

City of Decatur, IL

Mayor Michael T. McElroy



Comprehensive Annual Financial Report

Fiscal Year ending April 30, 2013

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.



Decatur Arts Center



Children's Museum of Illinois



ADM Center

Visit the City of Decatur web site at www.decaturl.gov



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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 trolley 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.

Inside Back Page Photo(s):

Upper left – Statue of Decatur namesake, Commodore Stephen J. Decatur, Jr., early 19th century renowned United States Naval Officer, built in 1952 and located on the grounds of the Decatur Civic Center in downtown Decatur.

Lower left – View of Merchant Street in downtown Decatur, a historic corridor comprised of 19th century structures, today housing retail, commercial, restaurants, and residential properties.

Middle right – View of Shilling Hall on the campus of Millikin University, housing the Albert Taylor Theater and the administrative offices of the university.

All photographs contained herein are courtesy of the City of Decatur archives

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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	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
at large	Jerry Dawson	05-01-2013 to 04-30-2017	elected
at large	Patrick McDaniel	05-01-2013 to 04-30-2017	elected
at large	Julie Moore-Wolfe	05-01-2013 to 04-30-2017	elected
City Manager	Ryan P. McCrady	per contract	contractual
City Treasurer	Gregg D. Zientara	06-01-2012 to 04-30-2015	appointed
City Clerk	Linda Swartz	05-07-2012 to 04-30-2015	appointed



CITY OF DECATUR ILLINOIS

1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

October 30, 2013

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, 2013 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, 2012 through and including April 30, 2013, and is hereby referenced in this report as "fiscal year ending April 30, 2013".

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 auditor's report, as performed by CliftonLarsonAllen, LLP, which renders opinion on the overall financial audit of the City.

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.

The Independent Auditors' single audit report, as performed by CliftonLarsonAllen, LLP, including the schedule of expenditures of federal awards, 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 Municipal City within the State of Illinois, according to the 2010 U.S. Government Census. 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 approximately sixty (60) miles west of the Illinois and 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, public works street construction and maintenance, public works infrastructure construction and maintenance, water utility services to commercial, industrial and residential properties within the city, mass transit operations, community and economic development services, 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 City Council Non partisan elected official	4 year term of office
Council Members	Six (6) member legislative body All members non partisan elected official	4 year term in office
City Manager	Appointed by Mayor	Contractual term
City Clerk	Recording Secretary of City Council Appointed by Mayor	4 year term in office
City Treasurer	Appointed by Mayor	4 year term in office

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.

The Mayor and three (3) Council Members terms in office expire April 30, 2015. Three (3) Council members term in office expire April 30, 2017. The City Treasurer and City Clerk terms in office expire April 30, 2015.

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, an older age disbursement, a lower demographic in the primary wage earner ages of 25-64 years 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 percentage below both the state demographic and the national demographic levels.

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	47.0%	49.1%	49.2%
	Female	53.0%	50.9%	50.8%
Age	0 – 24 years of age	32.5%	33.5%	33.3%
	25 – 44	23.7%	26.9%	26.3%
	45 – 64	26.2%	26.2%	26.5%
	65 +	17.6%	13.4%	13.9%
	Median age (in years)	39.2	37.0	37.6
Race	White alone	71.2%	70.8%	71.6%
	Black alone	23.3%	14.5%	12.7%
	American Indian alone	0.3%	0.4%	1.0%
	Asian alone	1.1%	4.7%	4.9%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (multiracial)	4.1%	9.6%	9.6%
	Hispanic origin	2.5%	16.7%	17.4%
Marital status	Never married	32%	33%	31%
	Married	46%	51%	52%
	Widowed	8%	6%	6%
	Divorced	14%	10%	11%
Households	Total number	32,267	4,885,508	118,979,182
Families	Total number	18,872	3,189,734	78,699,566
	Avg. household	2.23	2.59	2.58
Home ownership	Owner occupied	19,909	3,223,902	75,657,200
	Renter occupied	12,358	1,661,606	43,321,982

Data source: 2010 US Census, Esri 2013 demographic and income 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 for population age 25 and older.

