	$ 6,603,354	$ 6,453,839		$ 2,055,213
	Reconciliation to Statement of Activities:				
	Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities			(205,812)	
	NET BUSINESS-TYPE ACTIVITIES			$ (9,389,504)	

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, 2012

	Business-type Activities				
	Major Enterprise Funds				Governmental Activities-
	Water Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	$ 15,244,363	$ 585,741	$ 3,105,695	$ 18,935,799	$ 14,161,871
Cash paid to suppliers for goods and services	(6,037,792)	(1,917,524)	(3,071,554)	(11,026,870)	(12,750,690)
Cash paid to employees	(3,452,301)	(3,754,352)	-	(7,206,653)	(1,481,801)
Net cash provided by (used in) operating activities	5,754,270	(5,086,135)	34,141	702,276	(70,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	102,317	4,683,000	20,982	4,806,299	-
Cash transfers from other funds	23,934	205,736	500,000	729,670	263,293
Cash transfers to other funds	(8,317,278)	(158,279)	(735,150)	(9,210,707)	(521,639)
Net cash provided by (used in) noncapital financing activities	(8,191,027)	4,730,457	(214,168)	(3,674,738)	(258,346)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant, and equipment	(1,773,549)	-	(95,180)	(1,868,729)	(384,382)
Proceeds on sale of city property	16,315	-	-	16,315	45,953
Proceeds from the acquisition of debt	1,860,495	-	-	1,860,495	-
Principal payments - note	(352,679)	-	-	(352,679)	-
Interest payments	(131,679)	-	-	(131,679)	-
Net cash used in capital and related financing activities	(381,097)	-	(95,180)	(476,277)	(338,429)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	86,125	402	5,260	91,787	22,584
Proceeds from sales and maturities of investments	4,563,625	-	904,744	5,468,369	1,491,445
Purchase of investments	(3,145,418)	(19,974)	-	(3,165,392)	(10,084)
Net cash provided by (used in) investing activities	1,504,332	(19,572)	910,004	2,394,764	1,503,945
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,313,522)	(375,250)	634,797	(1,053,975)	836,550
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,166,863	1,034,611	1,024,669	7,226,143	1,762,055
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,853,341	$ 659,361	$ 1,659,466	$ 6,172,168	$ 2,598,605
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 2,160,808	$ (5,907,199)	$ (141,243)	$ (3,887,634)	$ (1,458,773)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,161,086	762,450	259,063	4,182,599	1,202,927
Effects of changes in operating assets and liabilities:					
Receivables	(40,177)	-	36,589	(3,588)	-
Inventories	13,668	45,056	-	58,724	(30,186)
Prepaid items	25,900	-	-	25,900	-
Accounts payable	66,732	(20,668)	40,186	86,250	215,412
Contracts payable	349,213	-	(163,717)	185,496	-
Other liabilities	17,040	34,226	-	51,266	-
Due to other funds	-	-	3,263	3,263	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 5,754,270	$ (5,086,135)	$ 34,141	$ 702,276	$ (70,620)

Noncash disclosure:
During 2012, the Fleet Maintenance/ERF fund purchased a fire truck of which financing of $947,850 was obtained

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
April 30, 2012

	Pension Trust Funds
ASSETS	
Cash and short-term investments	$ 7,794,032
Taxes receivable	142,098
Accrued interest	544,663
Long-term investments, at fair value:	
U.S. Government obligations	28,266,178
Mutual funds	59,107,806
Common stock	8,444,905
Certificate of deposits	1,665,813
Annuities	7,832,952
Corporate bonds	21,352,821
Total long-term investments	126,670,475
TOTAL ASSETS	$ 135,151,268
NET ASSETS	
Held in trust for pension benefits	$ 135,151,268

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2012

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 7,970,600
Plan member	1,890,205
Total contributions	9,860,805
Investment earnings:	
Interest and dividends	2,531,207
Net increase in the fair value of investments	2,543,841
Total investment income	5,075,048
Less investment expense	275,401
Net investment income	4,799,647
Total additions	14,660,452
DEDUCTIONS	
Benefits and refunds	11,172,036
Administrative expense	313,802
Total deductions	11,485,838
Change in net assets	3,174,614
NET ASSETS, BEGINNING OF YEAR	131,976,654
NET ASSETS, END OF YEAR	$ 135,151,268

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Unit:

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

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 Civic Center Authority, #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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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.

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.

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

The City reports the following major governmental funds:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary Funds

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

The City reports the following major proprietary funds:

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

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

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments, or other funds. These include Pension Trust Funds. The Pension Trusts include the Fire Pension Fund and Police Pension Fund which account for activities as prescribed by the Statutes of the State of Illinois.

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

Governmental Fund Types:

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

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

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

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. CASH EQUIVALENTS

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

F. 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.

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. 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 meeting certain capitalization thresholds and a useful life of more than two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to land and buildings are capitalized.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS (CONTINUED)

Category of Assets	Capitalization Threshold	Estimated Useful Life
Building and other improvements	$50,000 (improvements) $100,000 (new)	20 – 50 years
Infrastructure – roads	$50,000 (improvements) $100,000 (new)	50 years
Office furniture	$5,000	5 years
Office equipment	$5,000	5 years
Water treatment equipment	$5,000	10 years
Automobiles	$5,000	2 – 7 years
Trucks	$5,000	8 years
Buses	$5,000	10 years
Other vehicles	$5,000	10 years
Other machinery and equipment	$5,000	5 years

I. FUND BALANCE

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FUND BALANCE (CONTINUED)

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director or other official. This classification also includes the remaining positive fund balance for all governmental funds.

Unassigned – This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (CONTINUED)

Based on collection histories, the City has provided at April 30, 2012 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, 200, and 200 days of sick leave, respectively, to be paid upon death or retirement. The City pays no accumulated sick leave upon termination.

City employees required to work on any of the City's authorized holidays are given equivalent time off. This holiday time is reimbursable to employees upon termination or retirement.

The liability for compensated absences (unused vacation, sick, and holiday time) of the City relating to employees of the governmental activities is recorded in the City-wide financial statements. The long-term portion of compensated absences will be paid from the fund from which the employee is paid. For governmental funds this includes the General Fund, HOME Fund, Community Development Block Grant Fund, and Library Fund.

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

L. INTERFUND TRANSACTIONS/TRANSFERS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. CLAIMS AND JUDGMENTS

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

N. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING

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

1. An appropriated budget is legally adopted through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds, debt service funds, the capital projects funds, enterprise funds, and internal service funds.

2. The process is initiated in December of each year, with the departmental requests presented in February to the Budget Review Committee composed of the City Manager, Deputy City Manager, and Director of Financial Management.

3. The City Manager's proposed and balanced executive budget is presented to the City Council during March with a public hearing and final adoption taking place prior to April 30th of each year.

4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of July of each year. The Appropriation Ordinance includes changes from the approved budget and is adopted after an additional public hearing.

5. Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis which is not in accordance with Generally Accepted Accounting Principles (GAAP). The Budget to Actual schedules include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General and major Special Revenue Fund.

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

6. The level of budgetary control is by division within the General Fund; by similar divisions within the Water Fund; and at the fund level for all other funds. Therefore, expenditures within a given fund cannot legally exceed appropriations at these levels.

7. Anytime after six months of the fiscal year have elapsed, the appropriated budgets can be amended by the City Manager to reflect transfers within departments. Budgeted amounts reflected in the accompanying appropriated budget and actual comparisons are as amended by the year-end budget revisions.

8. Supplemental appropriation ordinances may be passed by the Council should a new unanticipated source of revenue develop for a specific purpose.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no funds that had actual expenditures/expenses in excess of the appropriated amount for the year ended April 30, 2012.

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.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at April 30, 2012. At year end the carrying value of the City's deposits, including certificates of deposit, was $18,927,583 and the respective bank balances totaled $19,885,299, not including cash on hand of $7,005.

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

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

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

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

The Government's investments in U.S. Government agencies were rated Aaa by Moody's Investors Service. 32% of the government's investments in municipal bonds were rated Aaa by Moody's, 18% were rated Aa1, 6% were rated Aa2, 13% were rated Aa3, 2% were rated A1, 11% were rated A2, and ratings were not available for the remaining 18%. 10% of the government's investments in corporate bonds were rated Aaa by Moody's, 1% was rated Aa1, 3% were rated Aa2, 11% were rated Aa3, 14% were rated A1, 17% were rated A2, 22% were rated A3, 8% were rated Baa1, 5% were rated Baa2, 1% was rated Baa3, and 8% were not rated.

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, 2012, the City's bank deposits were fully collateralized.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

As of April 30, 2012, the City had the following investments:

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Cash and money market	$ 11,016,259	$ 11,016,259	$ -	$ -	$ -
Certificates of deposit	1,577,077	-	830,084	329,441	417,552
U.S. Government Agencies	43,545,825	10,728,553	12,959,659	3,608,316	16,249,297
Corporate bonds	23,979,349	1,299,973	8,935,096	12,297,266	1,447,014
Municipal bonds	4,086,286	824,552	1,189,878	1,183,082	888,774
U.S. Treasury bonds	2,016,047	-	678,113	43,105	1,294,829
U.S. Treasury notes	1,564,625	557,251	676,548	330,826	-
Annuities	117,937	117,937	-	-	-
Mutual funds	61,214,824	61,214,824	-	-	-
Common stock	2,582,267	2,582,267	-	-	-
Foreign bonds	359,347	130,868	-	228,479	-
Total	$ 152,059,843	$ 88,472,484	$ 25,269,378	$ 18,020,515	$ 20,297,466

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

Investments in The Illinois Funds

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the Pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The City's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At April 30, 2012, the City had $6,857,048 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.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At April 30, 2012, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of $2,340 and deposits with the Illinois Funds of $111,545. The Civic Center Authority's restricted investments are comprised of the following:

	Carrying Amount
Mutual funds	$ 66,163

Reconciliation of notes to financial statements:

	Primary Government
Carrying amount of bank deposits – per note above	$ 18,927,583
Cash on hand – per note above	7,005
Investments – per note above (including Illinois Funds)	158,916,891
Total	$ 177,851,479
Statement 1	
Cash and equivalents	$ 40,295,745
Long-term investments	3,091,227
Statement 10	
Cash and short-term investments	7,794,032
Long-term investments	126,670,475
Total	$ 177,851,479

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2012 are summarized below:

	Due from Other Funds	Due to Other Funds
Major Governmental Funds	$ -	$ 7,432
Nonmajor Governmental Funds	100,272	285,248
Major Enterprise Funds	507,432	-
Nonmajor Enterprise Funds	285,248	600,272
Total interfunds	$ 892,952	$ 892,952

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:

	Transfers In	Transfers Out
Major Governmental Funds:		
General	$ 5,674,415	$ 1,885,800
Library	-	1,200
2010 Project Fund	-	-
Nonmajor Governmental Funds	7,644,552	2,521,525
Major Enterprise Funds:		
Water	23,934	7,809,846
Mass Transit	205,736	158,279
Nonmajor Enterprise Funds	-	913,641
Internal Service Funds	263,293	521,639
Total interfunds	$ 13,811,930	$ 13,811,930

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.

Net long-term assets totaling $2,441,064 were transferred from the Motor Vehicle Parking System Fund to the General Fund during the year. The effects of these transfers are reflected in the governmental activities on the government-wide statements.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

Primary government

	Balance May 1, 2011	Additions	Deletions	Transfer from Motor Vehicle Parking System Fund - Business Type Activity	Balance April 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 6,232,081	$ 36,200	$ -	$ 2,158,991	$ 8,427,272
Construction in progress	2,727,391	15,223,920	22,500	-	17,928,811
Subtotal	8,959,472	15,260,120	22,500	2,158,991	26,356,083
Capital assets being depreciated:					
Infrastructure	94,344,719	27,014	-	-	94,371,733
Buildings and improvements	27,408,024	-	656,697	5,879,689	32,631,016
Vehicles	13,920,771	1,155,385	457,422	119,422	14,738,156
Office equipment	2,869,857	363,687	46,464	-	3,187,080
Other equipment	9,735,849	646,382	51,321	366,255	10,697,165
Subtotal	148,279,220	2,192,468	1,211,904	6,365,366	155,625,150
Less accumulated depreciation for:					
Infrastructure	(48,600,505)	(2,747,573)	-	-	(51,348,078)
Buildings and improvements	(13,037,425)	(1,006,747)	(596,544)	(5,621,070)	(19,068,698)
Vehicles	(9,381,175)	(1,065,032)	(443,510)	(119,422)	(10,122,119)
Office equipment	(1,742,711)	(195,656)	(46,464)	-	(1,891,903)
Other equipment	(9,023,676)	(468,328)	(80,350)	(366,255)	(9,777,909)
Total accumulated depreciation	(81,785,492)	(5,483,336)	(1,166,868)	(6,106,747)	(92,208,707)
Total capital assets being depreciated, net	66,493,728	(3,290,868)	45,036	258,619	63,416,443
Total governmental activities capital assets, net	$ 75,453,200	$ 11,969,252	$ 67,536	$ 2,417,610	$ 89,772,526

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	Balance May 1, 2011	Additions	Deletions	Transfer to Governmental Activities	Balance April 30, 2012
Business-Type Activities:					
Capital assets not being depreciated:					
Land	$ 6,377,168	$ -	$ -	$ (2,158,991)	$ 4,218,177
Construction in progress	8,000,381	1,820,853	63,769	-	9,757,465
Subtotal	14,377,549	1,820,853	63,769	(2,158,991)	13,975,642
Capital assets being depreciated:					
Infrastructure	21,334,372	-	-	-	21,334,372
Buildings and improvements	99,874,791	26,917	3,700	(5,879,689)	94,018,319
Vehicles	7,883,623	-	70,767	(119,422)	7,693,434
Office equipment	38,312	63,771	3,780	-	98,303
Other equipment	1,871,579	20,959	50,287	(366,255)	1,475,996
Subtotal	131,002,677	111,647	128,534	(6,365,366)	124,620,424
Less accumulated depreciation for:					
Infrastructure	(12,290,336)	(698,835)	-	-	(12,989,171)
Buildings and improvements	(64,087,223)	(2,777,208)	(3,700)	5,621,070	(61,239,661)
Vehicles	(4,929,728)	(568,785)	(70,767)	119,422	(5,308,324)
Office equipment	(38,280)	(10,661)	(3,780)	-	(45,161)
Other equipment	(1,564,489)	(127,110)	(50,287)	366,255	(1,275,057)
Total accumulated depreciation	(82,910,056)	(4,182,599)	(128,534)	6,106,747	(80,857,374)
Total capital assets being depreciated, net	48,092,621	(4,070,952)	-	(258,619)	43,763,050
Total business-type activities capital assets, net	$ 62,470,170	$ (2,250,099)	$ 63,769	$ (2,417,610)	$ 57,738,692

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of $5,483,336 and $4,182,599 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

Governmental Activities	Depreciation	Business-Type Activities	Depreciation
General government	$ 1,118,186	Water	$ 3,161,086
Public safety	628,462	Mass Transit	762,450
Public works	3,253,894	Sewer	259,063
Culture and recreation	482,794		
Total	$ 5,483,336	**Total**	$ 4,182,599

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended April 30, 2012, was as follows:

	Balance May 1, 2011	Additions	Deletions	Balance April 30, 2012
Capital assets not being depreciated:				
Land	$ 3,130,762	$ -	$ -	$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	13,065,172	139,719	-	13,204,891
Less accumulated depreciation for:				
Buildings and equipment	(9,685,390)	(289,541)	-	(9,974,931)
Total capital assets being depreciated, net	3,379,782	(149,822)	-	3,229,960
Civic Center capital assets, net	$ 6,510,544	$ (149,822)	$ -	$ 6,360,722

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, 2012. Any uncollectible amount is not believed to be material.

Governmental Activities:

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Assets
Other taxes:						
Hotel and motel tax	$ 76,913	$ -	$ -	$ -	$ -	$ 76,913
Food and beverage tax	291,105	-	-	-	-	291,105
Cable TV tax	326,949	-	-	-	-	326,949
Utility tax	911,869	-	-	-	-	911,869
State income tax	2,961,774	-	-	-	-	2,961,774
State replacement tax	-	41,863	-	-	-	41,863
Total other taxes	$4,568,610	$ 41,863	$ -	$ -	$ -	$4,610,473
Due from other governments:						
Grants	$ 140,864	$ 20,000	$ -	$ -	$ -	$ 160,864
Allotments	-	312,401	-	-	-	312,401
Total due from other governments	$ 140,864	$ 332,401	$ -	$ -	$ -	$ 473,265
Accounts receivable:						
General billings	$ 18,893	$ 51,720	$ -	$ 26,698	$ 3,982	$ 101,293
Boat licenses	50,151	-	-	-	-	50,151
Outstanding parking tickets	176,752	-	-	-	-	176,752
Reserve for uncollectible portion	(117,639)	-	-	-	-	(117,639)
Special assessments	-	-	20,155	-	-	20,155
Total accounts receivable	$ 128,157	$ 51,720	$ 20,155	$ 26,698	$ 3,982	$ 230,712

NOTE 7 – RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Assets
Notes receivable:						
Installment notes	$ -	$ 16,448	$ -	$ -	$ -	$ 16,448
Deferred notes	-	16,723	-	-	-	16,723
Rental rehab loans	-	4,526	-	-	-	4,526
Home program loans	-	503,823	-	-	-	503,823
Gateway to Sertoma Club loan	-	153,309	-	-	-	153,309
Allowance for uncollectible notes	-	(135,697)	-	-	-	(135,697)
Total notes receivable	$ -	$ 559,132	$ -	$ -	$ -	$ 559,132
Other:						
Investment income	$ 3,903	$ -	$ 434	$ 35,257	$ 1,536	$ 41,130
Parking tickets	39,874	-	-	-	-	39,874
Total other	$ 43,777	$ -	$ 434	$ 35,257	$ 1,536	$ 81,004

Business-Type Activities:

	Enterprise
Accounts receivable:	
Water billings	$ 1,785,643
Watermain tapping	14,030
Sanitary District billings	508,685
Grants	1,633,449
Revolving mortgage loans	1,774
Recycling fees	148,347
Sewer billings	236,438
DCDF loans	253
Total accounts receivable	$ 4,328,619

NOTE 7 – RECEIVABLES (CONTINUED)

	Enterprise
Notes receivable:	
Installment notes	$ 337,445
Deferred notes	40,052
Reserve for uncollectible portion	(110,022)
Total notes receivable	$ 267,475
Other:	
Investment income	$ 31,413
IEPA Grant	248,550
Total other	$ 279,963

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:

	Obligations Outstanding May 1, 2011	Debt Additions	Debt Retirement	Obligations Outstanding April 30, 2012	Due Within One Year
Governmental activities:					
General Obligation Bonds:					
Series of 1991	$ 358,643	$ -	$ 358,643	$ -	$ -
Series of 2004A	9,095,000	-	500,000	8,595,000	515,000
Series of 2004B	21,545,000	-	1,185,000	20,360,000	1,225,000
Series of 2005	4,270,000	-	175,000	4,095,000	1,680,000
Series of 2008	10,000,000	-	235,000	9,765,000	245,000
Series of 2010A	8,715,000	-	90,000	8,625,000	115,000
Series of 2010B	28,270,000	-	590,000	27,680,000	795,000
Series of 2010C	2,800,000	-	-	2,800,000	185,000
Series of 2010D	1,805,000	-	275,000	1,530,000	265,000
(Less) plus deferred amounts:					
For issuance premiums	430,987	-	27,382	403,605	-
For issuance discounts	(123,650)	-	(8,833)	(114,817)	-
On refunding	(2,063,664)	-	(147,404)	(1,916,260)	-
Total general obligation bonds	85,102,316	-	3,279,788	81,822,528	5,025,000