	City of Decatur	State	National
Less than Grade 9	4.2%	5.8%	6.1%
Grade 9 – 12, no diploma	10.8%	7.5%	8.4%
High school graduate	35.1%	27.5%	28.5%
Some college, no degree	23.9%	21.1%	21.0%
Associates degree	6.7%	7.3%	7.6%
Bachelors degree	12.6%	19.2%	17.9%
Graduate degree	6.7%	11.6%	10.5%

Data source: 2010 US Census, Esri 2013 demographic and income 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 Warrensburg/Latham 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 and Esri 2013 analysis was reported as 29,170 resident workers for employed population 16 years and older.

The employment profile for the City of Decatur is comprised of 56.3% service industries, 22.0% other industries and 21.7% manufacturing and construction industries. Service sector is the largest employment category with 13,303 workers or 45.6% of the workforce population. Other significant employment sectors include manufacturing with 5,047 workers or 17.3% of the workforce, followed by retail trade at 3,500 workers or 12.0%, transportation / utilities at 1,837 workers or 6.3%, finance / insurance / real estate at 1,371 or 4.7% and construction at 1,283 or 4.4%. The remaining categories employ 2,829 workers or 9.7% 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	408	1.4%
Construction	1,283	4.4%
Manufacturing	5,047	17.3%
Wholesale trade	671	2.3%
Retail trade	3,500	12.0%
Transportation/utilities	1,837	6.3%
Information	496	1.7%
Finance/insurance/real estate	1,371	4.7%
Services	13,303	45.6%
Public administration	1,254	4.3%
Total	29,170	100.0%

Data source: 2010 US Census, Esri 2013 demographic and income 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	15,606	53.5%
Services	6,272	21.5%
Blue Collar	7,292	25.0%
Total	29,170	100.0%

Data source: 2010 US Census, Esri 2013 demographic and income 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 15,174 workers representing approximately 52% of the resident labor workforce.

Employer	Employees
Archer Daniels Midland	4,040
Caterpillar, Inc.	3,300
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	15,174

Data source: Decatur Economic Development Foundation, Illinois Department of Employment Security, Specific Employer

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 Inc., 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 agribusiness food additives industry.

Unemployment

Unemployment statistics as of April, 2013, as reported by the U.S. Bureau of Labor Statistics, reflects an unemployment rate of 10.3% in the City of Decatur. The reported unemployment rate is above the State of Illinois and National levels.

Unemployment levels at the end of the fiscal years are reported as follows:

Locale	Unemployment % April, 2013	Unemployment % April, 2012
City of Decatur	10.3%	9.4%
Bloomington / Normal	5.8%	6.2%
Champaign / Urbana	6.6%	7.0%
Peoria	7.9%	7.1%
Springfield	6.4%	6.7%
State of Illinois	9.3%	8.6%
National	7.5%	8.1%

Data source: United States Bureau of Labor Statistics

Personal Income

The City of Decatur presently has an estimated 32,267 households with an average per capita personal income of \$22,756, according to the 2010 U.S. Census and Esri 2013 analysis, which compares to the State of Illinois average per capita income of \$28,611 and the United States per capita income of \$27,567. 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	22,756	28,611	27,567
Median household income	37,072	54,107	51,314
Average household income	51,272	74,708	71,842

Data source: 2010 US Census, Esri 2013 demographic and income profile report

Cost of Living

The City of Decatur maintains an affordable cost of living currently ranked 11% 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	89%
Bloomington / Normal, IL	96%
Champaign / Urbana, IL	96%
Danville, IL	93%
Peoria, IL	100%
Rockford, IL	93%
Springfield, IL	93%
Indianapolis, IN	87%
St. Louis, MO	90%
Chicago, IL	117%
New York, NY	217%

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 2013, the median home value for a single family home in the City of Decatur statistical area was \$95,317 as compared to a median home value in the State of Illinois of \$185,183. The national median home value is \$177,257.

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.

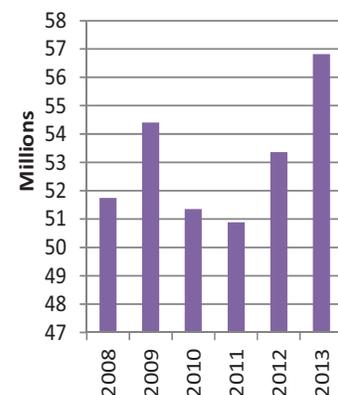
The City is financially stable, with adequate reserves that have assisted the City to weather the economic recession that has affected the local and national economy in the last fiscal years. However, the City is not immune to any lack of economic development in all economic sectors driving the local 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 six (6) year period from fiscal 2008 to fiscal 2013.

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%
2013 fiscal year actual	56,816,566	3,451,974	6.5%
2013 vs. 2008	5,067,767	5,067,767	9.8%
% change	9.8%		



Data source: City of Decatur cash basis accounting records

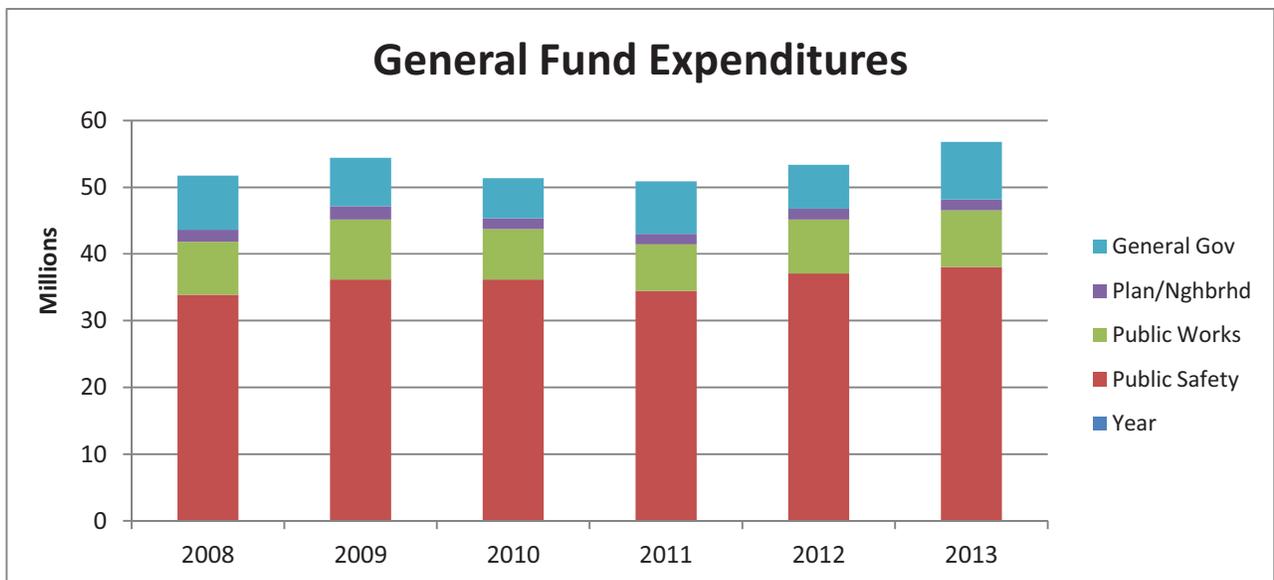
The City's General Fund provides the financial resources to pay for public safety protection including police and fire operations; public works operations, including City engineering services, street and municipal operations; community development activities of the planning and neighborhood development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

General Fund expenses over the period from fiscal year 2008 have increased 9.8%, a level below the U.S. Government reported inflationary increase of 13.7% over the six year period. In addition, despite contractual wage obligations over the period of 2-4% annually, the City has been able to control spending in non contractual labor areas to limit overall cost increases impacting overall expense levels. The City has accomplished this through cost controls and expenditure rationalization in all areas of City operations. The City has successfully met the challenge of cost control without disruption or reduction of essential City services.

At closer view as noted in the chart below, General Fund expenses over the period from 2008 to 2013 have increased primarily due to cost additions in public safety, public works and general government, offset by reduction in community development services.

Fiscal Year \$	Public Safety	Public Works	Development Services	General Government	Total Expense
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	51,348,950
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
2013 actual	38,044,018	8,524,530	1,650,995	8,597,023	56,816,566
2013 vs. 2008	4,172,729	548,064	(160,037)	507,011	5,067,767
% change	12.3%	6.9%	(8.8)%	6.3%	9.8%
% of Total	67.0%	15.0%	2.9%	15.1%	100.0%

Data source: City of Decatur cash basis accounting records



Public Safety continues as the principal expense component of the General Fund with 67% of total spending, followed by Public Works with 15%, General Government 15% and Development Services 3%. This distribution has remained relatively consistent over the period since 2008.