NOTE 8 – LONG-TERM DEBT (CONTINUED)

	Obligations Outstanding May 1, 2011	Debt Additions	Debt Retirement	Obligations Outstanding April 30, 2012	Due Within One Year
Notes Payable:					
General Obligation Notes:					
HUD Section 108, 1999-A	$ 390,000	$ -	$ 120,000	$ 270,000	$ 120,000
HUD Section 108, 2002-A	2,190,000	-	155,000	2,035,000	160,000
Total notes payable	2,580,000	-	275,000	2,305,000	280,000
Compensated absences	4,402,881	2,591,836	2,337,210	4,657,507	4,005,456
Pension obligation	671,925	2,634,920	-	3,306,845	-
Other post-employment benefits	996,703	736,646	632,427	1,100,922	-
Total governmental activities	$ 93,753,825	$ 5,963,402	$ 6,524,425	$ 93,192,802	$ 9,310,456
Business-Type activities:					
Notes payable:					
2001 IEPA loan	$ 4,620,377	$ -	$ 352,679	$ 4,267,698	$ 362,998
IEPA Water Loan	5,039,152	1,860,495	-	6,899,647	333,102
Total business-type activities	$ 9,659,529	$ 1,860,495	$ 352,679	$ 11,167,345	$ 696,100

Long-term obligations outstanding at April 30, 2012 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 paid in full during the fiscal year; interest at 4.7 to 6.9 percent (principal and interest to be serviced by the general revenues of the City) used for dredging and other capital projects.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2004A

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

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 515,000	$ 341,294	$ 856,294
2014	535,000	325,200	860,200
2015	555,000	307,812	862,812
2016	575,000	285,613	860,613
2017	600,000	262,613	862,613
2018-2022	3,395,000	932,863	4,327,863
2023-2025	2,420,000	207,925	2,627,925
Total	$ 8,595,000	$ 2,663,320	$ 11,258,320

General Obligation Bonds, Series 2004B

$29,070,000 2004 General Obligation Bonds dated March 1, 2004 due March 1, 2025; interest of 2.50 to 4.3 percent (principal and interest to be serviced by annual tax levy) to refund Series 2000 bonds which refunded Series 1985 bonds which were used in construction of new water treatment facility.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 1,225,000	$ 823,641	$ 2,048,641
2014	1,265,000	783,829	2,048,829
2015	1,315,000	733,229	2,048,229
2016	1,365,000	680,629	2,045,629
2017	1,425,000	626,029	2,051,029
2018-2022	8,045,000	2,228,144	10,273,144
2023-2025	5,720,000	498,103	6,218,103
Total	$ 20,360,000	$ 6,373,604	$ 26,733,604

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2005

$4,705,000 2005 General Obligation Bonds dated November 1, 2005 due December 15, 2014; interest of 3.00 to 3.60 percent (principal and interest to be serviced by annual tax levy) to refund Series 1995 bonds which partially refunded Series 1991 bonds which were used for dredging and other capital projects.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 1,680,000	$ 142,320	$ 1,822,320
2014	1,740,000	85,200	1,825,200
2015	675,000	24,300	699,300
Total	$ 4,095,000	$ 251,820	$ 4,346,820

General Obligation Bonds, Series 2008

$10,000,000 2008 General Obligation Bonds dated December 15, 2008 due December 15, 2024; interest of 2.75 to 5.0 percent to refinance certain outstanding indebtedness of the City and to finance capital improvements in the City. As of April 30, 2012, $185,289 of the proceeds remained unexpended.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 245,000	$ 411,538	$ 656,538
2014	250,000	402,963	652,963
2015	360,000	394,213	754,213
2016	790,000	380,713	1,170,713
2017	825,000	349,113	1,174,113
2018-2022	4,685,000	1,194,181	5,879,181
2023-2025	2,610,000	200,581	2,810,581
Total	$ 9,765,000	$ 3,333,302	$ 13,098,302

General Obligation Bonds, Series 2010A

$8,715,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 3.50 to 6.30 percent (principal and interest to be serviced by annual tax levy) to refund Series 2005, 2005A, and 2008A general obligation notes which were used for various capital projects. Remaining funds will be used to finance capital improvements in the City. As of April 30, 2012, approximately $20,000 of the proceeds remained unexpended.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 115,000	$ 459,433	$ 574,433
2014	130,000	455,407	585,407
2015	140,000	450,858	590,858
2016	150,000	445,782	595,782
2017	180,000	440,158	620,158
2018-2022	2,235,000	1,994,763	4,229,763
2023-2027	3,565,000	1,263,555	4,828,555
2028-2030	2,110,000	315,075	2,425,075
Total	$ 8,625,000	$ 5,825,031	$ 14,450,031

General Obligation Bonds, Series 2010B

$28,270,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 1.50 to 7.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2012, approximately $12,000,000 of the proceeds remained unexpended.

Fiscal Year	Principal	Interest	Treasury Rebate	Total Debt Service
2013	$ 795,000	$ 1,422,030	$ (520,835)	$ 1,696,195
2014	840,000	1,408,118	(515,965)	1,732,153
2015	890,000	1,391,317	(510,085)	1,771,232
2016	955,000	1,369,068	(502,298)	1,821,770
2017	1,120,000	1,340,418	(492,270)	1,968,148
2018-2022	6,645,000	5,992,731	(2,213,077)	10,424,654
2023-2027	8,565,000	4,144,650	(1,566,249)	11,143,401
2028-2030	7,870,000	1,359,693	(564,667)	8,665,026
Total	$27,680,000	$ 18,428,025	$ (6,885,446)	$ 39,222,579

General Obligation Bonds, Series 2010C

$2,800,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2024; interest of 2.00 to 4.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2012, approximately $2,700,000 of the proceeds remained unexpended.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 185,000	$ 94,800	$ 279,800
2014	185,000	91,100	276,100
2015	190,000	87,400	277,400
2016	195,000	83,600	278,600
2017	200,000	77,750	277,750
2018-2022	1,090,000	282,750	1,372,750
2023-2026	755,000	61,400	816,400
Total	$ 2,800,000	$ 778,800	$ 3,578,800

General Obligation Bonds, Series 2010D

$1,805,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2017; interest of 2.00 to 4.00 percent (principal and interest to be serviced by annual tax levy) to refund Series 1998 general obligation bonds which were used for the construction of the City's Library.

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 265,000	$ 37,750	$ 302,750
2014	265,000	32,450	297,450
2015	265,000	27,150	292,150
2016	255,000	21,850	276,850
2017	245,000	16,750	261,750
2018	235,000	9,400	244,400
Total	$ 1,530,000	$ 145,350	$ 1,675,350

B. Notes Payable

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

$1,470,000 Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 (Note B-95-MC-17-0008) due August 1, 2013; interest of 5.83 to 6.33 percent.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 120,000	$ 13,251	$ 133,251
2014	150,000	4,748	154,748
Total	$ 270,000	$ 17,999	$ 287,999

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

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

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 160,000	$ 112,536	$ 272,536
2014	165,000	104,180	269,180
2015	170,000	95,200	265,200
2016	175,000	85,720	260,720
2017	180,000	75,752	255,752
2018-2022	975,000	213,174	1,188,174
2023	210,000	6,426	216,426
Total	$ 2,035,000	$ 692,988	$ 2,727,988

Illinois Environmental Protection Agency 2001 Loan

$6,957,896 loan with the Illinois Environmental Protection Agency (IEPA) 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.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Illinois Environmental Protection Agency 2001 Loan (Continued)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 362,998	$ 121,359	$ 484,357
2014	373,620	110,738	484,358
2015	384,552	99,805	484,357
2016	395,805	88,553	484,358
2017	407,387	76,971	484,358
2018-2022	2,222,872	198,917	2,421,789
2023-2024	120,464	1,750	122,214
Total	$ 4,267,698	$ 698,093	$ 4,965,791

Illinois Environmental Protection Agency Water Loan

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for $9,805,524, of which $2,451,381 is immediately forgivable, to finance the costs relating to the construction of a new water main, water tower, and booster pump station. The City has drawn down $6,899,647 on this loan as of April 30, 2012. The term of the loan is for 20 years with a fixed rate of 0.00%. The semi-annual repayment dates are July 10 and January 10. Repayment is subject to change upon additional draw downs.

Fiscal Year	Principal	Interest	Total Debt Service
2013	$ 333,102	$ -	$ 333,102
2014	333,102	-	333,102
2015	341,994	-	341,994
2016	341,994	-	341,994
2017	341,994	-	341,994
2018-2022	1,709,970	-	1,709,970
2023-2027	1,709,970	-	1,709,970
2028-2031	1,787,521	-	1,787,521
Total	$ 6,899,647	$ -	$ 6,899,647

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, sick time and holiday 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 $4,657,507.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Conduit Debt

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

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS

A. Plan Descriptions, Provisions and Funding Policies

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighter's Pension Plan which is also a single-employer pension plan. None of the pension plans issue a separate report.

IMRF

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

Funding Policy. As set by statute, the City of Decatur's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City of Decatur's contribution rate for calendar year 2011 was 9.35 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 12.80 percent. The City of Decatur also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

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

Annual Pension Cost. For December 31, 2011, the City of Decatur's actual contributions for pension cost for the Regular Plan members were $1,277,703. Its required contribution for calendar year 2011 was $1,749,155.

Three-Year Trend Information for the Regular Plan

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 1,749,155	73%	$1,010,840
2010	1,730,244	69%	539,388
2009	143,868	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City of Decatur's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City of Decatur's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

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

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

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 69.64 percent funded. The actuarial accrued liability for benefits was $40,581,866 and the actuarial value of assets was $28,262,038, resulting in an underfunded actuarial accrued liability (UAAL) of $12,319,828. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was $13,665,271 and the ratio of UAAL to the covered payroll was 90%.

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

Police Pension Plan

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

At May 1, 2011 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	126
Current employees	
Vested and nonvested	154
Total	280

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.

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

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

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

Firefighters' Pension Plan

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

At May 1, 2011 the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	123
Current employees	
Vested and nonvested	116
Total	239

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 1/12 of 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.

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

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

Covered employees are required to contribute 9.45% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings. By the year 2033 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Significant Investments

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

Related Party Transactions

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

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

C. Annual Pension Cost

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

	Illinois Municipal Retirement	**Police Pension**	**Firefighters' Pension**
Contribution Rates:			
Employer	9.35%	35.92%	47.94%
Employee	4.5%	9.91%	9.45%
Annual pension cost	$ 1,749,155	$ 3,982,535	$ 3,951,668
Contributions made	$ 1,277,703	$ 3,052,138	$ 3,257,987
Actuarial valuation date	12/31/11	05/01/11	05/01/11
Actuarial cost method	Entry Age Normal	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Amortization period	30 years	29 years	29 years
Asset valuation method	5-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
Actuarial assumptions:			
Investment rate of return	7.5% Compounded Annually	7.5% Compounded Annually	7.5% Compounded Annually
Projected salary increases	0.4 to 10.0%	4.50%	4.50%
Inflation rate included	4.00%	3.50%	3.50%
Cost of living adjustments	3.00%	3.00%	3.00%

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.

	Year	Illinois Municipal Retirement	Police Pension	Fire Pension
Annual pension cost (APC)	2009	$ 143,868	$ 3,777,600	$ 3,434,550
	2010	1,730,244	3,080,287	3,277,075
	2011	1,749,155	3,982,535	3,951,668
Percentage of APC contributed	2009	100%	85%	95%
	2010	69%	103%	98%
	2011	73%	76%	82%
Net pension obligation	2009	$ -	$ 536,999	$ 163,034
	2010	539,388	443,850	228,075
	2011	1,010,840	1,374,248	921,757

E. Funded Status and Funding Progress

The funded status of the plans as of May 1, 2011 was as follows:

	Police Pension	Fire Pension
Actuarial accrued liability (AAL)	$ 112,627,195	$ 102,073,330
Actuarial value of plan assets	74,407,671	60,477,614
Unfunded actuarial accrued liability (UAAL)	38,219,524	41,595,716
Funded ratio (actuarial value of plan assets/AAL)	66.1%	59.2%
Covered payroll (active plan members)	10,626,984	7,942,070
UAAL as a percentage of covered payroll	359.7%	523.7%

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

F. Financial Statements

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

The following information represents the financial position and activity of the pension trust funds at April 30, 2012:

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 1,887,709	$ 5,906,323	$ 7,794,032
Taxes receivable	78,234	63,864	142,098
Accrued interest	350,782	193,881	544,663
Long-term investments, at fair value:			
U.S. Government obligations	25,548,568	2,717,610	28,266,178
Mutual funds	28,426,061	30,681,745	59,107,806
Common stock	5,862,638	2,582,267	8,444,905
Certificate of deposits	-	1,665,813	1,665,813
Annuities	-	7,832,952	7,832,952
Corporate bonds	13,046,744	8,306,077	21,352,821
Total long-term investments	72,884,011	53,786,464	126,670,475
TOTAL ASSETS	$75,200,736	$59,950,532	$ 135,151,268
NET ASSETS			
Held in trust for pension benefits	$75,200,736	$59,950,532	$ 135,151,268
ADDITIONS			
Contributions:			
Employer	$ 4,066,299	$ 3,904,301	$ 7,970,600
Plan member	1,100,202	790,003	1,890,205
Total contributions	5,166,501	4,694,304	9,860,805
Investment earnings:			
Interest and dividends	1,588,249	942,958	2,531,207
Net increase in the fair value of investments	1,624,003	919,838	2,543,841
Total investment income	3,212,252	1,862,796	5,075,048
Less investment expense	164,874	110,527	275,401
Net investment income	3,047,378	1,752,269	4,799,647
Total additions	8,213,879	6,446,573	14,660,452

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

F. Financial Statements (Continued)

	Police Pension Fund	Fire Pension Fund	Total
DEDUCTIONS			
Benefits and refunds	$ 5,359,788	$ 5,812,248	$ 11,172,036
Administrative expense	246,788	67,014	313,802
Total deductions	5,606,576	5,879,262	11,485,838
Net increase	2,607,303	567,311	3,174,614
NET ASSETS, BEGINNING OF YEAR	72,593,433	59,383,221	131,976,654
NET ASSETS, END OF YEAR	$75,200,736	$59,950,532	$ 135,151,268

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, 2012, 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.

NOTE 12 – COMMITMENTS

The City has the following commitments:

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

   In applying the accounting standards related to accounting for leases, this lease should be capitalized due to its term and included in the general long-term debt account group. However, since these costs represent executory costs and are not quantifiable, the lease has not been capitalized and is classified as an operating lease. Also, since the costs are not quantifiable, the future minimum lease payments are not determinable.

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

B. The City has entered into a noncancellable 3 year lease with the Decatur Public Building Commission (DPBC) which will expire November 2014. During the year ended April 30, 2012, the City paid $297,892 to the DPBC.

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

   Future minimum rental payments are as follows:

2013	$ 306,829
2014	316,034
Total	$ 622,863

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, 2012 is as follows:

NOTE 12 – COMMITMENTS (CONTINUED)

Year Ending April 30	**Amount**
2013	$ 137,834
2014	98,306
2015	97,066
Total	$ 333,206

D. Other Commitments:

At April 30, 2012, the City had contractual commitments of approximately $3 million for capital improvement programs.

NOTE 13 – RISK MANAGEMENT

The City is self-insured for worker's compensation, comprehensive general liability, employee dishonesty, property damage, medical, 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 $8,323,748 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of $25,000 - $200,000 by an insurance carrier. There have been no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there have been no settlements that exceeded insurance coverage.

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

The claims liability of $5,867,081 at April 30, 2012 is based on the requirements of accounting standards related to Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability account in fiscal years 2012 and 2011 were:

NOTE 13 – RISK MANAGEMENT (CONTINUED)

	May 1, 2011 to April 30, 2012	May 1, 2010 to April 30, 2011
Beginning of fiscal year liability	$ 5,801,433	$ 4,966,726
Current year claims and changes in estimates	8,845,703	9,693,953
Claims payments	(8,780,055)	(8,859,246)
Total	$ 5,867,081	$ 5,801,433

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 2012, the City contributed $500,331 to the Authority; $375,550 to fund operations and $124,781 to help offset the cost of capital assets purchased during the year.

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

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

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

NOTE 14 – RELATED PARTY TRANSACTIONS (CONTINUED)

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

	HVAC System	Roof and Tuckpointing	Total
Prior years' payments – deferred	$ 54,195	$ 170,429	$ 224,624

Accrued interest on the deferred prior year payments as of April 30, 2012 is as follows:

HVAC System	Roof and Tuckpointing	Total
$ 9,805	$ 69,419	$ 79,224

NOTE 15 – FUND EQUITY

The following funds had a deficit fund balance at April 30, 2012:

CDBG Fund	$ 183,387
Self-Insurance Fund	$3,865,083
Recycling Fund	$ 320,612

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

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Benefits Provided

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

C. Membership

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

At May 1, 2011, membership consisted of:

Retirees and beneficiaries currently receiving benefits	132
Active employees	502
Total	634
Participating employers	1

D. Funding Policy

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

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

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of generally accepted accounting principles. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City had an actuarial valuation performed for the plan as of May 1, 2011 to determine the funded status of the plan as of that date as well as the City's annual required contribution (ARC) for the fiscal year ended April 30, 2012. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	$ 736,645	$ 632,427	85.9%	$1,100,922
April 30, 2011	$ 725,528	$ 509,865	70.3%	$ 996,704
April 30, 2010	$ 828,311	$ 358,361	43.3%	$ 781,041

The net OPEB obligation as of May 1, 2011 (most recent information available), was calculated as follows:

Annual required contribution	$ 758,500
Interest on net prior year OPEB obligation	32,393
Adjustment to annual required contribution	(54,248)
Annual OPEB cost	736,645
Contributions made	632,427
Increase in net OPEB obligation	104,218
Net OPEB obligation, beginning of year	996,704
Net OPEB obligation, end of year	$ 1,100,922

NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2011, was as follows:

Actuarial accrued liability (AAL)	$ 8,475,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,475,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

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

In the May 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 3.25 percent and an ultimate healthcare tread rate of 4.03 percent. The calculations assume a level-percentage-of-pay 30-year open amortization period for ECO and Regular retirees. The remaining amortization period at May 1, 2011, was 27 years.

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

NOTE 17 – SUBSEQUENT EVENTS

Management evaluated subsequent events through October 24, 2012, the date the financial statements were available to be issued. Events or transactions occurring after April 30, 2012, but prior to October 24, 2012 that provided additional evidence about conditions that existed at April 30, 2012, have been recognized in the financial statements for the year ended April 30, 2012. Events or transactions that provided evidence about conditions that did not exist at April 30, 2012 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended April 30, 2012.

NOTE 18 – LEASES

The City has entered into a lease agreement as lessee for financing the acquisition of a fire truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

	Governmental Activities
Asset:	
Fire truck	$ 947,850
Less accumulated depreciation	-
Total	$ 947,850

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2012 were as follows:

	Governmental Activities
2013	$ 148,544
2014	148,544
2015	148,544
2016	148,544
2017	148,544
Thereafter	297,090
Total minimum lease payments	1,039,810
Less amount representing interest	(91,960)
Present value of minimum lease payments	$ 947,850

NOTE 19 – RESTATEMENT OF NET ASSETS/FUND BALANCE

The City adopted an accounting standard to conform with generally accepted accounting principles. As reflected in Note 1, the statement adopted requiring restatement was Governmental Accounting Standards Board (GASB) Statement 54. With the implementation of the new GASB pronouncement, IMRF Fund was combined with the General Fund for financial reporting purposes.

In addition, prior to fiscal year 2012, the City failed to record the correct liability for compensated absences for certain employees in the government-wide financial statements for Governmental Activities due primarily to a change in contract. An adjustment was made to restate net assets as of May 1, 2011 to correct this error in the reporting of compensated absences. The adjustment resulted in a decrease in net assets for the year ended April 30, 2011. The increase to salary expense would have accrued over a period of several years.

Accordingly, the City's net assets/fund balance as of April 30, 2011 has been restated as follows:

	General Fund	Special Revenue Funds	Governmental Activities
Net assets/fund balance, May 1, 2011, as previously reported	$ 9,275,461	$ 8,089,864	$ 33,989,056
Adjustment to reflect implementation of GASB Pronouncement	470,520	(470,520)	-
Adjustment to correct reporting of compensated absences	-	-	(1,557,801)
Net assets/fund balance, May 1, 2011, as restated	$ 9,745,981	$ 7,619,344	$ 32,431,255

NOTE 20 – FUTURE CHANGE IN ACCOUNTING PRINCIPLES

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may restate portions of these financial statements in future periods. Listed below are the statements and short summary of the Standard's objective:

New accounting Standards effective for the April 30, 2013 financial statements include:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, issued December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

NOTE 20 – FUTURE CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

New accounting standards effective for the April 30, 2014 financial statements include:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, issued November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and 62*, issued March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

In June 2012, the GASB issued Statement No 67 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The City will implement the requirements of this standard beginning with the year ending April 30, 2015.

In June 2012, the GASB issued Statement No. 68 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27.* This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City will implement the requirements of this standard beginning with the year ending April 30, 2016.

III Required Supplementary Information

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
Year Ended April 30, 2012

	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)
IMRF						
2011	$ 28,262,038	$ 40,581,866	$ 12,319,828	69.6%	$ 13,665,271	90.2%
2010	27,195,156	38,997,358	11,802,202	69.7%	14,010,076	84.2%
2009	26,009,239	37,331,787	11,322,548	69.7%	15,469,723	73.2%
2008	32,983,627	42,879,285	9,895,658	76.9%	15,636,313	63.3%
2007	40,110,028	36,941,811	(3,168,217)	108.6%	13,301,974	0.0%
2006	38,059,512	37,138,451	(921,061)	102.5%	13,274,612	0.0%
***Police Pension**						
2011	$ 74,407,671	$ 112,627,195	$ 38,219,524	66.1%	$ 10,626,984	359.7%
2010	70,348,106	110,125,805	39,777,699	63.9%	11,040,825	360.3%
2009	68,889,401	102,697,489	33,808,088	67.1%	11,214,984	301.5%
2008	66,058,169	98,045,970	31,987,801	67.4%	9,872,894	324.0%
2007	64,965,624	88,733,350	23,767,726	73.2%	9,474,589	250.9%
2006	58,980,897	82,481,592	23,500,695	71.5%	9,126,496	257.5%
***Fire Pension**						
2011	$ 60,477,614	$ 102,073,330	$ 41,595,716	59.29%	$ 7,942,070	523.7%
2010	58,035,930	96,531,895	38,495,965	60.1%	8,148,301	472.4%
2009	57,852,069	91,703,077	33,851,008	63.1%	8,119,535	416.9%
2008	57,057,466	83,723,383	26,665,917	68.2%	6,639,308	401.6%
2007	56,101,465	78,757,103	22,655,638	71.2%	6,464,348	350.5%
2006	52,418,918	75,989,748	23,570,830	69.0%	6,597,222	357.3%
OPEB						
2011	$ -	$ 8,475,000	$ 8,475,000	0.0%	$ 18,569,054	45.6%
2010	-	8,528,800	8,528,800	0.0%	19,189,126	44.5%
2009	-	10,119,000	10,119,000	0.0%	19,334,519	52.3%
2008	-	8,760,000	8,760,000	0.0%	N/A	N/A

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

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended April 30, 2012

Year Ended April 30	Annual Required Contribution	Percentage Contributed
	POLICE PENSION FUND	
2011	$ 3,982,535	76.60%
2010	3,080,287	103.00%
2009	3,777,600	85.80%
2008	2,968,274	100.00%
2007	2,890,037	100.00%
2006	2,766,759	100.00%
	FIREFIGHTERS' PENSION FUND	
2011	$ 3,951,668	82.50%
2010	3,277,075	98.00%
2009	3,434,550	95.30%
2008	2,992,651	100.00%
2007	3,069,618	100.00%
2006	2,782,070	100.00%
	IMRF	
2011	$ 1,749,155	73.00%
2010	1,730,244	69.00%
2009	143,868	100.00%
2008	1,246,214	100.00%
2007	1,324,877	100.00%
2006	1,278,345	100.00%
	OPEB	
2012	$ 758,500	83.40%
2011	741,700	68.70%
2010	834,400	42.89%
2009	744,600	58.22%

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
GENERAL ACCOUNT
Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	$ 16,710,731	$ 16,710,731	$ 16,173,975	$ (536,756)
Charges for service	603,831	603,831	628,896	25,065
Investment income and net increase in fair value of investments	9,450	9,450	13,556	4,106
Intergovernmental	31,822,538	31,822,538	30,998,327	(824,211)
Licenses and permits	654,400	654,400	757,033	102,633
Fines and fees	973,800	973,800	1,148,713	174,913
Other revenue	1,332,450	1,332,450	1,459,619	127,169
Total revenues	52,107,200	52,107,200	51,180,119	(927,081)
EXPENDITURES				
Current:				
Legislative	69,167	69,287	67,441	1,846
Executive	418,661	420,325	394,483	25,842
Management services	533,814	560,323	562,556	(2,233)
Legal	579,277	734,836	634,034	100,802
Financial management	1,464,215	1,481,883	1,424,495	57,388
Police	22,208,242	22,629,195	22,081,579	547,616
Fire	15,730,707	15,870,600	15,579,942	290,658
Planning and neighborhood services	2,583,293	3,712,914	2,759,845	953,069
Public works	9,018,907	9,083,308	8,091,152	992,156
Other non-departmental charges	2,077,538	2,109,513	2,086,275	23,238
Total expenditures	54,683,821	56,672,184	53,681,802	2,990,382
Deficiency of revenues over expenditures	(2,576,621)	(4,564,984)	(2,501,683)	2,063,301
OTHER FINANCING SOURCES (USES)				
Sale of assets	58,000	58,000	71,239	13,239
Transfers in	4,471,910	4,471,910	4,389,955	(81,955)
Transfers out	(2,212,955)	(2,212,955)	(1,885,800)	327,155
Total other financing sources (uses)	2,316,955	2,316,955	2,575,394	258,439
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (259,666)	$ (2,248,029)	73,711	$ 2,321,740
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			1,671,208	
Excess of revenues over expenditures and other financing sources (uses) - GAAP basis			1,744,919	
FUND BALANCE, BEGINNING OF YEAR			9,275,461	
FUND BALANCE, END OF YEAR			$ 11,020,380	

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
ILLINOIS MUNICIPAL RETIREMENT FUND ACCOUNT
Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income	$ 1,500	$ 1,500	$ 117	$ (1,383)
EXPENDITURES				
General Government:				
Contributions for employees' pension and social security	1,787,500	1,787,500	1,672,775	114,725
Deficiency of revenues over expenditures	(1,786,000)	(1,786,000)	(1,672,658)	113,342
OTHER FINANCING SOURCES				
Transfers in	1,289,853	1,289,853	1,291,892	2,039
Deficiency of revenues over expenditures and other financing sources	$ (496,147)	$ (496,147)	(380,766)	$ 115,381
NET CHANGES IN BUDGETARY BASIS TO GAAF			-	
Deficiency of revenues over expenditures and other financing sources - GAAP basis			(380,766)	
FUND BALANCE, BEGINNING OF YEAR			470,520	
FUND BALANCE, END OF YEAR			$ 89,754	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
LIBRARY FUND
Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	$ 3,000,000	$ 3,000,000	$ 2,966,484	$ (33,516)
Investment income and net increase in fair value of investments	5,777	5,777	843	(4,934)
Intergovernmental	415,000	415,000	398,736	(16,264)
Fines and fees	73,800	73,800	71,050	(2,750)
Other revenue	8,072	8,072	7,170	(902)
Total revenues	3,502,649	3,502,649	3,444,283	(58,366)
EXPENDITURES				
Current:				
Culture and recreation	4,037,620	4,065,509	3,619,323	446,186
Deficiency of revenues over expenditures	(534,971)	(562,860)	(175,040)	387,820
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,200)	(1,200)	(1,200)	-
Deficiency of revenues over expenditures and other financing sources (uses)	$ (536,171)	$ (564,060)	(176,240)	$ 387,820
NET CHANGES IN BUDGETARY BASIS TO GAAF			(36,162)	
Deficiency of revenues over expenditures and other financing sources (uses) - GAAP basis			(212,402)	
FUND BALANCE, BEGINNING OF YEAR			752,733	
FUND BALANCE, END OF YEAR			$ 540,331	

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
2010 PROJECT FUND
Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income and net increase in fair value of investments	$ 150,000	$ 150,000	$ 152,287	$ 2,287
Other revenue	-	-	350	350
Total revenues	150,000	150,000	152,637	2,637
EXPENDITURES				
Current:				
Capital projects	8,321,074	18,110,530	11,453,368	6,657,162
Debt Service:				
Interest and fiscal charges	-	-	8,829	(8,829)
Total expenditures	8,321,074	18,110,530	11,462,197	6,648,333
Deficiency of revenues over expenditures	$ (8,171,074)	$ (17,960,530)	(11,309,560)	$ 6,650,970
NET CHANGES IN BUDGETARY BASIS TO GAAF			(1,863,811)	
Deficiency of revenues over expenditures - GAAP basis			(13,173,371)	
FUND BALANCE, BEGINNING OF YEAR			27,950,290	
FUND BALANCE, END OF YEAR			$ 14,776,919	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 2 - BASIS OF ACCOUNTING

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

APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING

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

1. An appropriated budget is legally adopted through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds, debt service funds, the capital projects funds, enterprise funds, and internal service funds.

2. The process is initiated in December of each year, with the departmental requests presented in February to the Budget Review Committee composed of the City Manager, Deputy City Manager, and Director of Financial Management.

3. The City Manager's proposed and balanced executive budget is presented to the City Council during March with a public hearing and final adoption taking place prior to April 30th of each year.

4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of July of each year. The Appropriation Ordinance includes changes from the approved budget and is adopted after an additional public hearing.

5. Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis which is not in accordance with Generally Accepted Accounting Principles (GAAP). The Budget to Actual schedules include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General and major Special Revenue Fund.

6. The level of budgetary control is by division within the General Fund; by similar divisions within the Water Fund; and at the fund level for all other funds. Therefore, expenditures within a given fund cannot legally exceed appropriations at these levels.

NOTE 2 - BASIS OF 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.

IV Supplementary Information

Governmental Funds

CITY OF DECATUR, ILLINOIS
GENERAL FUND
COMBINING BALANCE SHEET
April 30, 2012

	General Account	IMRF	Total
ASSETS			
Cash and investments	$ 4,508,772	$ 120,339	$ 4,629,111
Receivables:			
Property taxes, net	7,107,442	89,474	7,196,916
Illinois municipal sales tax	6,048,007	-	6,048,007
Other taxes	4,568,610	-	4,568,610
Due from other governments	140,864	-	140,864
Due from component unit	224,624	-	224,624
Accounts receivable	128,157	-	128,157
Other	43,225	552	43,777
Prepaid items	6,326	-	6,326
Inventories	17,081	-	17,081
TOTAL ASSETS	$ 22,793,108	$ 210,365	$ 23,003,473
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 317,720	$ -	$ 317,720
Due to other funds	7,432	-	7,432
Other accrued liabilities	799,865	32,432	832,297
Deferred revenue	10,647,711	88,179	10,735,890
Total liabilities	11,772,728	120,611	11,893,339
Fund Balances:			
Nonspendable:			
Prepaid items	6,326	-	6,326
Inventories	17,081	-	17,081
Restricted:			
Retirement	-	89,754	89,754
Unassigned	10,996,973	-	10,996,973
Total fund balances	11,020,380	89,754	11,110,134
TOTAL LIABILITIES AND FUND BALANCES	$ 22,793,108	$ 210,365	$ 23,003,473

CITY OF DECATUR, ILLINOIS
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2012

	General Account	IMRF	Total
REVENUES			
Taxes	$ 16,547,962	$ -	$ 16,547,962
Charges for service	622,614	-	622,614
Investment income and net increase in fair value of investments	13,556	117	13,673
Intergovernmental	32,515,628	-	32,515,628
Licenses and permits	752,854	-	752,854
Fines and fees	1,150,008	-	1,150,008
Other revenue	1,459,673	-	1,459,673
Total revenues	53,062,295	117	53,062,412
EXPENDITURES			
Current:			
General government	7,813,928	1,672,775	9,486,703
Public safety	37,800,088	-	37,800,088
Highways and streets	8,271,322	-	8,271,322
Total expenditures	53,885,338	1,672,775	55,558,113
Deficiency of revenues over expenditures	(823,043)	(1,672,658)	(2,495,701)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	71,239	-	71,239
Transfers in	4,382,523	1,291,892	5,674,415
Transfers out	(1,885,800)	-	(1,885,800)
Total other financing sources (uses)	2,567,962	1,291,892	3,859,854
Net change in fund balances	1,744,919	(380,766)	1,364,153
FUND BALANCES, BEGINNING OF YEAR	9,275,461	470,520	9,745,981
FUND BALANCES, END OF YEAR	$ 11,020,380	$ 89,754	$ 11,110,134

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

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

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

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

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

The PEG Fund accounts for revenues received for franchise rights granted allowing the installation and operation of cable communication networks and expenditures for the operation of the Public Education and Governmental television station.

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	$ 6,106,897	$ 388,530	$ 994,745	$ 7,490,172
Receivables:				
Property taxes, net	59,400	1,408,894	-	1,468,294
Due from other governments	312,401	-	-	312,401
Due from other funds	100,272	-	-	100,272
Accounts receivable	51,720	20,155	26,698	98,573
Notes receivable	559,132	-	-	559,132
Other	-	434	-	434
TOTAL ASSETS	$ 7,189,822	$ 1,818,013	$ 1,021,443	$ 10,029,278
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 60,995	$ -	$ 47,369	$ 108,364
Contracts payable	-	-	75,072	75,072
Due to other funds	285,248	-	-	285,248
Other accrued liabilities	304,774	-	-	304,774
Deferred revenue	59,400	1,408,894	-	1,468,294
Total liabilities	710,417	1,408,894	122,441	2,241,752
Fund Balances:				
Restricted:				
Transportation and highway	5,267,745	-	-	5,267,745
Culture and recreation	496	-	-	496
Court services and public safety	511,857	-	-	511,857
Economic development	882,694	-	-	882,694
Capital projects	-	-	144,045	144,045
Debt service	-	409,119	-	409,119
Assigned:				
Capital projects	-	-	754,957	754,957
Unassigned	(183,387)	-	-	(183,387)
Total fund balances	6,479,405	409,119	899,002	7,787,526
TOTAL LIABILITIES AND FUND BALANCES	$ 7,189,822	$ 1,818,013	$ 1,021,443	$ 10,029,278

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	$ 1,891,814	$ 1,222,227	$ -	$ 3,114,041
Investment income and net increase in fair value of investments	10,163	1,949	2,890	15,002
Intergovernmental	4,358,993	-	576,603	4,935,596
Fines and fees	306,614	-	61,383	367,997
Other revenue	466,773	535,575	774	1,003,122
Total revenues	7,034,357	1,759,751	641,650	9,435,758
EXPENDITURES				
Current:				
General government	2,756,643	125,835	-	2,882,478
Public safety	312,915	-	-	312,915
Culture and recreation	68,181	-	-	68,181
Highways and streets	2,097,324	-	2,143,164	4,240,488
Debt service:				
Principal retirement	-	3,683,643	-	3,683,643
Interest and fiscal charges	-	5,104,129	-	5,104,129
Total expenditures	5,235,063	8,913,607	2,143,164	16,291,834
Excess (deficiency) of revenues over expenditures	1,799,294	(7,153,856)	(1,501,514)	(6,856,076)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,582	7,246,672	395,298	7,644,552
Transfers out	(2,189,082)	-	(332,443)	(2,521,525)
Total other financing sources (uses)	(2,186,500)	7,246,672	62,855	5,123,027
Net change in fund balances	(387,206)	92,816	(1,438,659)	(1,733,049)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	6,866,611	316,303	2,337,661	9,520,575
FUND BALANCES, END OF YEAR	$ 6,479,405	$ 409,119	$ 899,002	$ 7,787,526

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2012

	HOME Fund	CDBG Fund	TIF Fund	Drug Enforcement Fund	Municipal Band Fund	PEG Fund	Motor Fuel Tax Fund	Total
ASSETS								
Cash and investments	$ 59,808	$ 74,738	$ 239,315	$ 803,171	$ 496	$ 24,439	$ 4,904,930	$ 6,106,897
Receivables:								
Property taxes, net	-	-	-	-	59,400	-	-	59,400
Due from other governments	-	-	-	-	-	-	312,401	312,401
Due from other funds	-	100,272	-	-	-	-	-	100,272
Accounts receivable	-	-	-	-	-	-	51,720	51,720
Notes receivable	559,132	-	-	-	-	-	-	559,132
TOTAL ASSETS	$ 618,940	$ 175,010	$ 239,315	$ 803,171	$ 59,896	$ 24,439	$ 5,269,051	$ 7,189,822
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 59,689	$ -	$ -	$ -	$ -	$ 1,306	$ 60,995
Due to other funds	-	285,248	-	-	-	-	-	285,248
Other accrued liabilities	-	13,460	-	291,314	-	-	-	304,774
Deferred revenue	-	-	-	-	59,400	-	-	59,400
Total liabilities	-	358,397	-	291,314	59,400	-	1,306	710,417
Fund Balances:								
Restricted:								
Transportation and highway	-	-	-	-	-	-	5,267,745	5,267,745
Culture and recreation	-	-	-	-	496	-	-	496
Court services and public safety	-	-	-	511,857	-	-	-	511,857
Economic development	618,940	-	239,315	-	-	24,439	-	882,694
Unassigned	-	(183,387)	-	-	-	-	-	(183,387)
Total fund balance (deficit)	618,940	(183,387)	239,315	511,857	496	24,439	5,267,745	6,479,405
TOTAL LIABILITIES AND FUND BALANCES	$ 618,940	$ 175,010	$ 239,315	$ 803,171	$ 59,896	$ 24,439	$ 5,269,051	$ 7,189,822

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2012

	HOME Fund	CDBG Fund	TIF Fund	Drug Enforcement Fund	Municipal Band Fund	PEG Fund	Motor Fuel Tax Fund	Total
REVENUES								
Taxes	$ -	$ -	$ 1,832,451	$ -	$ 59,363	$ -	$ -	$ 1,891,814
Investment income and net increase in fair value of investments	-	-	2,920	4,144	3	-	3,096	10,163
Intergovernmental	520,965	1,691,304	224,805	-	-	-	1,921,919	4,358,993
Fines and fees	-	-	-	306,614	-	-	-	306,614
Other revenue	16,666	-	2,032	96	1,722	24,439	421,818	466,773
Total revenues	537,631	1,691,304	2,062,208	310,854	61,088	24,439	2,346,833	7,034,357
EXPENDITURES								
Current:								
General government	577,745	1,355,948	822,950	-	-	-	-	2,756,643
Public safety	-	-	-	312,915	-	-	-	312,915
Culture and recreation	-	-	-	-	68,181	-	-	68,181
Highways and streets	-	-	-	-	-	-	2,097,324	2,097,324
Total expenditures	577,745	1,355,948	822,950	312,915	68,181	-	2,097,324	5,235,063
Excess (deficiency) of revenues over expenditures	(40,114)	335,356	1,239,258	(2,061)	(7,093)	24,439	249,509	1,799,294
OTHER FINANCING SOURCES (USES)								
Transfers in	-	1,582	-	-	1,000	-	-	2,582
Transfers out	-	(335,111)	(1,483,968)	(1,351)	-	-	(368,652)	(2,189,082)
Total other financing sources (uses)	-	(333,529)	(1,483,968)	(1,351)	1,000	-	(368,652)	(2,186,500)
Net change in fund balances	(40,114)	1,827	(244,710)	(3,412)	(6,093)	24,439	(119,143)	(387,206)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	659,054	(185,214)	484,025	515,269	6,589	-	5,386,888	6,866,611
FUND BALANCES (DEFICIT), END OF YEAR	$ 618,940	$ (183,387)	$ 239,315	$ 511,857	$ 496	$ 24,439	$ 5,267,745	$ 6,479,405