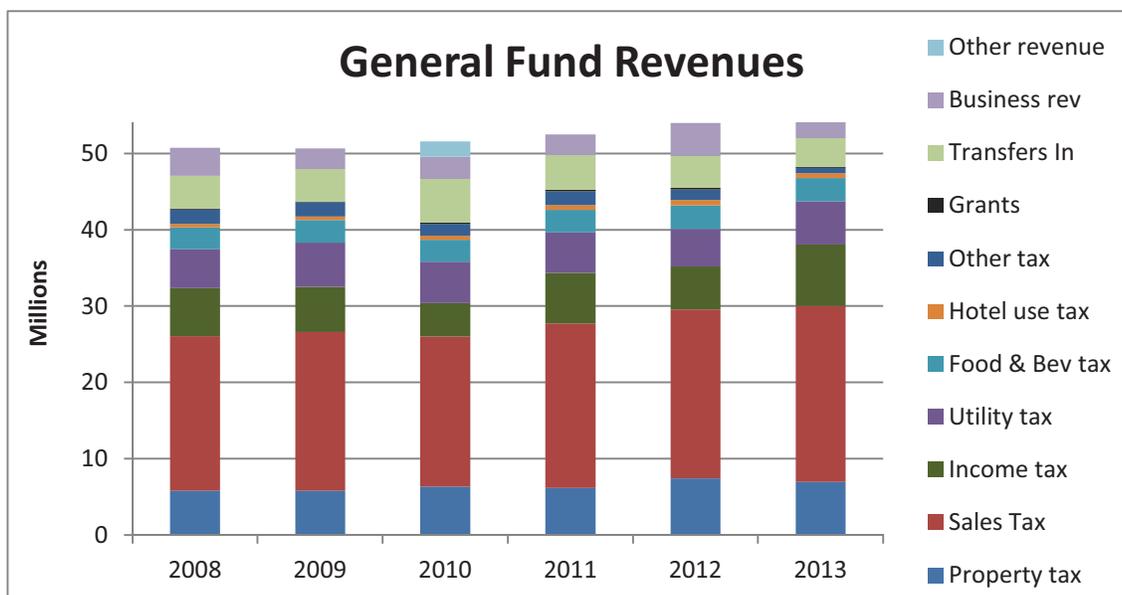
Contractually negotiated wage increases with the three (3) labor unions, i.e., Police, Fire and AFSCME, and continued increases in pension contributions to police, fire and the Illinois Municipal Retirement Fund (“IMRF”) over the period have been the primary drivers of cost increase beyond the normal inflationary pressures.

Despite these increases, the City has been able to control total General Fund expense increase over the period at levels that are below the compounded inflation increase. This has been accomplished by City Administration continued efforts to rationalize required services, continued implementation of operational efficiencies throughout City operations, and continued rationalization of staffing levels.

The following chart identifies the revenue sources funding the City General Fund over the six (6) year period from fiscal 2008 to fiscal 2013.

Fiscal Year \$	2013	2012	2011	2010	2009	2008
Property tax	6,973,393	7,432,691	6,175,061	6,345,009	5,786,997	5,815,727
Sales tax	23,065,733	22,120,709	21,551,003	19,662,961	20,797,320	20,241,605
Income tax	8,022,579	5,621,265	6,621,569	4,392,623	5,938,961	6,286,422
Utility tax	5,670,077	4,938,899	5,281,231	5,399,837	5,786,774	5,090,979
Food & Beverage tax	3,060,400	3,085,818	2,987,815	2,893,444	2,963,871	2,877,615
Hotel use tax	599,436	716,136	601,716	555,277	451,141	454,322
Other tax	725,695	1,378,015	1,795,123	1,541,442	1,891,432	1,883,559
Grants	126,189	174,378	203,671	163,968	59,166	110,213
Transfers In	3,748,337	4,171,814	4,564,180	5,705,265	4,252,959	4,298,659
Business revenue	2,475,698	4,363,522	2,704,738	2,899,275	2,726,124	3,684,645
Other revenue	1,927,332	-	-	2,000,000	-	-
Total	56,394,869	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 minor 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 has brought new sidewalks, landscaping, lighting, recreational opportunities and other amenities to Downtown Decatur. Improvements to Central Park, Merchant Street and Lincoln Square were completed in 2013 with 150 new downtown parking spaces added to facilitate the expected increase in activity. The project has already spurred a return to prominence of the City's downtown district in the form of new businesses and jobs, entertainment options and the creation of a "new" downtown that is now a destination for local residents and visitors alike. The third phase of work is now underway with project completion scheduled for the fall of 2013 and early 2014. The project was funded with \$10 million from the 2010 General Obligation Bond Issue, \$2 million in motor fuel tax from the State of Illinois, and \$2 million in transportation grants from the Illinois Department of Transportation.