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grant	$ 2,395,876	$ 1,691,304	$ (704,572)
EXPENDITURES			
General Government:			
Public services	1,279,111	747,786	531,325
Personnel services	501,894	508,992	(7,098)
Contractual services	71,360	53,798	17,562
Commodities	750	135	615
Other charges	5,790	1,191	4,599
Total expenditures	1,858,905	1,311,902	547,003
Excess of revenues over expenditures	536,971	379,402	(157,569)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,200	1,582	(2,618)
Transfers out	(333,411)	(335,111)	(1,700)
Total other financing sources (uses)	(329,211)	(333,529)	(4,318)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ 207,760	$ 45,873	$ (161,887)

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	$ 1,630,837	$ 520,965	$ (1,109,872)
Loan repayment	42,000	98,573	56,573
Other revenue	12,884	-	(12,884)
Total revenues	1,685,721	619,538	(1,066,183)
EXPENDITURES			
General Government:			
Economic and urban development	1,306,171	689,802	616,369
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 379,550	$ (70,264)	$ (449,814)

CITY OF DECATUR, ILLINOIS
TIF DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,854,000	$ 1,832,451	$ (21,549)
Sales tax	211,600	224,805	13,205
Investment income	3,900	2,920	(980)
Other revenue	-	2,032	2,032
Total revenues	2,069,500	2,062,208	(7,292)
EXPENDITURES			
General Government:			
Economic and urban development	873,094	822,950	50,144
Excess of revenues over expenditures	1,196,406	1,239,258	42,852
OTHER FINANCING USES			
Transfers out	(1,474,968)	(1,483,968)	(9,000)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (278,562)	$ (244,710)	$ 33,852

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ 5,000	$ 4,144	$ (856)
Fines and fees	226,000	306,614	80,614
Other revenue	500	96	(404)
Total revenues	231,500	310,854	79,354
EXPENDITURES			
Public safety	445,847	312,915	132,932
Deficiency of revenues over expenditures	(214,347)	(2,061)	212,286
OTHER FINANCING USES			
Transfers out	-	(1,351)	(1,351)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (214,347)	$ (3,412)	$ 210,935

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 60,000	$ 59,363	$ (637)
Investment income	-	3	3
Other revenue	1,000	1,722	722
Total revenues	61,000	61,088	88
EXPENDITURES			
Culture and recreation	69,987	68,181	1,806
Deficiency of revenues over expenditures	(8,987)	(7,093)	1,894
OTHER FINANCING SOURCES			
Transfers in	-	1,000	1,000
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	$ (8,987)	$ (6,093)	$ 2,894

CITY OF DECATUR, ILLINOIS
PEG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 4	$ 4
Other revenue	-	24,435	24,435
Total revenues	-	24,439	24,439
EXPENDITURES			
Culture and recreation	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	$ -	$ 24,439	$ 24,439

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ 29,837	$ 3,096	$ (26,741)
Intergovernmental:			
Motor fuel tax	2,100,000	1,922,875	(177,125)
Other	99,923	21,344	(78,579)
Other revenue	11,430	421,818	410,388
Total revenues	2,241,190	2,369,133	127,943
EXPENDITURES			
Highways and streets:			
Maintenance of traffic lights and streets	5,320,750	2,186,836	3,133,914
Excess (deficiency) of revenues over expenditures	(3,079,560)	182,297	3,261,857
OTHER FINANCING USES			
Transfers out	(335,100)	(368,652)	(33,552)
DEFICIENCY OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	$ (3,414,660)	$ (186,355)	$ 3,228,305

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,223,805	$ 1,222,227	$ (1,578)
Investment income	1,500	1,949	449
Other revenue	535,575	535,575	-
Total revenues	1,760,880	1,759,751	(1,129)
EXPENDITURES			
Current:			
General government	146,803	146,803	-
Debt Service:			
Principal retirement	3,683,643	3,683,643	-
Interest and fiscal charges	5,108,775	5,104,129	4,646
Total expenditures	8,939,221	8,934,575	4,646
Deficiency of revenues over expenditures	(7,178,341)	(7,174,824)	3,517
OTHER FINANCING SOURCES			
Transfers in	7,108,019	7,246,672	138,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	$ (70,322)	$ 71,848	$ 142,170

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
April 30, 2012

	Capital Projects Fund	2008 Project Fund	Total
ASSETS			
Cash and investments	$ 811,886	$ 182,859	$ 994,745
Receivables:			
Accounts receivable	24,268	2,430	26,698
TOTAL ASSETS	$ 836,154	$ 185,289	$ 1,021,443
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 47,369	$ -	$ 47,369
Contracts payable	33,828	41,244	75,072
Total liabilities	81,197	41,244	122,441
Fund Balances:			
Restricted:			
Capital projects	-	144,045	144,045
Assigned:			
Capital projects	754,957	-	754,957
Total fund balances	754,957	144,045	899,002
TOTAL LIABILITIES AND FUND BALANCES	$ 836,154	$ 185,289	$ 1,021,443

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2012

	Capital Projects Fund	2008 Project Fund	Total
REVENUES			
Investment income and net increase in fair value of investments	$ 1,697	$ 1,193	$ 2,890
Intergovernmental	576,603	-	576,603
Fines and fees	61,383	-	61,383
Other revenue	374	400	774
Total revenues	640,057	1,593	641,650
EXPENDITURES			
Current:			
Highways and streets	622,213	1,520,951	2,143,164
Excess (deficiency) of revenues over expenditures	17,844	(1,519,358)	(1,501,514)
OTHER FINANCING SOURCES (USES)			
Transfers in	395,298	-	395,298
Transfers out	(332,443)	-	(332,443)
Total other financing sources (uses)	62,855	-	62,855
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	80,699	(1,519,358)	(1,438,659)
FUND BALANCES, BEGINNING OF YEAR	674,258	1,663,403	2,337,661
FUND BALANCES, END OF YEAR	$ 754,957	$ 144,045	$ 899,002

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, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ 8,946	$ 1,697	$ (7,249)
Intergovernmental	1,300,000	576,603	(723,397)
Fines and fees	102,300	61,383	(40,917)
Other revenues	200	374	174
Total revenues	1,411,446	640,057	(771,389)
EXPENDITURES			
Capital projects	1,830,541	657,578	1,172,963
Deficiency of revenues over expenditures	(419,095)	(17,521)	401,574
OTHER FINANCING SOURCES (USES)			
Transfers in	330,000	395,298	65,298
Transfers out	(332,443)	(332,443)	-
Total financing sources (uses)	(2,443)	62,855	65,298
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ (421,538)	$ 45,334	$ 466,872

CITY OF DECATUR, ILLINOIS
2008 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2012

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ 4,000	$ 1,193	$ (2,807)
Other revenues	-	400	400
Total revenues	4,000	1,593	(2,407)
EXPENDITURES			
Capital projects	1,961,601	1,479,707	481,894
DEFICIENCY OF REVENUES OVER EXPENDITURES	$ (1,957,601)	$ (1,478,114)	$ 479,487

V Supplementary Information

Non Major Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

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

The Motor Vehicle Parking System Fund is used to account for the construction, operation, and maintenance of the City-owned parking system. This fund was closed during the year and operations were moved to the General Fund.

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

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

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

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

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
April 30, 2012

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ -	$ 1,515,577	$ 82,872	$ 500	$ 60,517	$ 1,659,466
Investments	-	251,196	-	-	-	251,196
Receivables:						
Accounts receivable	-	236,438	253	1,774	148,347	386,812
Due from other funds	-	-	285,248	-	-	285,248
Assets held for sale	-	-	22,940	-	-	22,940
Total current assets	-	2,003,211	391,313	2,274	208,864	2,605,662
Notes receivable	-	-	267,475	-	-	267,475
Property, plant and equipment						
Improvements other than buildings	-	10,914,779	-	-	-	10,914,779
Less accumulated depreciation	-	6,645,676	-	-	-	6,645,676
Total property, plant and equipment	-	4,269,103	-	-	-	4,269,103
TOTAL ASSETS	$ -	$ 6,272,314	$ 658,788	$ 2,274	$ 208,864	$ 7,142,240
LIABILITIES AND NET ASSETS						
Liabilities:						
Current liabilities:						
Accounts payable	$ -	$ 58,569	$ 84	$ -	$ 29,476	$ 88,129
Due to other funds	-	-	100,272	-	500,000	600,272
Total current liabilities	-	58,569	100,356	-	529,476	688,401
Net assets:						
Invested in capital assets, net of related debt	-	4,269,103	-	-	-	4,269,103
Unrestricted	-	1,944,642	558,432	2,274	(320,612)	2,184,736
Total net assets	-	6,213,745	558,432	2,274	(320,612)	6,453,839
TOTAL LIABILITIES AND NET ASSETS	$ -	$ 6,272,314	$ 658,788	$ 2,274	$ 208,864	$ 7,142,240

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended April 30, 2012

	Motor Vehicle Parking System Fund	Sewer Fund	DCDF Fund	Home Mortgage Fund	Recycling Fund	Total
OPERATING REVENUES						
Charges for services	$ -	$ 2,338,493	$ -	$ -	$ 711,410	$ 3,049,903
Other revenue	-	1,437	14,503	-	-	15,940
Total operating revenues	-	2,339,930	14,503	-	711,410	3,065,843
OPERATING EXPENSES						
Contractual services	-	1,591,929	4,302	-	547,490	2,143,721
Commodities	-	-	-	-	690,540	690,540
Other charges	-	21,642	92,120	-	-	113,762
Depreciation and amortization	-	259,063	-	-	-	259,063
Total operating expenses	-	1,872,634	96,422	-	1,238,030	3,207,086
Operating income (loss)	-	467,296	(81,919)	-	(526,620)	(141,243)
NONOPERATING REVENUES						
Intergovernmental revenue	-	20,982	-	-	-	20,982
Investment income and net increase in fair value of investments	55	4,888	34	136	202	5,315
Total nonoperating revenues	55	25,870	34	136	202	26,297
Income (loss) before transfers	55	493,166	(81,885)	136	(526,418)	(114,946)
TRANSFERS						
Transfers out	(260,786)	(651,273)	(1,582)	-	-	(913,641)
Transfer out of net long-term assets	(2,441,064)	-	-	-	-	(2,441,064)
Net transfers	(2,701,850)	(651,273)	(1,582)	-	-	(3,354,705)
Change in net assets	(2,701,795)	(158,107)	(83,467)	136	(526,418)	(3,469,651)
NET ASSETS, BEGINNING OF YEAR	2,701,795	6,371,852	641,899	2,138	205,806	9,923,490
NET ASSETS, END OF YEAR	$ -	$ 6,213,745	$ 558,432	$ 2,274	$ (320,612)	$ 6,453,839

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2012

	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	$ -	$ 2,286,345	$ 127,879	$ 364	$ 691,107	$ 3,105,695
Cash paid to suppliers for goods and services	-	(1,718,719)	(96,422)	-	(1,256,413)	(3,071,554)
Net cash provided by (used in) operating activities	-	567,626	31,457	364	(565,306)	34,141
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental revenue	-	20,982	-	-	-	20,982
Cash transfers from other funds	-	-	-	-	500,000	500,000
Cash transfers to other funds	(82,295)	(651,273)	(1,582)	-	-	(735,150)
Net cash provided by (used in) noncapital financing activities	(82,295)	(630,291)	(1,582)	-	500,000	(214,168)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant, and equipment	-	(95,180)	-	-	-	(95,180)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	-	4,888	34	136	202	5,260
Proceeds from the sale of investments	-	822,681	-	-	82,063	904,744
Net cash provided by investing activities	-	827,569	34	136	82,265	910,004
NET INCREASE (DECREASE) IN CASH	(82,295)	669,724	29,909	500	16,959	634,797
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,295	845,853	52,963	-	43,558	1,024,669
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 1,515,577	$ 82,872	$ 500	$ 60,517	$ 1,659,466
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ -	$ 467,296	$ (81,919)	$ -	$ (526,620)	$ (141,243)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	-	259,063	-	-	-	259,063
Effects of changes in operating assets and liabilities:						
Receivables	-	(53,585)	110,113	364	(20,303)	36,589
Accounts payable	-	58,569	-	-	(18,383)	40,186
Contracts payable	-	(163,717)	-	-	-	(163,717)
Due to other funds	-	-	3,263	-	-	3,263
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ -	$ 567,626	$ 31,457	$ 364	$ (565,306)	$ 34,141

VI Supplementary Information

Internal Service Funds

INTERNAL SERVICE FUNDS

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

The Fleet Maintenance/ERF Fund accounts for services provided by the City's garage for repair and maintenance of motorized vehicles and equipment and for funds transferred from operating departments for the expenses of operating and replacement of City equipment. Capital outlay for automotive and other machinery and equipment is from this fund.

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

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

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
April 30, 2012

	Fleet Maintenance/ERF	Self Insurance	Management Information Services	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 92,857	$ 1,999,772	$ 505,976	$ 2,598,605
Investments	895,448	-	583,956	1,479,404
Receivables:				
Accounts receivable	3,292	690	-	3,982
Other	-	1,536	-	1,536
Inventories	233,809	-	-	233,809
Total current assets	1,225,406	2,001,998	1,089,932	4,317,336
Property, plant and equipment				
Machinery and equipment	9,788,280	-	1,062,016	10,850,296
Less accumulated depreciation	5,178,469	-	878,946	6,057,415
Total property, plant and equipment	4,609,811	-	183,070	4,792,881
TOTAL ASSETS	$ 5,835,217	$ 2,001,998	$ 1,273,002	$ 9,110,217
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	$ 40,413	$ -	$ 150,257	$ 190,670
Other accrued liabilities	25,690	-	16,331	42,021
Claims payable	-	5,867,081	-	5,867,081
Unearned revenue	817	-	6,565	7,382
Capital lease	126,080	-	-	126,080
Total current liabilities	193,000	5,867,081	173,153	6,233,234
Noncurrent liabilities:				
Capital lease	821,770	-	-	821,770
Total liabilities	1,014,770	5,867,081	173,153	7,055,004
Net assets (deficit):				
Invested in capital assets, net of related debt	3,661,961	-	183,070	3,845,031
Unrestricted	1,158,486	(3,865,083)	916,779	(1,789,818)
Total net assets (deficit)	4,820,447	(3,865,083)	1,099,849	2,055,213
TOTAL LIABILITIES AND NET ASSETS	$ 5,835,217	$ 2,001,998	$ 1,273,002	$ 9,110,217

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT)
Year Ended April 30, 2012

	Fleet Maintenance/ERF	Self Insurance	Management Information Services	Total
OPERATING REVENUES				
Charges for services	$ 2,259,163	$ 8,513,667	$ 1,346,934	$ 12,119,764
Payroll deductions/retiree contributions	-	1,919,841	-	1,919,841
Other revenue	51,571	70,613	82	122,266
Total operating revenues	2,310,734	10,504,121	1,347,016	14,161,871
OPERATING EXPENSES				
Personnel services	614,962	-	866,839	1,481,801
Contractual services	211,751	652,349	232,674	1,096,774
Supplies and materials	1,096,567	6,529	245	1,103,341
Insurance and other charges	213,533	10,306,397	215,871	10,735,801
Depreciation	1,106,932	-	95,995	1,202,927
Total operating expenses	3,243,745	10,965,275	1,411,624	15,620,644
Operating loss	(933,011)	(461,154)	(64,608)	(1,458,773)
NONOPERATING REVENUES (EXPENSES)				
Investment income	6,750	11,045	4,789	22,584
Interest expense	(13,104)	-	-	(13,104)
Gain on disposal of city property	45,953	-	-	45,953
Total nonoperating revenues (expenses)	39,599	11,045	4,789	55,433
Loss before transfers	(893,412)	(450,109)	(59,819)	(1,403,340)
TRANSFERS				
Transfers in	-	-	263,293	263,293
Transfers out	(109,464)	(148,882)	(263,293)	(521,639)
Net transfers	(109,464)	(148,882)	-	(258,346)
Net loss	(1,002,876)	(598,991)	(59,819)	(1,661,686)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	5,823,323	(3,266,092)	1,159,668	3,716,899
NET ASSETS (DEFICIT), END OF YEAR	$ 4,820,447	$ (3,865,083)	$ 1,099,849	$ 2,055,213

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2012

	Fleet Maintenance/ERF	Self Insurance	Management Information Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	$ 2,310,734	$ 10,504,121	$ 1,347,016	$ 14,161,871
Cash paid to suppliers for goods and services	(1,552,530)	(10,899,627)	(298,533)	(12,750,690)
Cash paid to employees	(614,962)	-	(866,839)	(1,481,801)
Net cash provided by (used in) operating activities	143,242	(395,506)	181,644	(70,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers from other funds	-	-	263,293	263,293
Cash transfers to other funds	(109,464)	(148,882)	(263,293)	(521,639)
Net cash used in noncapital financing activities	(109,464)	(148,882)	-	(258,346)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	(357,512)	-	(26,870)	(384,382)
Proceeds on sale of city property	45,953	-	-	45,953
Net cash used in capital and related financing activities	(311,559)	-	(26,870)	(338,429)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	6,750	11,045	4,789	22,584
Proceeds from sales and maturities of investments	-	1,491,445	-	1,491,445
Purchase of investments	(6,104)	-	(3,980)	(10,084)
Net cash provided by investing activities	646	1,502,490	809	1,503,945
NET INCREASE (DECREASE) IN CASH	(277,135)	958,102	155,583	836,550
CASH, BEGINNING OF YEAR	369,992	1,041,670	350,393	1,762,055
CASH, END OF YEAR	$ 92,857	$ 1,999,772	$ 505,976	$ 2,598,605
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	$ (933,011)	$ (461,154)	$ (64,608)	$ (1,458,773)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	1,106,932	-	95,995	1,202,927
Effects of changes in operating assets and liabilities:				
Inventories	(30,186)	-	-	(30,186)
Accounts payable	(493)	65,648	150,257	215,412
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 143,242	$ (395,506)	$ 181,644	$ (70,620)

VII Supplementary Information

Fiduciary Funds

FIDUCIARY FUNDS

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

The City has one type of Fiduciary Fund: Pension Trust Fund.

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
April 30, 2012

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 1,887,709	$ 5,906,323	$ 7,794,032
Taxes receivable	78,234	63,864	142,098
Accrued interest	350,782	193,881	544,663
Long-term investments, at fair value:			
U.S. Government obligations	25,548,568	2,717,610	28,266,178
Mutual funds	28,426,061	30,681,745	59,107,806
Common stock	5,862,638	2,582,267	8,444,905
Certificate of deposits	-	1,665,813	1,665,813
Annuities	-	7,832,952	7,832,952
Corporate bonds	13,046,744	8,306,077	21,352,821
Total long-term investments	72,884,011	53,786,464	126,670,475
TOTAL ASSETS	$ 75,200,736	$ 59,950,532	$ 135,151,268
NET ASSETS			
Held in trust for pension benefits	$ 75,200,736	$ 59,950,532	$ 135,151,268

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Year Ended April 30, 2012

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	$ 4,066,299	$ 3,904,301	$ 7,970,600
Plan member	1,100,202	790,003	1,890,205
Total contributions	5,166,501	4,694,304	9,860,805
Investment earnings:			
Interest and dividends	1,588,249	942,958	2,531,207
Net increase in the fair value of investments	1,624,003	919,838	2,543,841
Total investment income	3,212,252	1,862,796	5,075,048
Less investment expense	164,874	110,527	275,401
Net investment income	3,047,378	1,752,269	4,799,647
Total additions	8,213,879	6,446,573	14,660,452
DEDUCTIONS			
Benefits and refunds	5,359,788	5,812,248	11,172,036
Administrative expense	246,788	67,014	313,802
Total deductions	5,606,576	5,879,262	11,485,838
Net increase	2,607,303	567,311	3,174,614
NET ASSETS, BEGINNING OF YEAR	72,593,433	59,383,221	131,976,654
NET ASSETS, END OF YEAR	$ 75,200,736	$ 59,950,532	$ 135,151,268

VIII Statistical Section

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.

Financial Trends

These schedules contain information to help the reader understand how the City of Decatur's financial position and performance have changed over time.

City of Decatur, Illinois
Net Assets by Componet
Most Recent Fiscal Years ($'s whole)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in capital assets, net of related debt	19,313,839	20,694,671	20,186,970	21,827,108	59,290,174	17,251,831	14,982,634	15,721,174	19,474,067
Restricted	16,605,645	9,486,926	3,979,821	2,407,527			4,751,759	27,950,290	7,846,041
Unrestricted	(30,561,374)	(26,992,521)	(22,243,869)	(17,699,526)	(15,918,386)	23,755,421	15,153,850	(9,682,408)	4,923,072
Total governmental activities net assets	5,358,110	3,189,076	1,922,922	6,535,109	43,371,788	41,007,252	34,888,243	33,989,056	32,243,180
Business-type activities									
Invested in capital assets, net of related debt	62,562,784	63,584,906	60,305,067	57,930,995	59,440,235	56,724,998	56,063,710	52,810,641	46,571,347
Restricted				28,846,361	25,198,923				
Unrestricted	37,228,430	36,781,035	31,253,474			20,270,332	16,129,718	15,538,406	12,388,196
Total business-type activities net assets	99,791,214	100,365,941	91,558,541	86,777,356	84,639,158	76,995,330	72,193,428	68,349,047	58,959,543
Primary government									
Invested in capital assets, net of related debt	81,876,623	84,279,577	80,492,037	79,758,103	118,730,409	73,976,829	71,046,344	68,531,815	66,045,414
Restricted	16,605,645	9,486,926	3,979,821	31,253,888	25,198,923		4,751,759	27,950,290	7,846,041
Unrestricted	6,667,056	9,788,514	9,009,605	(17,699,526)	(15,918,386)	44,025,753	31,283,568	5,855,998	17,311,268
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET ASSETS	105,149,324	103,555,017	93,481,463	93,312,465	128,010,946	118,002,582	107,081,671	102,338,103	91,202,723

City of Decatur, Illinois
Changes in Net Assets
Most Recent Fiscal Years ($'s whole)

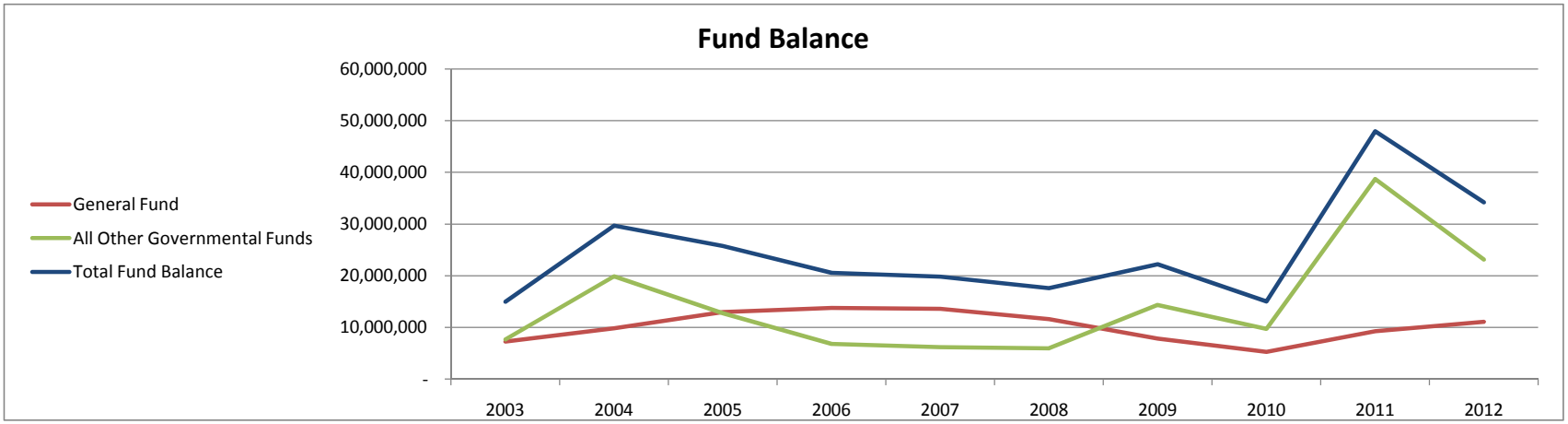
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental Activities										
General government	18,929,105	14,751,089	11,231,794	12,355,329	12,752,403	12,899,611	11,667,513	10,469,200	11,735,004	13,692,390
Public safety	25,191,374	28,332,963	29,959,590	30,901,106	31,958,049	33,878,086	37,007,402	38,406,935	35,477,795	41,416,933
Public works	6,318,476	9,229,510	14,764,122	17,390,666	10,562,237	15,604,712	16,395,618	17,190,569	19,443,483	13,846,451
Culture and recreation	3,230,450	3,468,287	3,609,189	3,749,474	3,916,250	4,441,150	4,443,700	4,359,055	4,514,057	3,770,113
Interest on debt	2,905,874	3,029,752	3,039,104	3,078,850	2,952,352	3,076,008	3,568,996	3,434,867	3,332,503	4,508,919
Total governmental activities expenses	56,575,279	58,811,601	62,603,799	67,475,425	62,141,291	69,899,567	73,083,229	73,860,626	74,502,842	77,234,806
Business-type activities										
Water	17,313,477	12,729,900	11,387,369	12,977,816	12,547,968	13,161,424	13,807,253	15,017,552	13,631,171	13,312,583
Parking	709,071	679,620	682,392	746,042	748,568	757,198	721,662	745,510	509,932	-
Mass Transit	4,278,068	4,698,845	4,722,404	4,947,093	4,936,203	5,788,725	5,661,346	5,994,281	6,626,503	6,542,694
Housing programs	186,003	38,512	278,361	42,466	11,322	72,653	39,512	10,986	6,633	96,422
Waste removal	564,112	505,584	481,492	496,095	518,561	536,549	554,083	545,302	556,721	1,238,284
Hotel						320,859	43,020	46,531		
Sewer	1,231,754	1,729,595	932,591	780,498	755,444	1,279,797	1,487,939	1,890,168	1,317,412	1,872,785
Total business-type activities expenses	24,282,485	20,382,056	18,484,609	19,990,010	19,518,066	21,917,205	22,314,815	24,250,330	22,648,372	23,062,768
TOTAL PRIMARY GOVERNMENT EXPENSES	80,857,764	79,193,657	81,088,408	87,465,435	81,659,357	91,816,772	95,398,044	98,110,956	97,151,214	100,297,574
PROGRAM REVENUES										
Governmental activities										
Charges for services	4,900,333									
General government		1,134,218	1,034,913	1,626,091	1,509,879	1,593,067	1,543,847	1,907,784	1,693,970	2,398,906
Public safety		717,390	770,040	219,965	230,736	426,660	427,804	471,925	420,751	433,184
Other activities		271,850	292,338	130,483	129,989	105,538	183,892	194,837	178,940	132,433
Operating grants and contributions	13,537	5,358,138	3,533,131	4,760,023	6,321,264	6,462,730	6,010,850	6,030,644	10,093,544	6,815,292
Capital grants and contributions		17,554							33,120	
Total governmental activities program revenues	4,913,870	7,499,150	5,630,422	6,736,562	8,191,868	8,587,995	8,166,393	8,605,190	12,420,325	9,779,815
Business-type activities										
Charges for services										
Water	11,587,608	12,618,005	14,209,199	12,252,193	11,509,404	12,620,045	12,368,956	13,690,334	17,008,482	15,284,540
Other activities	3,493,165	3,478,711	3,343,276	3,640,434	3,332,874	3,964,874	3,762,684	3,518,967	3,753,099	3,651,584
Operating grants and contributions		3,140,921	3,285,819	2,423,190	5,239,319	4,095,141	4,372,081	9,433,023	4,290,027	5,722,143
Capital grants and contributions	786,486	122,467							1,605,270	
Total business-type activities program revenues	15,867,259	19,360,104	20,838,294	18,315,817	20,081,597	20,680,060	20,503,721	26,642,324	26,656,878	24,658,267
TOTAL PRIMARY GOVERNMENT REVENUES	20,781,129	26,859,254	26,468,716	25,052,379	28,273,465	29,268,055	28,670,114	35,247,514	39,077,203	34,438,082

City of Decatur, Illinois
Changes in Net Assets
Most Recent Fiscal Years ($'s whole)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET (EXPENSE) REVENUE										
Governmental activities	(51,661,409)	(51,312,451)	(56,973,377)	(60,738,863)	(53,949,423)	(61,311,572)	(64,916,836)	(65,255,436)	(62,082,517)	(67,454,991)
Business-type activities	(8,415,226)	(1,021,952)	2,353,685	(1,674,193)	563,531	(1,237,145)	(1,811,094)	2,391,994	4,008,506	1,595,499
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(60,076,635)	(52,334,403)	(54,619,692)	(62,413,056)	(53,385,892)	(62,548,717)	(66,727,930)	(62,863,442)	(58,074,011)	(65,859,492)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes	44,611,858									
Property taxes		9,952,854	10,581,082	11,258,757	11,703,520	12,063,453	12,446,870	12,582,958	13,337,710	13,513,648
Sales and use taxes		19,486,593	21,855,409	21,814,347	22,041,088	23,160,806	23,133,533	21,585,950	22,975,574	23,919,621
Income taxes		4,938,597	6,221,442	6,465,031	6,410,060	7,712,550	7,209,039	6,028,973	6,797,068	6,192,641
Utility taxes			5,760,454	5,924,807	5,341,719	5,316,258	5,575,225	5,366,459	5,268,016	5,310,600
Food and beverage taxes			2,611,781	2,665,731	2,714,786	2,877,615	2,951,196	3,081,976	2,806,014	3,093,186
Hotel and motel taxes			620,000	661,629	652,839	681,483	649,612	677,313	498,812	711,053
Other taxes		10,060,189	938,657	1,444,728	991,002	1,643,308	1,584,417	1,435,493	1,596,000	1,141,429
Investment earnings	955,964	309,847	425,431	713,716	1,023,446	786,557	327,253	136,092	164,803	239,646
Miscellaneous	1,892,251	1,424,398	844,783	1,386,026	909,144	649,408	1,212,713	529,756	605,759	2,051,932
Transfers	3,927,598	4,468,419	4,935,470	7,349,755	6,774,006	6,612,277	7,073,376	7,711,457	7,133,574	11,093,160
Total governmental activities	51,387,671	50,640,897	54,794,509	59,684,527	58,561,610	61,503,715	62,163,234	59,136,427	61,183,330	67,266,916
Business-type activities										
Property taxes	150,291	151,519	151,654	217,322	217,091	218,254	216,872			
Investment earnings	527,995	319,320	549,191	1,023,657	1,212,199	1,017,691	621,036	415,711	97,133	91,842
Miscellaneous	3,615,205		20,964	(1,024,431)		(119,958)	402,734	101,850	(816,446)	16,315
Transfers	(3,197,160)	(4,468,419)	(4,935,470)	(7,349,755)	(6,774,006)	(6,612,277)	(7,073,376)	(7,711,457)	(7,133,574)	(11,093,160)
Total business-type activities	1,096,331	(3,997,580)	(4,213,661)	(7,133,207)	(5,344,716)	(5,496,290)	(5,832,734)	(7,193,896)	(7,852,887)	(10,985,003)
TOTAL PRIMARY GOVERNMENT	52,484,002	46,643,317	50,580,848	52,551,320	53,216,894	56,007,425	56,330,500	51,942,531	53,330,443	56,281,913
CHANGE IN NET ASSETS										
Governmental activities	(273,738)	(671,554)	(2,178,868)	(1,054,336)	4,612,187	192,143	(2,753,602)	(6,119,009)	(899,187)	(188,075)
Business-type activities	(7,318,895)	(5,019,532)	(1,859,976)	(8,807,400)	(4,781,185)	(6,733,435)	(7,643,828)	(4,801,902)	(3,844,381)	(9,389,504)
TOTAL PRIMARY GOVERNMENT	(7,592,633)	(5,691,086)	(4,038,844)	(9,861,736)	(168,998)	(6,541,292)	(10,397,430)	(10,920,911)	(4,743,568)	(9,577,579)

City of Decatur, Illinois
Fund Balances of Governmental Funds
Most Recent Fiscal Years ($'s whole)

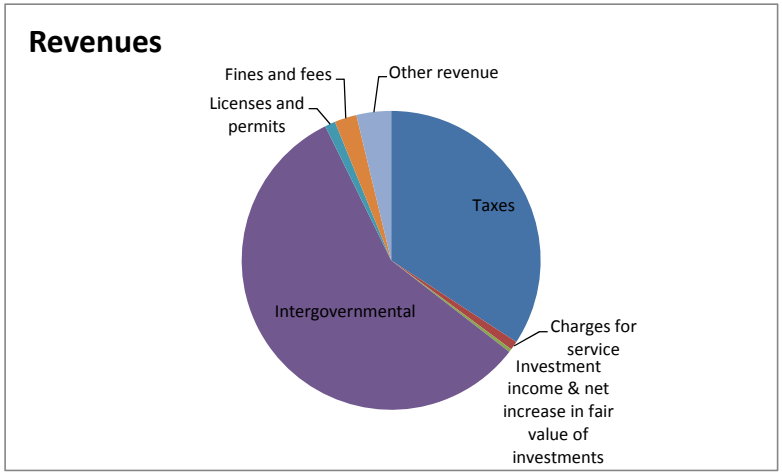
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 note 1
General Fund										
Nonspendable										23,407
Restricted										89,754
Unassigned										10,996,973
Reserved	34,105	254,788	1,508,645	465,499	1,244,305	1,136,354	666,740	301,594	845,847	-
Unreserved	7,230,267	9,571,619	11,479,722	13,326,187	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614	-
Total general fund	7,264,372	9,826,407	12,988,367	13,791,686	13,617,913	11,621,202	7,841,549	5,255,229	9,275,461	11,110,134
All other governmental funds										
Restricted										22,533,206
Assigned										754,957
Unassigned										(183,387)
Reserved	1,605,397	14,272,610	7,319,800	1,333,910	3,047,814	1,770,534	3,258,830	5,297,531	12,800,837	-
Unreserved reported in:										
Special revenue funds	4,639,115	3,762,315	3,241,868	3,570,733	3,415,306	3,846,689	4,704,765	3,344,042	7,355,646	-
Capital projects funds	1,436,225	1,833,611	2,195,084	1,893,486	(264,923)	341,085	6,399,703	1,107,713	18,537,635	
Total all other governmental funds	7,680,737	19,868,536	12,756,752	6,798,129	6,198,197	5,958,308	14,363,298	9,749,286	38,694,118	23,104,776
TOTAL FUND BALANCE	14,945,109	29,694,943	25,745,119	20,589,815	19,816,110	17,579,510	22,204,847	15,004,515	47,969,579	34,214,910

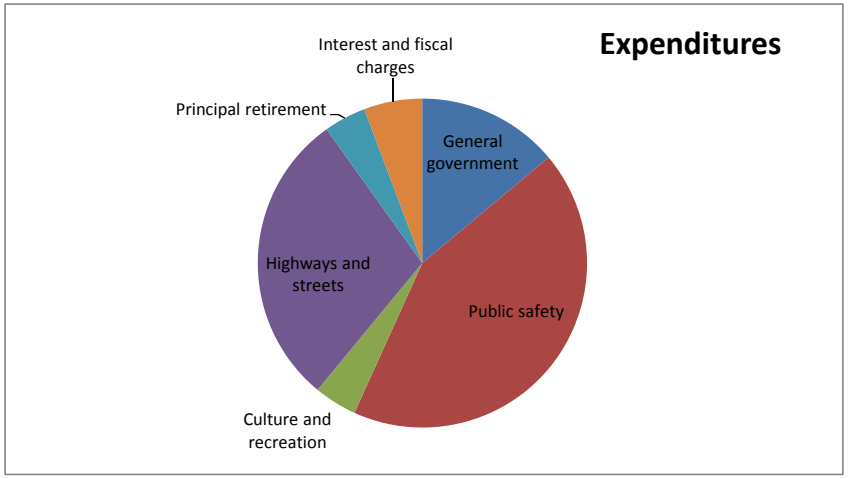


Note 1 Reporting change the result of Implementation of GASB 54 with the fiscal year ending April 30, 2012

City of Decatur, Illinois
Changes in Fund Balances of Governmental Funds
Most Recent Fiscal Years ($'s whole)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	29,900,358	18,667,393	15,869,064	20,510,924	20,412,864	20,938,809	21,622,903	21,708,706	21,910,552	22,628,487
Charges for service	3,383,576	147,086	157,203	163,721	140,221	98,878	61,208	94,978	83,722	622,614
Investment income & net increase in fair value of investments	244,119	255,580	334,709	514,380	680,310	526,969	234,071	81,064	36,891	217,062
Intergovernmental	14,154,510	30,940,013	37,652,299	34,520,731	35,755,784	38,890,223	37,944,081	32,901,498	41,808,973	37,879,127
Licenses and permits	653,161	893,767	775,198	786,276	824,540	790,214	734,515	743,221	659,054	752,854
Fines and fees	879,150	979,705	1,106,679	1,026,542	905,843	1,236,173	1,359,823	1,736,347	1,550,885	1,589,055
Other revenue	1,766,127	594,540	538,209	914,670	430,613	387,717	1,168,836	429,582	819,179	2,470,315
Total revenues	50,981,001	52,478,084	56,433,361	58,437,244	59,150,175	62,868,983	63,125,437	57,695,396	66,869,256	66,159,514
Expenditures										
General government	9,077,370	12,526,719	11,083,220	12,348,085	12,861,179	14,222,410	13,714,869	13,007,676	13,573,156	12,369,181
Public safety	22,145,786	27,323,352	28,681,398	30,999,294	32,484,928	34,627,287	37,043,722	36,451,503	34,845,020	38,113,003
Culture and recreation	2,768,200	3,226,952	3,377,323	3,620,570	3,910,134	4,030,476	3,961,788	3,950,374	3,468,406	3,742,754
Highways and streets	13,699,610	11,597,896	17,118,331	17,437,894	17,398,138	16,409,318	13,619,381	14,173,622	16,730,343	25,874,325
Debt service										
Principal retirement	1,641,397	2,404,032	2,468,228	2,570,078	2,515,152	2,518,462	5,803,265	2,700,995	10,723,029	3,683,643
Interest and fiscal charges	3,644,781	3,388,433	3,000,675	2,864,065	2,940,944	3,050,429	3,391,628	3,404,887	3,410,443	5,112,958
Total expenditures	52,977,144	60,467,384	65,729,175	69,839,986	72,110,475	74,858,382	77,534,653	73,689,057	82,750,397	88,895,864
Deficiency of revenues over expenditures	(1,996,143)	(7,989,300)	(9,295,814)	(11,402,742)	(12,960,300)	(11,989,399)	(14,409,216)	(15,993,661)	(15,881,141)	(22,736,350)