Downtown Parking - The City has implemented sweeping changes to its downtown parking system over the last two (2) years designed to make the local shopping experience more convenient for shoppers while providing a range of options for downtown employees. The program included, among other upgrades, a transition from parking meters to free parking for most of the downtown area and the addition of 150 new spaces as part of the overall downtown streetscape project.

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, 2012. 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 zero 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 received \$1.9 million in federal funds to assist improvement of the streetscape along the heavily traveled Franklin and Main Street corridors. Additionally, the City negotiated to receive control of the Main St. U.S. Route 51 corridor from the State of Illinois, allowing for the

rerouting of truck traffic outside of the core downtown area, benefiting downtown foot traffic for shoppers and businesses alike.

Eldorado Streetscape Improvements – This project, completed in 2012, brought 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 completed work to resurface the section of Eldorado between the railroad and 19th Street east of the City's work, meaning that Eldorado Street has been completely resurfaced from Church Street to 19th Street. The \$2.6 million project was funded by a \$1.2 million federal transportation grant, \$1.1 million from the Illinois Department of Transportation and \$0.3 million in Motor Fuel Tax funding allocated by the City of Decatur.

Brush College Road – The Decatur City Council approved the selection of resources to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Faries Parkway. This project is important to address traffic flow in this important city corridor. This project continues with planned investment scheduled for 2014.

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 plan definition and preparation for submission to the Illinois Department of Transportation, with work planned to commence once the work scope plan is approved by IDOT.

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 will create a destination for both local residents and people who come to Decatur to live, work and play. The installation of new boat docks and piers, and lake front promenade improvements were completed in 2013. The project continues with further development initiatives including a water park, additional boat docks, new restaurant and recreation amenities, planned for completion in 2014.

Jackson Ford Development Agreement – The Decatur City Council 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). This project is expected for completion in 2013/2014.

Mound Center Development – Plans have been defined for the next stage of development in Mound Center at the intersection of U.S. 51 and Mound Road to include Ashley Furniture and space for two additional retail / restaurant establishments. 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 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.).

New County Market Store – Demolition work has commenced to make way for construction of a new \$14 million County Market grocery store in Decatur at the intersection of IL 48 and Grand Avenue. A redevelopment agreement with Niemann Holdings, LLC will allow for construction of the 38,000 square foot store on the near north side of the City. This investment will provide further strength and stability to the redevelopment of this core City area.

Administrative Court (A.C.E.S.) – The City commenced operation of a new City Administrative Court, a new tool in efforts to facilitate clean up and maintain the City. City ordinance violations were previously prosecuted in Macon County 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 can be heard in administrative court now include, among other types, those related to property maintenance, garbage and littering complaints, certain building code and overweight vehicle cases. The new Administrative Court system commenced operation in the summer of 2012 and has ramped up operations throughout the period to the present. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results.

New Single Stream Recycling – City residents responded in record numbers to the City single-stream recycling program launched in 2012. 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 become accustomed 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 reduced dramatically with the new recycling system. The participation rate prior to the new program being implemented was about 15 percent. This program continues to gain further acceptance in the community and further contributes to the "greening" of the City of Decatur.

Identification of Additional Water Supply – Council members voted unanimously in 2012 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 requires an estimated 10,000 acre-feet of water to be able to supply the community during drought conditions that have impacted the region in the last two years. Engineering evaluation has determined that the wells will provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously. This work commenced in 2013 and continues towards completion expected in early 2014.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment is 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 project was funded by user fees paid by city utility water customers.

Lake Decatur Dam Repairs Phase II – This \$4.1 million project includes structural repairs to the dam face and scour holes, removal of the old down-stream dam constructed in the late 1800's, and the installation of a protection barrier to breach Asian Carp fish entry into Lake Decatur. The project commenced in the fall 2013 with completion expected in 2014. The project is funded by user fees paid by city utility water customers.

Lake Decatur Investment – Water supply through Lake Decatur is a primary natural resource and asset of the City, and an asset in which the City must continuously invest to maintain and continuously secure as the water supply for business and industry. In compliance to the stated City Council goal of continuing to improve the local water supply, a recap of recent investments includes:

- 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. 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.