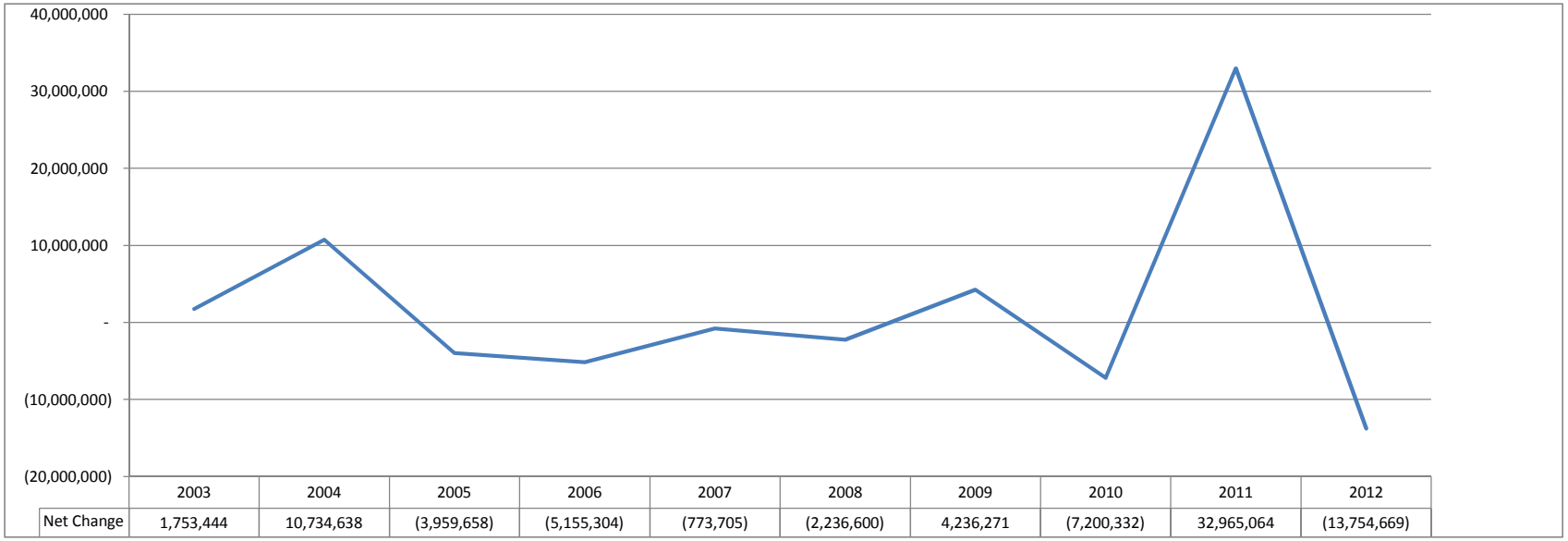




City of Decatur, Illinois
Changes in Fund Balances of Governmental Funds
Most Recent Fiscal Years ($'s whole)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources										
Bond proceeds	700,000	13,914,162	62,653	100,000	5,021,960	2,925,000	11,322,400	250,000	41,381,208	-
Sale of assets		37,076	10,021	331,480	243,886	7,750	36,107	78,694	83,217	71,239
Transfers in	4,820,028	7,597,108	8,030,834	9,161,249	9,810,513	10,630,370	10,559,161	12,242,983	11,252,494	13,318,967
Transfers out	(1,770,441)	(2,824,408)	(2,767,352)	(3,345,291)	(2,889,764)	(3,810,321)	(3,272,181)	(3,778,348)	(3,870,714)	(4,408,525)
Total other financing sources	3,749,587	18,723,938	5,336,156	6,247,438	12,186,595	9,752,799	18,645,487	8,793,329	48,846,205	8,981,681
NET CHANGE IN FUND BALANCES	1,753,444	10,734,638	(3,959,658)	(5,155,304)	(773,705)	(2,236,600)	4,236,271	(7,200,332)	32,965,064	(13,754,669)
Capital Outlay	*	3,489,897	2,934,322	1,033,801	6,643,530	6,531,587	4,567,696	6,357,189	4,937,640	17,452,588
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.98%	10.17%	8.71%	7.90%	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%

Net Change in Fund Balances



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

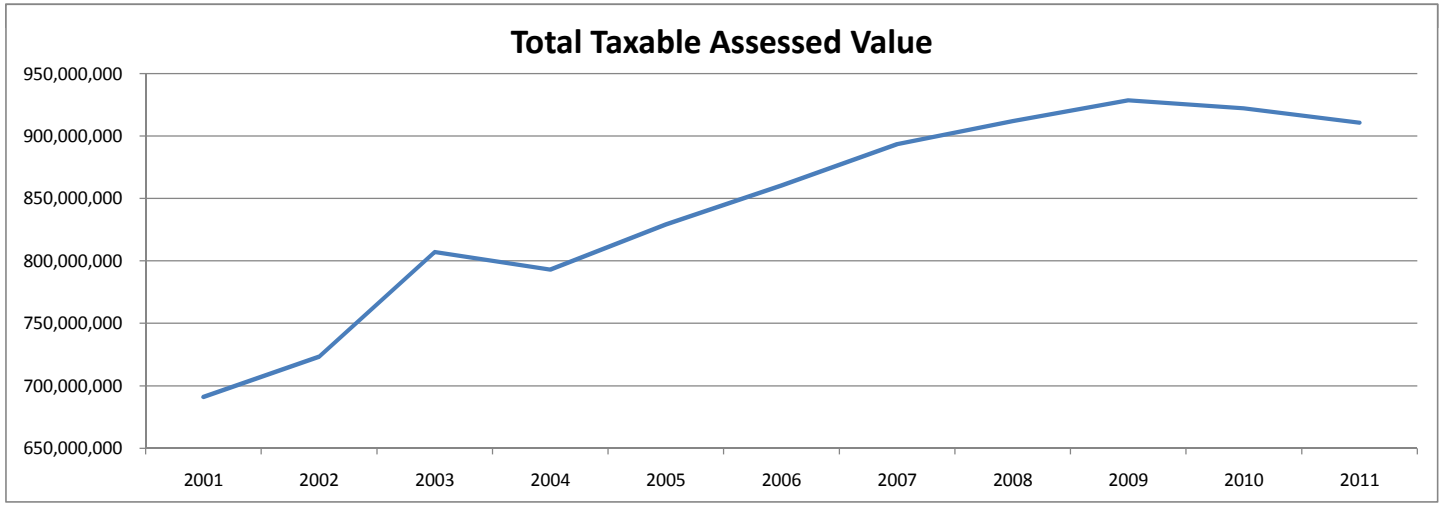
Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City of Decatur's ability to generate and maintain revenue.

City of Decatur, Illinois
Taxable Assessed Value, Taxable Value and Tax Collections
Most Recent Fiscal Years ($'s whole)

Property Assessment and Tax Information

Property Tax Levy Year	Fiscal Year Ended April 30	Residential Property	Farm Property	Commercial Property	Industrial Property	Railway Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Actual Tax Collections	
2001	2003	455,808,764	1,343,325	179,600,426	47,369,665	6,894,171	691,016,351	1.28570	8,884,399	9,169,784	
2002	2004	477,481,878	1,249,670	183,745,323	53,867,596	7,080,352	723,424,819	1.27960	9,256,944	9,483,139	
2003	2005	493,889,337	1,285,044	235,916,714	68,776,940	7,397,351	807,265,386	1.19250	9,626,639	9,880,591	
2004	2006	475,558,981	1,803,573	241,451,022	66,838,936	7,386,224	793,038,736	1.27170	10,097,408	10,305,508	
2005	2007	496,338,195	1,881,258	253,877,341	69,231,386	7,769,509	829,097,689	1.27000	10,529,462	10,744,806	
2006	2008	517,434,461	1,878,674	260,821,905	70,998,967	9,370,115	860,504,122	1.24180	10,685,396	10,938,772	
2007	2009	540,861,975	2,298,573	268,880,438	70,557,378	10,788,003	893,386,367	1.23237	11,009,825	11,234,839	
2008	2010	548,398,322	2,871,111	273,386,858	74,870,604	12,487,285	912,014,180	1.20640	11,002,265	10,886,987	
2009	2011	551,989,415	4,138,561	281,419,404	75,337,243	15,659,186	928,543,809	1.21669	11,297,500	11,171,844	
2010	2012	548,353,414	4,164,049	276,665,805	76,914,168	16,057,363	922,154,799	1.24353	11,467,272	11,314,203	
2011	2013	529,131,249	4,139,930	287,334,321	72,810,525	17,217,745	910,633,770	1.29049	11,751,637	11,316,467	Note 2



Note 1: Actual tax collections do not include receipts from Tax increment Districts or Special Assessments.
Note 2: Actual tax collection as of statistical report publication date for fiscal year ending April 30, 2013
Source: Macon County Clerk

City of Decatur, Illinois
Property Tax Rates - Direct and Overlapping
Governmental Units
Most Recent Fiscal Years

Tax Levy Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Fiscal Year Ended April 30	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
City of Decatur	1.28570	1.27960	1.19250	1.27170	1.27000	1.24170	1.23237	1.20637	1.21669	1.24353	1.29049
County of Macon	1.10490	1.13370	1.09870	0.98760	1.02445	0.94028	0.94681	0.93697	0.95288	0.95958	0.95558
Sanitary District	0.30470	0.28730	0.26169	0.29640	0.28280	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517
Decatur School District	3.98620	4.10530	4.07340	4.16700	4.32007	4.31073	4.36148	4.33613	4.34873	4.28718	4.31545
Decatur Park District	0.93250	0.97210	0.99880	0.99880	1.01405	1.02881	1.02801	1.03816	1.03785	1.03791	1.03991
Decatur Township	0.26530	0.26470	0.24940	0.26640	0.26778	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319
Mosquito Abatement	0.03250	0.03270	0.03110	0.03343	0.03343	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555
Conservation District	0.10520	0.10610	0.10820	0.11460	0.10883	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127
Mental Health	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192
Richland Community College	0.37230	0.38400	0.38390	0.38950	0.38896	0.38678	0.39411	0.39429	0.39467	0.43246	0.47799
Macon County Health	0.10350	0.10700	0.10700	0.10700	0.10538	0.08207	0.09206	0.10418	0.10235	0.10225	0.09981
Cooperative Extension	0.02360	0.02283	0.02720	0.02740	0.02708	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376
Total Tax Rate per $100 AV	8.66640	8.84533	8.68189	8.80983	8.99283	8.83897	8.90359	8.85711	8.89683	8.92454	9.07009
Share of Total Tax Rate Levied by City of Decatur	14.8%	14.5%	13.7%	14.4%	14.1%	14.0%	13.8%	13.6%	13.7%	13.9%	14.2%

Source: Office of the Macon County Clerk

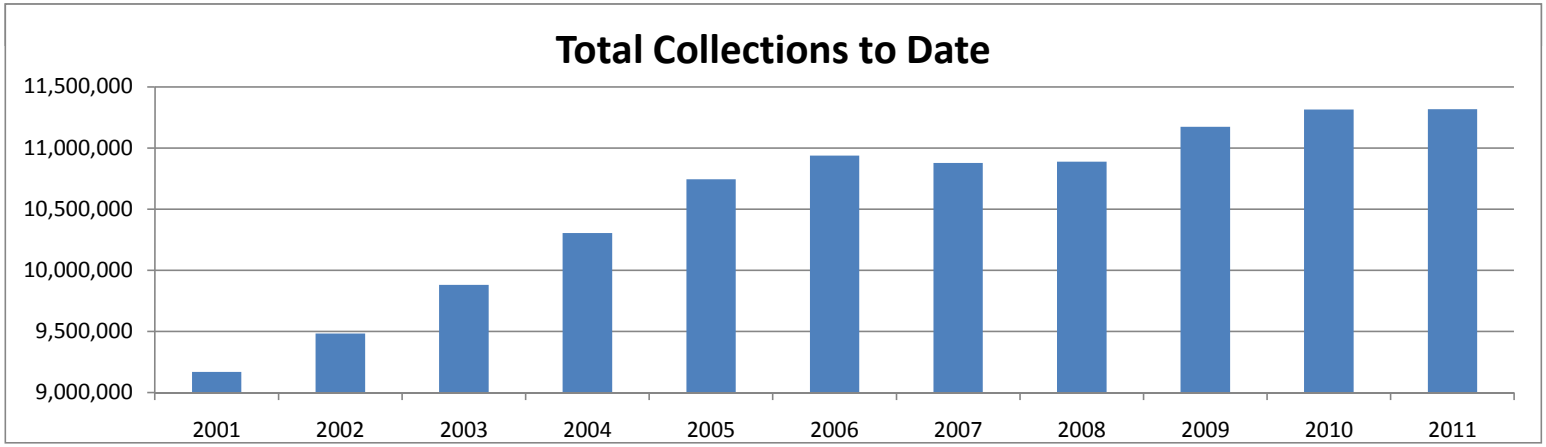
City of Decatur, Illinois
Major Property Taxpayers
as of April 30, 2012 ($'s whole)

	Current Year			Nine Years Ago		
Name of Company	2010 Assessed Valuation	Rank	Percent to Total	2001 Assessed Valuation	Rank	Percent to Total
Archer Daniels Midland Co.	29,644,321	1	3.2%	26,364,354	1	3.8%
Decatur Memorial Hospital	17,320,340	2	1.9%	4,937,297	4	0.7%
Wal-Mart Stores, Inc.	7,794,166	3	0.8%	6,977,882	2	1.0%
Caterpillar Tractor Co.	7,289,240	4	0.8%	6,470,295	3	0.9%
Ventas Inc fka LHPT Decatur/DMH Fund	6,025,442	5	0.7%	**	**	**
Ameren fka Illinois Power Co	4,432,899	6	0.5%	3,123,508	9	0.5%
Tate & Lyle fka AE Staley Mfg. Co.	3,429,614	7	0.4%	3,546,927	6	0.5%
Millikin University (The Woods Apts.)	3,166,667	8	0.3%	3,413,862	7	0.5%
Brettwood Village Assoc	3,100,000	9	0.3%	3,230,551	8	0.5%
Lakeview Hospitality	2,748,333	10	0.3%		**	**
Northgate Limited Partnership	**	**	**	4,089,708	5	0.6%
Bridgestone/Firestone	**	**	**	2,799,882	10	0.4%
	84,951,022		9.2%	64,954,266		9.4%
	922,154,799		100.0%	691,016,351		100.0%

Source: Macon County Supervisor of Assessments

City of Decatur, Illinois
Property Tax Levy and Tax Collections
Most Recent Fiscal Years ($'s whole)

Property Tax Levy Year	Fiscal Year Ended April 30	Taxes Levied for the Fiscal Year	Total Taxes Extended by County Collector	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
				Amount	Percentage of Levy		Amount	Percentage of Levy	
2001	2003	8,881,128	8,884,399	9,128,925	103%	(40,859)	9,169,784	103%	
2002	2004	9,253,069	9,256,944	9,442,398	102%	(40,741)	9,483,139	102%	
2003	2005	9,624,048	9,626,639	9,877,672	103%	2,919	9,880,591	103%	
2004	2006	10,093,476	10,097,408	10,279,384	102%	(26,125)	10,305,508	102%	
2005	2007	10,529,076	10,529,462	10,702,883	102%	(41,922)	10,744,806	102%	
2006	2008	10,685,006	10,685,396	10,918,703	102%	(20,069)	10,938,772	102%	
2007	2009	11,009,404	11,009,825	10,876,870	99%	n/a	10,876,870	99%	
2008	2010	11,001,990	11,002,265	10,886,987	99%	n/a	10,886,987	99%	
2009	2011	11,297,338	11,297,500	11,171,844	99%	n/a	11,171,844	99%	
2010	2012	11,467,074	11,467,272	11,314,203	99%	n/a	11,314,203	99%	
2011	2013	11,751,429	11,751,637	11,316,467	96%	n/a	11,316,467	96%	Note 1



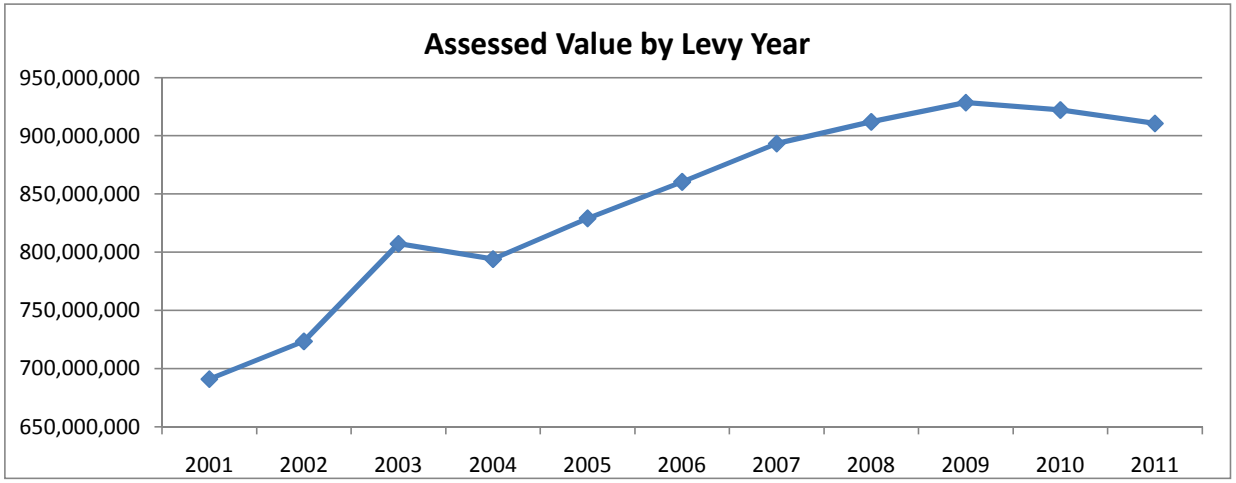
Source: Macon County Treasurer
n/a - Information not available according to competent authority with the Macon County Treasurers Office.

Note 1: 2011 tax levy actual collection as of the statistical report publication date for the year ending April 30, 2013

City of Decatur, Illinois
Assessed Value and Estimated Actual Value
of Taxable Property
Most Recent Fiscal Years ($'s whole)

REAL PROPERTY

LEVY YEAR	FISCAL YEAR ENDED APRIL 30	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)	DIRECT RATE PER $100 ASSESSED VALUATION
2001	2003	691,016,351	2,073,049,053	33.33%	1.2857
2002	2004	723,424,819	2,170,274,457	33.33%	1.2796
2003	2005	807,265,386	2,421,796,158	33.33%	1.1925
2004	2006	794,049,821	2,382,149,463	33.33%	1.2717
2005	2007	829,097,689	2,487,293,067	33.33%	1.2700
2006	2008	860,504,122	2,581,512,366	33.33%	1.2418
2007	2009	893,386,367	2,680,159,101	33.33%	1.2324
2008	2010	912,014,180	2,736,042,540	33.33%	1.2064
2009	2011	928,543,809	2,785,631,427	33.33%	1.2167
2010	2012	922,154,799	2,766,464,397	33.33%	1.2435
2011	2013	910,633,770	2,731,901,310	33.33%	1.2905

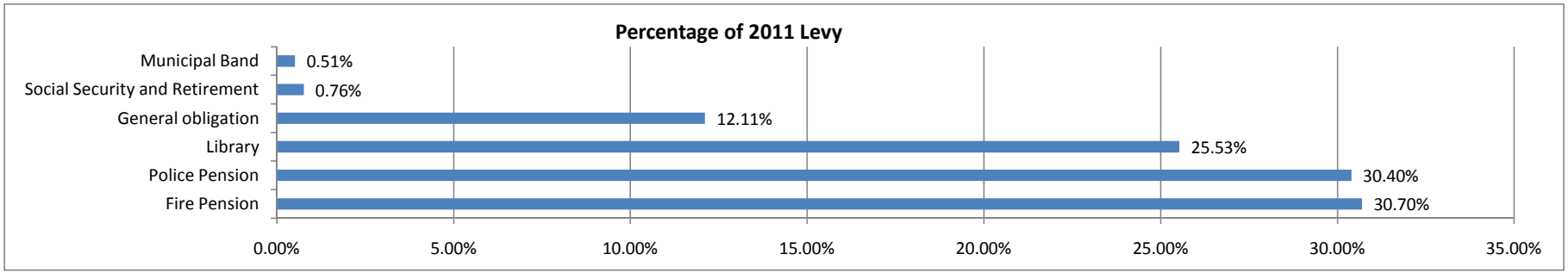


(1) State of Illinois law prescribes an assessed value ratio to be no more than 33.33% of actual value

Source: Macon County Clerk. There is a two year lag, thus tax year 2011 real estate taxes collected during fiscal year 2013

City of Decatur, Illinois
City Government Property Tax Rates
Most Recent Fiscal Years
Rate per $100 Assessed Valuation

Tax Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fiscal Year Ended April 30	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
PURPOSE OF FUND											
Library	0.40060	0.39420	0.36380	0.38100	0.37592	0.38031	0.39196	0.37138	0.32309	0.32533	0.32945
Police Pension	0.20360	0.21630	0.23730	0.26030	0.30416	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226
Fire Pension	0.20680	0.23610	0.22190	0.24840	0.31144	0.33349	0.31260	0.33683	0.33104	0.38973	0.39612
Municipal Band	0.00890	0.00900	0.00810	0.00820	0.00845	0.00814	0.00840	0.00823		0.00651	0.00659
Social Security and Retirement	0.09210	0.06040	0.03660	0.06510	0.09229	0.07590	0.08392	0.11544	0.12415		0.00979
Mass Transit System	0.02190	0.02100	0.01880	0.01910	0.02637	0.02541	0.02448	0.02398			
Law Enforcement Facility Lease	0.08820	0.08690	0.07980	0.05170	0.03384						
Insurance				0.05040							
Police Protection	0.12140	0.11600	0.10390	0.02480							
Public Benefit											
BOND AND INTEREST											
General obligation	0.14220	0.13970	0.12230	0.16270	0.11752	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628
ALL PURPOSE - TOTAL	1.28570	1.27960	1.19250	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049
Actual Rate Extended	1.28570	1.27960	1.19250	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049



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

City of Decatur, Illinois
City Government Tax Levy
Most Recent Fiscal Years ($'s whole)

Tax Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fiscal Year Ended April 30	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
PURPOSE OF FUND											
Library	2,768,212	2,851,741	2,936,831	3,025,330	3,116,776	3,272,583	3,501,717	3,387,038	3,000,032	3,000,046	3,000,083
Police Pension	1,406,909	1,564,767	1,915,640	2,066,912	2,521,810	2,645,104	2,723,310	2,995,602	2,824,630	3,577,223	3,572,053
Fire Pension	1,429,022	1,708,005	1,791,321	1,972,420	2,582,169	2,869,695	2,792,726	3,071,937	3,073,852	3,593,914	3,607,202
Municipal Band	61,500	65,108	65,388	65,112	70,059	70,045	75,044	75,059		60,032	60,011
Mass Transit System	151,332	151,918	151,765	151,664	218,635	218,654	218,701	218,701			
Social Security and Retirement	636,425	436,948	295,458	516,926	765,182	653,123	749,730	1,052,829	1,152,787		89,151
Law Enforcement Facility Leas	609,480	628,660	644,203	410,524	280,570						
Insurance				400,201							
Police Protection	838,893	839,173	838,748	196,924							
Public Benefit											
BOND AND INTEREST											
General obligation	982,625	1,010,624	987,285	1,291,919	974,366	956,192	948,598	201,099	1,246,199	1,236,056	1,423,138
ALL PURPOSE - TOTAL	8,884,398	9,256,944	9,626,639	10,097,932	10,529,567	10,685,396	11,009,825	11,002,265	11,297,500	11,467,272	11,751,638

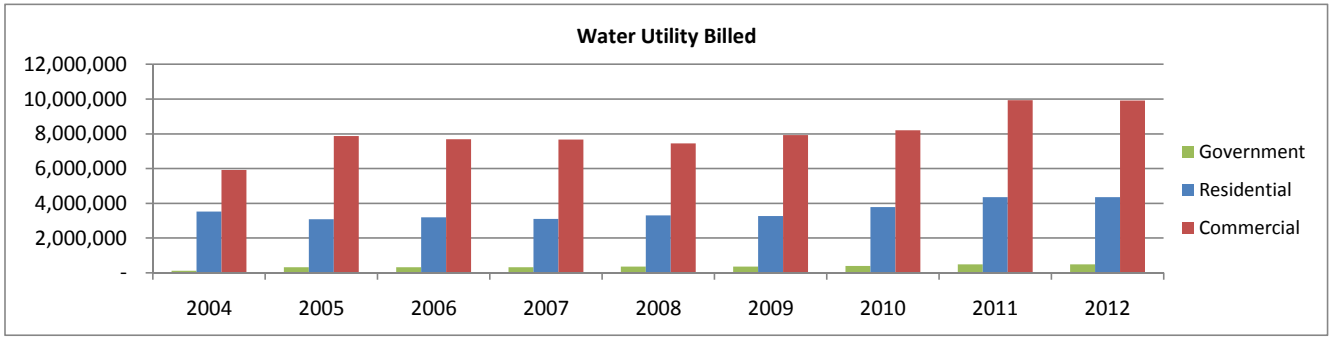
Source: "Certificate of Tax Extended", Macon County Clerk

City of Decatur, Illinois
Property Tax Information
as of April 30, 2012

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
Water Utility Revenue
Most Recent Fiscal Years ($'s whole)

Fiscal Year	Water Utility Billed				Direct rate per 700 gallons		Actual Receipts
	Residential	Commercial	Government	Total	Domestic and Non-Domestic	Large Users	
2003				10,213,394	1.37	2.10	11,415,100
2004	3,533,694	5,925,509	119,801	9,579,004	1.37	2.10	10,981,658
2005	3,078,785	7,882,285	310,688	11,271,758	1.37	2.10	11,344,858
2006	3,201,423	7,681,239	324,152	11,206,814	1.37	2.10	11,079,028
2007	3,102,937	7,665,383	322,649	11,090,969	1.37	2.10	11,194,002
2008	3,306,843	7,442,905	349,014	11,098,762	1.37	2.10	11,405,485
2009	3,266,713	7,932,315	348,853	11,547,880	1.58	2.42	11,731,801
2010	3,792,121	8,213,894	399,863	12,405,878	1.81	2.78	12,275,664
2011	4,356,560	9,941,636	476,239	14,774,435	2.08	3.19	14,589,805
2012	4,355,566	9,924,667	483,055	14,763,289	2.08	3.19	14,898,121



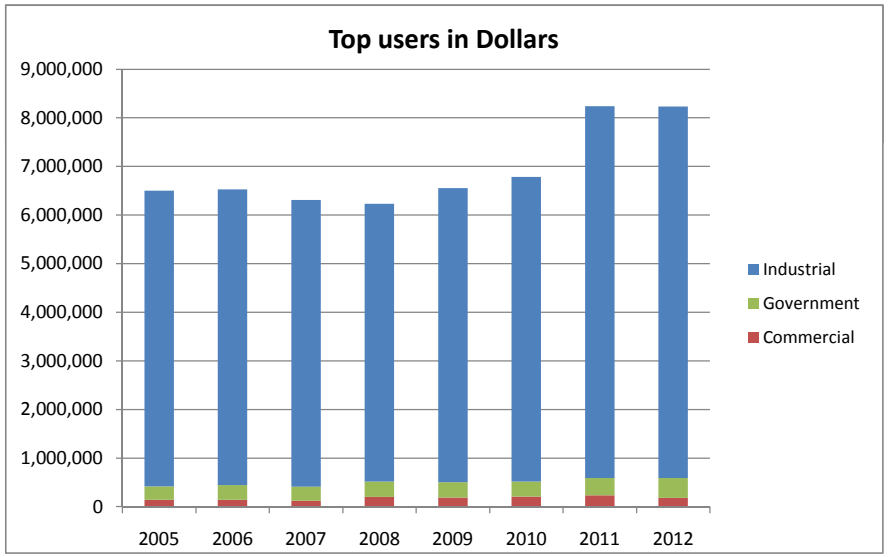
Note: Government accounts were not coded separately prior to the accounting system conversion in FY04.
The first six months of 2004 are included in the Residential and Commercial totals.

City of Decatur, Illinois
Water Utility Service Usage Rates
Most Recent Fiscal Years ($'s whole)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Service Charge Per Meter										
Domestic-all meters (quarterly)	$ 3.32	$ 3.32	$ 3.32	$ 3.32	$ 3.32	$ 3.32	$ 3.82	$ 4.39	$ 5.05	$ 5.05
Non-Domestic (quarterly)										
Meter size 5/8"-3/4"	8.97	8.97	8.97	8.97	8.97	8.97	10.32	11.86	13.64	13.64
Meter size 1"-1 1/2"	33.15	33.15	33.15	33.15	33.15	33.15	38.12	43.84	50.42	50.42
Meter size 2"-4"	117.00	117.00	117.00	117.00	117.00	117.00	134.55	154.73	177.94	177.94
Meter size 7"-12"	546.00	546.00	546.00	546.00	546.00	546.00	627.90	722.09	830.40	830.40
Meter size 14"-18"	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,242.50	2,578.88	2,965.71	3,410.56	3,410.56
Non-Domestic & large Users (monthly)										
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99	2.99	2.99	3.44	3.95	4.55	4.55
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05	11.05	11.05	12.71	14.61	16.81	16.81
Meter size 2"-4"	39.00	39.00	39.00	39.00	39.00	39.00	44.85	51.58	59.31	59.31
Meter size 7"-12"	182.00	182.00	182.00	182.00	182.00	182.00	209.30	240.70	276.80	276.80
Meter size 14"-18"	747.50	747.50	747.50	747.50	747.50	747.50	859.63	988.57	1,136.85	1,136.85
Usage Charge-cu ft (monthly equiv)										
Domestic and Non-Domestic										
1st 700	1.37	1.37	1.37	1.37	1.37	1.37	1.58	1.81	2.08	2.08
Next 1,500	1.24	1.24	1.24	1.24	1.24	1.24	1.43	1.64	1.89	1.89
Next 12,900	1.11	1.11	1.11	1.11	1.11	1.11	1.28	1.47	1.69	1.69
Next 18,300	0.89	0.89	0.89	0.89	0.89	0.89	1.02	1.18	1.35	1.35
Next 133,300	0.70	0.70	0.70	0.70	0.70	0.70	0.81	0.93	1.06	1.06
Next 833,300	0.66	0.66	0.66	0.66	0.66	0.66	0.76	0.87	1.00	1.00
Next 1,000 000	0.55	0.55	0.55	0.55	0.55	0.55	0.63	0.73	0.84	0.84
All Over 2,000,000	0.39	0.39	0.39	0.39	0.39	0.39	0.45	0.52	0.59	0.59
Large User										
1st 700	2.10	2.10	2.10	2.10	2.10	2.10	2.42	2.78	3.19	3.19
Next 1,500	1.90	1.90	1.90	1.90	1.90	1.90	2.19	2.51	2.89	2.89
Next 12,900	1.69	1.69	1.69	1.69	1.69	1.69	1.94	2.24	2.57	2.57
Next 18,300	1.36	1.36	1.36	1.36	1.36	1.36	1.56	1.80	2.07	2.07
Next 133,300	1.08	1.08	1.08	1.08	1.08	1.08	1.24	1.43	1.64	1.64
Next 833,300	1.00	1.00	1.00	1.00	1.00	1.00	1.15	1.32	1.52	1.52
Next 1,000 000	0.84	0.84	0.84	0.84	0.84	0.84	0.97	1.11	1.28	1.28
All Over 2,000,000	0.60	0.60	0.60	0.60	0.60	0.60	0.69	0.79	0.91	0.91

City of Decatur, Illinois
Water Utility Revenue by Consumer Segment
Most Recent Fiscal Years ($'s whole)

Fiscal Year	Total Water Billed	Top Users Industrial	Commercial	Government	Percentage of Total
2002	12,814,848	na	na	na	na
2003	10,213,394	na	na	na	na
2004	9,579,004	na	na	na	na
2005	11,271,758	6,082,481	138,366	280,029	57.7%
2006	11,206,814	6,083,537	140,089	306,877	58.3%
2007	11,090,969	5,899,731	117,977	291,625	56.9%
2008	11,098,762	5,714,968	197,870	315,586	56.1%
2009	11,547,880	6,052,058	186,708	316,887	56.8%
2010	12,405,878	6,267,839	207,533	306,451	54.7%
2011	14,774,435	7,648,174	231,140	359,514	55.8%
2012	14,763,289	7,643,251	179,996	411,138	55.8%



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

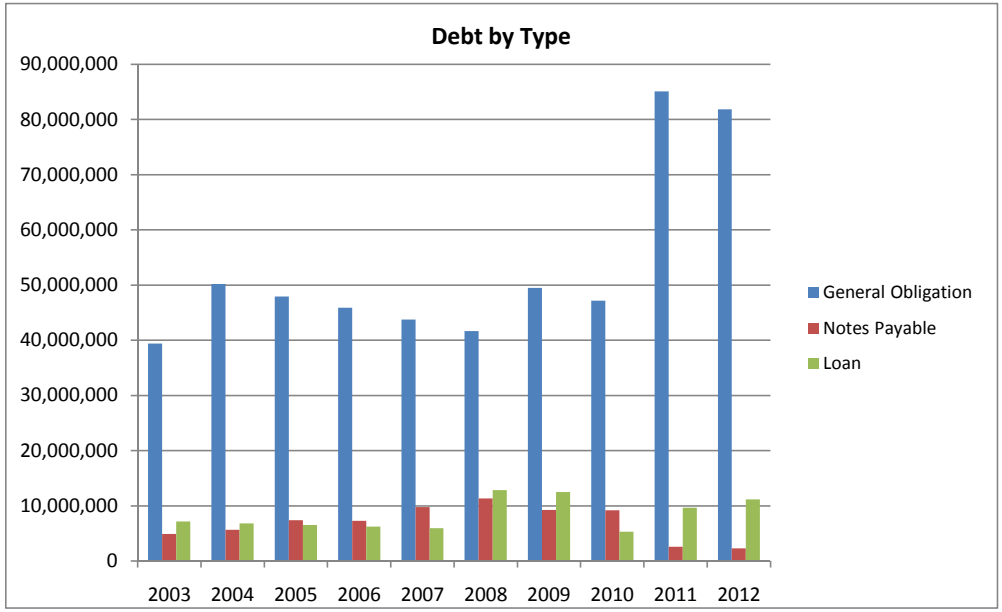
Debt Capacity

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

City of Decatur, Illinois
Ratios of Outstanding Debt by Type
Most Recent Fiscal Years ($'s whole)

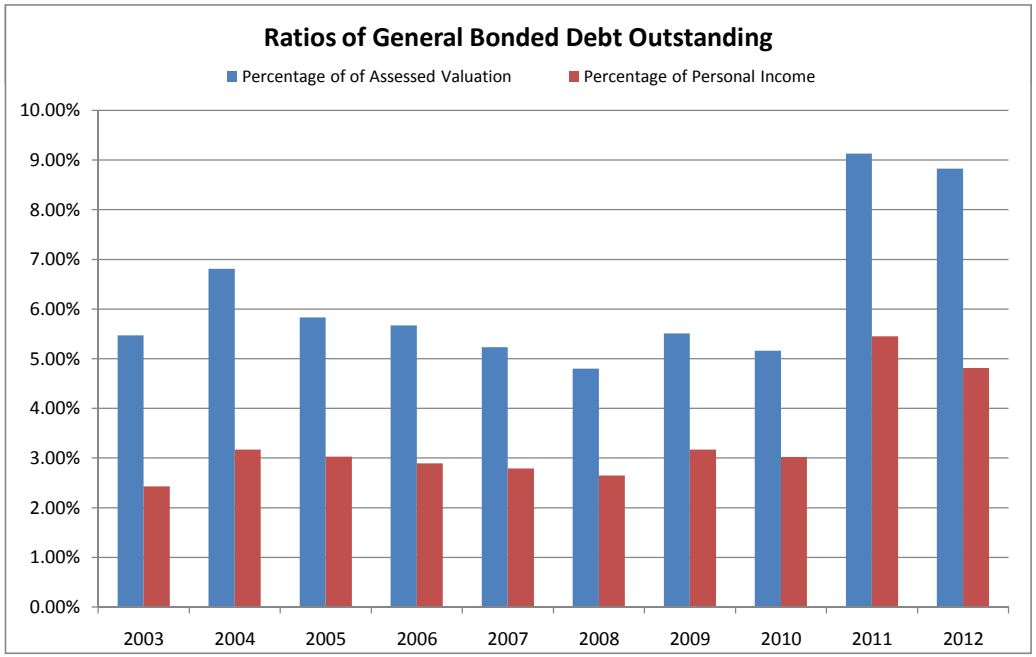
	Governmental Activities		Business-Type Activities			
Fiscal Year	General Obligation	Notes Payable	Loan	Total Primary Government	Percentage of Assessed Valuation	Per Capita
2003	39,413,428	4,900,000	7,172,169	51,485,597	7.45%	629
2004	50,168,424	5,655,134	6,823,796	62,647,354	8.66%	765
2005	47,946,433	7,399,809	6,535,592	61,881,834	7.67%	756
2006	45,882,592	7,289,809	6,238,954	59,411,355	7.48%	726
2007	43,774,249	9,791,388	5,933,637	59,499,274	7.18%	727
2008	41,678,968	11,349,444	12,844,386	65,872,798	7.66%	805
2009	49,474,407	9,232,376	12,520,940	71,227,723	7.97%	870
2010	47,194,649	9,171,000	5,288,262	61,653,911	6.76%	753
2011	85,102,316	2,580,000	9,659,529	97,341,845	10.48%	1279
2012	81,822,528	2,305,000	11,167,345	95,294,873	10.33%	1252

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



City of Decatur, Illinois
Ratios of Outstanding General Bonded Debt
Most Recent Fiscal Years ($'s whole)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of of Assessed Valuation	Percentage of Personal Income	Per Capita
2003	39,413,428	1,605,397	37,808,031	5.47%	2.43%	462
2004	50,168,424	884,830	49,283,594	6.81%	3.17%	602
2005	47,946,433	853,134	47,093,299	5.83%	3.03%	575
2006	45,882,592	868,037	45,014,555	5.67%	2.89%	550
2007	43,774,249	380,993	43,393,256	5.23%	2.79%	530
2008	41,678,968	372,473	41,306,495	4.80%	2.65%	505
2009	49,474,407	205,337	49,269,070	5.51%	3.17%	602
2010	47,194,649	145,925	47,048,724	5.16%	3.02%	575
2011	85,102,316	316,303	84,786,013	9.13%	5.45%	1,114
2012	81,822,528	409,119	81,413,409	8.83%	4.81%	1,070



City of Decatur, Illinois
Direct and Overlapping Debt
as of April 30, 2012 ($'s whole)

	Debt Outstanding	Percentage of Debt Applicable to the City of Decatur	City of Decatur's Share of Debt
DIRECT DEBT			
City of Decatur	$ 84,127,528	100.00%	$ 84,127,528
OVERLAPPING DEBT			
Decatur Park District	11,865,000	96.97%	11,505,690
Decatur Sanitary District	14,718,274	77.33%	11,381,162
Decatur School District #61	86,125,000	95.29%	82,072,559
Argenta School District #1	7,515,000	36.56%	2,747,330
Macon County	786,990	55.84%	439,455
Maroa/Forsyth School District	24,650,000	12.74%	3,141,295
Meridian School District #15	10,030,000	17.20%	1,725,344
Mt. Zion School District #3	7,735,000	9.50%	735,155
Public Building Commission	2,977,425	60.60%	1,804,320
Richland Community College	24,310,000	40.79%	9,914,874
Sangamon Valley #9	92,182	0.80%	736
Warrensburg School District #11	12,055,000	43.06%	5,190,549
TOTAL OVERLAPPING DEBT	202,859,871	64.41%	130,658,470
TOTAL DIRECT AND OVERLAPPING DEBT	286,987,399	74.84%	214,785,998
Per Capita Direct and Overlapping Debt	$ 3,770		

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

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment within the City of Decatur that effects the City's financial activities.