Water System Improvements – In the spring of 2013, the Decatur City Council took bold legislative action approving a series of rate increases in the municipal water supply effective May 1, 2013. The approved rate increases, 35% effective May 1, 2013, 30% effective May 1, 2014, 25% effective May 1, 2015, will provide the capital resources for the largest investment in the City water system since Lake Decatur was created in 1922. The rate increases will fund a series of lake dredging initiatives over the next 4-5 years that will increase the capacity of the lake, thereby increasing the retained water levels of the lake. The rate increases will also fund further investment to secure secondary water supply, as a safeguard in times of drought, as well as begin to fund a series of investments in future years replacing aging above and below ground water infrastructure.

Sustainable Decatur Plan Wins American Planning Award – Decatur's "Sustainable Decatur" plan/process was awarded an American Planning Association - Illinois Chapter award in the Sustainability Planning category. The award was given during the group's October 2012 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.

Lakeshore Drive Sewer Improvement – In late summer 2013, the Decatur City Council approved the project to refurbish and replace certain components of the Lakeshore Drive sewer line. This \$8.6 million project is funded by

a loan from the State of Illinois EPA (“IEPA”). This project will replace aging sewer infrastructure in an important residential and medical service corridor of the City. The project is scheduled for completion in early 2014.

Johnson Controls Energy Initiative – In late summer 2013, the Decatur City Council approved a \$17.2 million project initiative to provide investment funding to finance a project to install automated water meter reading equipment (“AMR”) throughout the city residential, commercial and industrial footprint. In addition, this project includes energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative is the primary investment with approximately \$14.5 million devoted to the installation of state of art electronically read water meters. The remaining investment of \$2.7 million is earmarked for facility envelope energy upgrades as well as state of art technology improvements to the City Water Utility SCADA system. The project is debt issue financed with 15 year term with debt payment stream fully funded by expected annual cost savings and cost avoidance under a 50% guaranteed contract with Johnson Controls, Inc. The project investment will commence in the fall 2013 with scheduled completion in early 2015.

New Police Department Law Enforcement Center – In the fall 2013, the Decatur City Council approved an initiative to create a new Law Enforcement Center as headquarters for the City of Decatur Police Department, whereby completing the Council vision established some ten (10) years ago. The City will convert an existing idle commercial / industrial facility on the south side of the City for use as the City Law Enforcement Center. The project has commenced with expected completion and facility occupancy in mid 2014. The project successfully returns an idle structure to economic use, and is believed to offer further commercial and economic development opportunities in the adjacent area.

Archer Daniels Midland Downtown Site Investment – The City of Decatur’s multi-national giant, Archer Daniels Midland, acquired office space facility in the central downtown footprint in late 2010, and has since relocated some 700 employees to the central downtown Decatur facility. The City continues to work together with ADM in several matters concerning office space for the ADM workforce as well as co-operation to secure and improve the water supply available to industrial customers.

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, 2013 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 all funds of City operations, including the general fund, special revenue funds, capital project funds, internal service funds, enterprise funds and agency funds have been 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 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 agribusiness, 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 Single Audit Act Amendments of 1996 and related OMB Circular A-133.

The auditors' report on the basic 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-one (21) years consecutively, including the year ended April 30, 2013, the City has received an unmodified audit opinion from the independent auditors.

The auditors' reports, related specifically to the single audit required by the Single Audit Act Amendments of 1996 are 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, 2012.

This represents the fortieth (40th) consecutive fiscal year in which 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, 2013.



Ryan P. McCrady
City Manager



Gregg D. Zientara
City Treasurer & Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

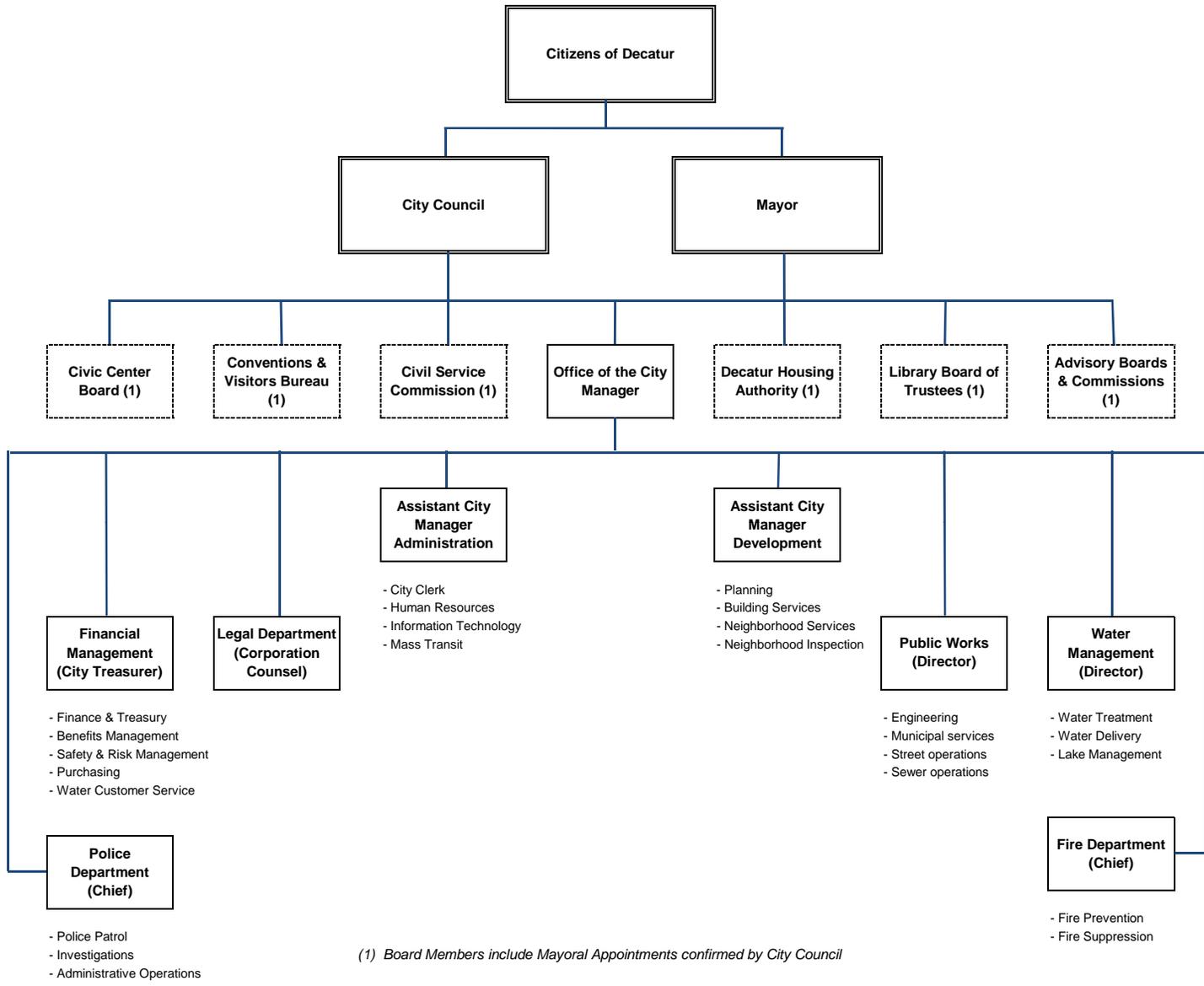
**City of Decatur
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2012

Executive Director/CEO

City of Decatur, Illinois Organizational Chart



Effective as of May 1, 2012 through and including April 30, 2013



II Financial Section

Independent Auditors' Report

The Mayor and City Council
City of Decatur, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois (City), as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Civic Center Authority discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Civic Center Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedules of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Illinois's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis 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 basic financial statements. Such 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 basic financial statements or to the basic 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 section and statistical tables listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of the City of Decatur's 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Decatur's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Danville, Illinois
October 30, 2013

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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, 2013.

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 basic financial statements, notes to the financial statements, supplementary information and letter of transmittal, as contained within this Comprehensive Annual Financial Report ("CAFR").

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.

The City of Decatur is the county seat of Macon County, Illinois, and is the thirteenth (13) largest Municipal City within the State of Illinois, according to the 2010 U.S. Government Census. 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, public works street construction and maintenance, public works infrastructure construction and maintenance, water utility services to commercial, industrial and residential properties within the city, mass transit operations, community and economic development services, 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.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

Governmental Structure

The City of Decatur 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 City Council Non partisan elected official	4 year term of office
Council Members	Six (6) member legislative body All members non partisan elected official	4 year term in office
City Manager	Appointed by Mayor	Contractual term
City Clerk	Recording Secretary of City Council Appointed by Mayor	4 year term in office
City Treasurer	Appointed by Mayor	4 year term in office

The Decatur City Council, legislative body of the municipal city government, includes seven (7) voting members, including, the Mayor as the Chair of the Council, and six (6) Council Members. All elected officials are non partisan positions.