City of Decatur, Illinois
Demographics and Economic Statistics
Most Recent Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Personal Income (thousands of dollars)	Median Age	School Enrollment	Unemployment Rate
2003	81,860	19,009	1,556,007	37.2	18,290	6.8%
2004	81,860	19,009	1,556,007	37.2	18,290	6.1%
2005	81,860	19,009	1,556,007	37.2	18,047	5.8%
2006	81,860	19,009	1,556,007	37.2	17,201	7.2%
2007	81,860	19,009	1,556,007	37.2	16,820	5.8%
2008	81,860	19,009	1,556,007	37.2	17,410	5.7%
2009	81,860	19,009	1,556,007	37.2	16,113	9.8%
2010	81,860	19,009	1,556,007	37.2	16,877	12.8%
2011	76,122	19,009	1,556,007	37.2	16,896	9.7%
2012	76,122	22,229	1,692,116	39.1	16,350	9.4%

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

City of Decatur, Illinois
Principal Employers
Current and Nine Years Ago

	2012			2003		
Employer	**Employees**	**Rank**	**Percentage of Total City Employement**	**Employees**	**Rank**	**Percentage of Total City Employement**
Caterpillar Tractor Co.	4665	1	14.63%	2000	3	5.81%
Archer Daniels Midland Co.	4040	2	12.67%	3500	1	10.17%
Decatur Memorial Hospital	2374	3	7.44%	2266	2	6.58%
Decatur Public Schools	1500	4	4.70%	1500	4	4.36%
St. Mary's Hospital	1136	5	3.56%	1058	5	3.07%
Tate & Lyle fka AE Staley Mfg. Co.	634	6	1.99%	720	7	2.09%
Millikin University	627	7	1.97%	545	10	1.58%
Macon County	545	8	1.71%			
Ameren aka Illinois Power Company	512	9	1.61%	901	6	2.62%
City of Decatur	506	10	1.59%			
Norfolk Southern Railroad				600	8	1.74%
Mueller Co., Inc.				600	9	1.74%

Source: Economic Development Foundation and Illinois Department of Employment Security

City of Decatur, Illinois
Operating Indicators by Function / Program
Last Ten Fiscal Years

	Fiscal Year									
Function	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Public safety										
Police										
Calls for Service	67,217	66,648	68,834	66,571	66,732	65,439	63,776	58,443	59,766	58,800
Traffic Citations	7,236	14,078	11,031	12,201	6,804	14,188	15,689	16,650	13,072	10,530
Parking Tickets	2,767	2,720	2,357	2,083	1,688	1,225	1,153	1,124	1,015	1,504
Fire										
Call Outs	N/A	7,297	7,681	8,035	8,623	8,931	8,790	8,659	9,030	9,320
Inspections	N/A	347	335	487	616	834	1,658	206	1,450	265
Public works										
Street Surface Improv (LA MI)	21.8	22.3	31.6	18.6	20.5	22.5	15.4	37.4	4.6	5.2
Potholes Repaired	N/A	18,266	10,985	10,619	10,200	16,722	16,589	31,670	22,059	13,579
Pavement markings-paint (LF)	N/A	164,149	390,934	362,500	448,412	275,461	71,690	53,739	300	652,808
Culture and recreation										
Library Items Loaned	568,839	601,929	546,550	533,276	635,162	596,504	611,071	638,186	593,111	501,740
Extension (bookmobiles)	91,092	92,207	92,608	92,295	89,925	57,550	56,269	61,840	0	0
Water										
Water Consumption (CU FT)	1,045,182,229	929,736,391	887,679,789	892,237,277	859,211,576	868,545,609	851,382,595	785,159,158	842,550,729	835,345,398
Metered Services	31,439	31,488	31,462	31,555	31,489	31,557	31,489	31,466	31,459	31,433
Sediment Dredged (Dry TON)	0	0	57,182	162,388	201,227	180,435	302,145	154,713	104,224	412,170
Parking										
Tickets Issued	N/A	11,404	13,929	16,335	15,543	15,091	15,709	15,310	15,617	15,524
Parking Lot Maintenance (Hours)	N/A	1,618	1,477	1,466	1,498	1,582	1,538	1,120	1,703	1,210
Mass Transit (CALENDAR YEAR)	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Buses & Trolleys (Ridership)	847,515	903,251	980,796	1,039,354	1,121,789	1,173,301	1,257,931	1,242,425	1,265,966	1,314,337
Paratransit Vans/Taxis	53,905	53,253	49,289	39,113	34,872	34,050	34,068	34,142	32,270	27,496
Housing programs										
Amount of Loans	$0	$0	$14,613	$16,900	$0	$0	$0	$0	$0	$0
Waste removal										
Recycling (Pounds)	2,799,245	2,814,479	2,815,784	2,799,502	2,785,959	2,690,720	2,861,919	2,865,162	3,036,830	6,388,000
Sewer										
Sanitary Sewer Televised (LF)	411,400	273,624	224,024	205,737	208,991	250,000	469,923	150,000	225,000	330,000

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

City of Decatur, Illinois
Capital Asset and Infrastructure Statistics by Function / Program
Most Recent Fiscal Years

	Fiscal Year								
Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety									
Police									
Patrol Units	54	40	39	32	38	37	41	54	45
Fire Stations	7	7	7	7	7	7	7	7	7
Public works									
Bridges	17	17	17	17	17	17	18	18	18
Sidewalks (ft)	506,088	519,088	528,150	536,944	536,944	536,944	536,944	536,944	536,944
Streets (sq yd)	1,213,915	1,242,341	1,282,051	1,301,406	1,301,406	1,423,166	1,473,854	1,477,259	1,477,259
Storm Sewers (ft)	277,684	282,431	284,038	284,203	284,203	288,204	288,204	288,204	288,204
Culture and recreation									
Library Bookmobiles	2	2	2	2	2	2	2	2	2
Water									
Water Mains (miles)	516	520	524	527	527	527	527	527	527
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36	36
Parking									
Garages	2	2	2	2	2	2	2	2	2
Lots	6	6	6	5	5	5	5	5	5
Mass Transit									
Buses	25	25	25	25	25	25	32	23	23
Trolleys	2	2	2	2	2	2	2	2	2
Sewer									
Sanitary Sewers (ft)	368,209	368,573	369,494	370,179	370,179	370,179	370,179	370,179	370,179

Source: City of Decatur Records

City of Decatur, Illinois
Full-Time Equivalent City Government Employees by Function
Most Recent Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function										
General government	76	80	80	84	82	88	86	76	73	76
Public safety										
Police										
Officers	163	169	172	167	165	160	175	165	163	170
Civilians	23	22	23	24	21	23	24	25	25	23
Fire										
Firefighters and officers	113	108	114	113	110	114	118	117	116	111
Civilians	2	2	2	2	2	2	2	2	2	2
Public works	72	79	81	79	77	78	79	72	70	73
Culture and recreation	47	43	47	48	46	46	48	40	35	36
Water	53	54	57	58	51	55	56	46	46	47
Parking	5	5	5	5	5	5	5	3	3	0
Mass Transit	1	1	1	1	1	1	1	1	1	1
Total primary government employees	555	563	582	581	560	572	594	547	534	539

Source: City of Decatur Records.

Note: Part time employee data is unavailabe prior to FY05 due to mid year accounting system conversion in FY04.
Full time equivalent for 2012 was 5 employees.

City of Decatur, Illinois
Insurance Coverage

Coverage Type	Coverage Effective Date	Limit of Liability	Annual Premium	Self-Insured Retention
Commercial Package Liability and Property	10/1/2012	$ 1,000,000	$ 206,457	$ 150,000
Excess Liability				
Police Professional	10/1/2012	$ 9,000,000	$ 103,423	
Premises Liability			Included	
Liquor Liability			Included	
Public Officials Liability			Included	
Excess Property				
Building and Contents	10/1/2012	$ 174,680,246	$ 59,675	
Business Income		$ 4,036,548	Included	
Valuable Papers		$ 1,193,912	Included	
Flood and Earthquake		$ 10,000,000	Included	
Vehicles & Contractors Equipment		$ 177,874,785	Included	
CRIME				
Public Employee Dishonesty	10/1/2012	$ 500,000	$ 3,308	$ 5,000
Machinery Breakdown				
Boiler and Machinery	10/1/2012	$ 100,000,000	$ 5,417	$ 5,000
Other				
Workers Compensation	10/1/2012	Statutory	$ 577,676	$ 500,000
Broker	10/1/2012		$ 69,200	

Data source: City of Decatur Office of Risk Management

IX Single Audit Section

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2012

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing And Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-17-0008	$ 1,691,304	$ 11,179
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14.239	M-11-MC-17-0203	520,965	84,642
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	S-09-MY-17-0008	102,857	-
Total U.S. Department of Housing and Urban Development			2,315,126	95,821
U.S. Department of Justice				
Direct Programs:				
Weed and Seed	16.595	2010-WS-QX-0086	127,989	-
Project Safe Neighborhood	16.609	2011-GP-BX-0034	11,753	-
JAG Grant	16.738	2010-DJ-BX-0462	42,486	-
Total U.S. Department of Justice			182,228	-
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(46)	29,549	-
IL Highway Planning	20.205	SPR-PL-3000(47)	249,223	-
Subtotal			278,772	-
Technical Studies Guide	20.505	IL-80-0007	4,376	-
Technical Studies Guide	20.505	IL-80-0008	54,413	-
Subtotal			58,789	-
Subtotal Highway Planning and Construction Cluster			337,561	-
Local Alcohol Program Grant	20.601	AL0-1410-171	40,171	-
Local Alcohol Program Grant	20.601	AL0-1410-134	61,808	-
Labor Day Enforcement Campaign	20.601	N/A	3,831	-
Subtotal			105,810	-
STEP Grant	20.600	AL1-1410-172	34,170	-
STEP Grant	20.600	AL2-1410-112	23,387	-
Holiday Mobilization Grant	20.600	OP1-1410-547	3,371	-
Subtotal			60,928	-
Subtotal Highway Safety Cluster			166,738	-
Subtotal Passed-through Illinois Department of Transportation			504,299	-

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
Direct Programs:				
Federal Transit Formula Grants	20.507	IL-90-4680-01	$ 552,440	$ -
Federal Transit Formula Grants	20.507	IL-90-4680-02	236,005	-
Federal Transit Formula Grants	20.507	IL-90-X700-00	1,082,688	-
Subtotal Federal Transit Formula Grants			1,871,133	-
Total U.S. Department of Transportation			2,375,432	-
U.S Department of Commerce				
Passed-through the City of Springfield, Illinois:				
Public Safety Interoperable Communications Grant Program	11.555	07PSICDECA	271,230	-
Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
Drinking Water State Revolving Funds	66.468	L17-2552	1,860,495	-
Direct Programs:				
Brownfield Grant	66.818	BF-00E00879	11,505	-
Total Environmental Protection Agency			1,872,000	-
U.S. Department of Energy				
ARRA - Energy Efficiency Conservation Block Grant	81.128	SC0003231	217,500	142,727
U.S. Department of Homeland Security				
Emergency Fire Grant	97.044	EMW-2010-FO-04785	48,413	-
Emergency Fire Grant	97.044	EMW-2010-FP-00281	19,236	-
Emergency Fire Grant	97.044	EMW-2011-FO-07722	12,296	-
Total U.S. Department of Homeland Security			79,945	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 7,313,461	$ 238,548

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

CITY OF DECATUR, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
April 30, 2012

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, 2012.

NOTE 3 – LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards under CFDA #66.468 resulted in additional loan balances of $1,611,945 as of April 30, 2012, on the cash basis, plus an additional accrued amount of $248,550 at April 30, for a total of $1,860,495.

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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

The Mayor and City Council
City of Decatur, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of and for the year ended April 30,2012, which collectively comprise the City of Decatur, Illinois' basic financial statements and have issued our report thereon dated October 24, 2012. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and responses to be material weaknesses in internal control over financial reporting (Finding 2012-01 and 2012-02).

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of Decatur, Illinois in a separate letter dated October 24, 2012.

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

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

CliftonLarsonAllen LLP

Danville, Illinois
October 24, 2012

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Mayor and City Council
City of Decatur, Illinois

Compliance

We have audited the compliance of City of Decatur, Illinois with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012. City of Decatur, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Decatur, Illinois' management. Our responsibility is to express an opinion on City of Decatur, Illinois' compliance based on our audit.

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

In our opinion, City of Decatur, Illinois complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

Danville, Illinois
October 24, 2012

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2012

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

• Material weakness identified?	x Yes	___ No
• Significant deficiency identified that is not considered to be material weakness?	___ Yes	x None reported
Noncompliance material to financial statements noted?	___ Yes	x No

Federal Awards
Internal control over major programs:

• Material weakness identified?	___ Yes	x No
• Significant deficiency identified that is not considered to be material weakness?	___ Yes	x None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ Yes x No

Identification of major programs:

CFDA Number(s)	**Name of Federal Program or Cluster**
14.218	Community Development Block Grants/Entitlement Grants Cluster
20.507	Federal Transit Formula Grants
81.128	Energy Efficiency Conservation Block Grant

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

Auditee qualified as low-risk auditee? ___ Yes x No

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2012

Section II – Financial Statement Findings

FINDING NO. 2012-01 – FINANCIAL STATEMENT PREPARATION AND CASH TO ACCRUAL BASIS ADJUSTMENTS

Criteria or Specific Requirement: Proper internal control systems include conversion of cash basis to accrual basis and financial statement preparation and review.

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action: The City of Decatur recognizes and accepts the audit finding as presented.

City of Decatur financial management has discussed this issue with CliftonLarsonAllen within the context of the audit of the financial statements for the year ended April 30, 2012. In this discussion, City financial management has expressed the intent to work with CliftonLarsonAllen to specifically define the remedial actions required to eliminate this matter as a finding in future audits.

It is the expectation of City financial management that the City and CliftonLarsonAllen will define the remedial actions necessary and the City will implement such solution prior to the audit of the financial statements for the year ended April 30, 2013.

City Official Responsible:	City Treasurer and Director of Finance
Expected Completion:	Prior to April 30, 2013

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2012

Section II – Financial Statement Findings

FINDING NO. 2012-02 – INADEQUATE ACCRUAL OF SICK AND EARNED TIME

Criteria or Specific Requirement: Generally accepted accounting principles require accrual of certain compensated absences.

Condition: The City has various employee policies and union contracts which cover the benefits of employee groups of the City. These policies contracts make the City liable for benefits including, sick, holidays, and earned time. Certain earned but unpaid benefits were not properly accrued in prior years.

Context: There was a liability of $1,557,801 as of June 30, 2011 for certain compensated absences that was not properly accrued.

Effect: Inadequate monitoring of the employee policies and union contracts can result in future liabilities not being accounted for appropriately in the City's financial statements.

Cause: The increase in the compensated absences liability was due to a change in the employee policies and union contracts. The policy change was not reflected in the accrued balance when the change occurred due to an oversight.

Recommendation: We recommend that accrued compensated absences be reviewed closely on an annual basis and compared to current policies and contracts. This review should be documented.

Views of Responsible Officials and Planned Corrective Action: The City of Decatur recognizes and accepts the audit finding as presented.

Internal City discussions concerning this matter have revealed a deficiency in information exchange within responsible City functions. This deficiency will be corrected through increased financial management participation in matters involving employee policy and union contracts. Financial management will be ultimately responsible for ensuring changes and or revisions to employee policy and union contracts are properly accounted for within the financial statements of the City of Decatur.

The implementation of the corrective action defined by the City will take immediate effect and shall be in place for audit of the financial statements for the year ending April 30, 2013.

City Official Responsible:	City Treasurer and Director of Finance Office of the City Manager
Expected Completion:	Prior to April 30, 2013

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2012

Section III – Federal Award Findings and Questioned Costs

None to report.

CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ended April 30, 2012

Finding No. 2011-01

FINANCIAL STATEMENT PREPARATION, INCLUDING CASH TO ACCRUAL BASIS ADJUSTMENTS

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

Condition has not been corrected. This finding is repeated as 2012-01.

Finding No. 2011-02

CONTROL OVER ALLOWABLE ACTIVITIES/COSTS WAS NOT PROPERLY MAINTAINED – CFDA #14.218/14.253

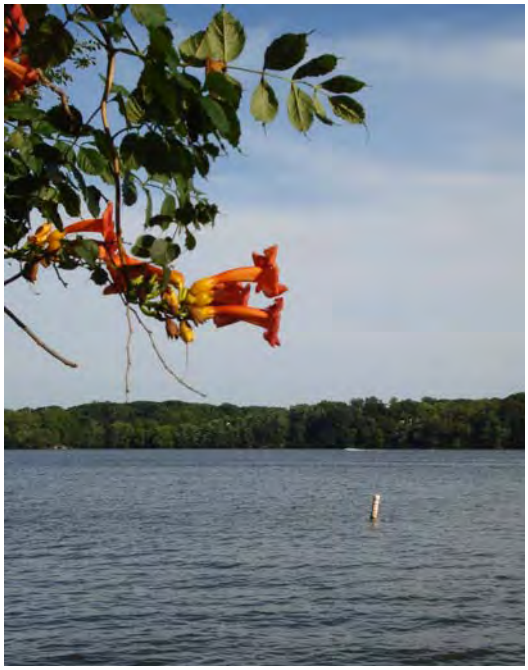
Condition: During the course of the audit, an instance was noted in which the City did not have proper evidence that an expense was authorized for payment.

No issues found in the sample we tested as of April 30, 2012.

- *Millikin University*
- *Richland Community College*
- *Kirkland Fine Arts Center at Millikin University*
- *Birks Museum at Millikin University*

Decatur, Illinois
Home to:

- *Decatur Celebration*
- *Scovill Zoo*
- *Rock Springs Nature Center*



- *Children's Museum of Illinois*
- *Hieronymus Mueller Museum*
- *Chevrolet Hall of Fame Museum*
- *African American Cultural Museum*
- *David Erlenson Gallery*
- *at Richland Community College*
- *The Anne Loyde Gallery &*
- *Madden Arts Center*
- *Oglesby Mansion*
- *James Millikin Homestead*
- *Friends Creek Conservation District*
- *Rock Springs Conservation District*

City of Decatur, Illinois

Contact Information:

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