The City of Decatur municipal year, as defined by Council Ordinance and City Code, commences on the 1st of May each year and ends the following April 30th.

All elected officials serve four (4) year terms. The Mayor and three (3) Council seats are elected every four (4) years, with the three (3) remaining Council seats elected two (2) years hence. Mayor and Council elections are held in the general election process in April of Municipal election years, following primary elections held in February preceding the general election process.

The City operates with a number of Boards and Commissions, serving as community oversight and recommendation authority to the legislative body of the City Council, including the Civic Center Board, Conventions and Visitors Bureau Board, Civil Service Commission, Decatur Housing Authority, Library Board of Trustees, and a number of Advisory Board and Commissions.

These Boards and Commissions include Mayoral appointments confirmed by the City Council, report to the City Council, and make recommendation to the City Council concerning matters of legislative nature. The City Council considers such recommendations of the Boards and Commissions in its determination of acceptance or rejection of those resolutions and ordinances resulting from Board or Commission actions. The City Council maintains legislative oversight authority over the various Boards and Commissions.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Current	Prior	Current	Prior	Current	Prior
Total Assets	145,592,376	149,717,444	63,760,329	71,834,078	209,352,705	221,551,522
Total Liabilities	114,867,215	117,474,264	12,346,066	12,874,535	127,213,281	130,348,799
Net Position						
Capital net of debt	21,768,332	19,474,067	43,816,191	46,571,347	65,584,523	66,045,414
Restricted	5,631,695	7,846,041	-	-	5,631,695	7,846,041
Unrestricted	3,325,134	4,923,072	7,598,072	12,388,196	10,923,206	17,311,268
Total net position	30,725,161	32,243,180	51,414,263	58,959,543	82,139,424	91,202,723
Change vs. pr year	(1,518,019)	(188,075)	(7,545,280)	(9,389,504)	(9,063,299)	(9,577,579)
Expenses	78,463,740	77,234,806	23,219,636	23,062,768	101,683,376	100,297,574
Revenues	76,945,721	77,046,731	15,674,356	13,673,264	92,620,077	90,719,995

- Government wide net position (total assets less total liabilities) as of April 30, 2013 is \$82,139,424.
- Government wide net position decreased by \$9,063,299 or 9.9% during the fiscal year ending April 30, 2013. Governmental activity net position decreased by \$1,518,019 or 4.7% whereas business activity net position decreased by \$7,545,280 or 12.8% during the fiscal year.
- Total assets as of April 30, 2013 of \$209,352,705 decreased \$12,198,817 or 5.5% as compared to total assets as of April 30, 2012.
- Total liabilities as of April 30, 2013 of \$127,213,281 decreased \$3,135,518 or 2.4% as compared to total liabilities as of April 30, 2012.
- Government wide net position of \$65,584,523 are invested in capital assets net of debt and are therefore, not available for spending. \$10,923,206 is classified as unrestricted net position and may be used to meet ongoing obligations to creditors. \$5,631,695 is classified as restricted primarily for debt service and capital outlay.
- Government wide revenue achieved in the fiscal year amounted to \$92,620,077, an increase of \$1,900,082 or 2.1% versus government wide revenue achieved in the prior fiscal year. Governmental activity revenue decreased \$101,010 or 0.1%, whereas Business activity revenue increased \$2,001,092 or 14.6%, when compared to the prior fiscal year.
- Government wide program expense in the fiscal year ending April 30, 2013 amounted to \$101,683,376, an increase of \$1,385,802 or 1.4% from program expense of \$100,297,574 in the prior fiscal year. Governmental activity expense increased \$1,228,934 or 1.6%, whereas, Business activity expense increased \$156,868 or 0.7%, 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.

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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 broad 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 position**

This statement reports all assets and liabilities of the City of Decatur as of April 30, 2013. The difference between total assets and total liabilities is reported as "net position", and can generally be thought of as the net worth of the City. Increase in net position generally indicates an improvement in financial position, while a decrease in net position 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, 2013. Changes in net position 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, sewer 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,

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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 four (4) major governmental funds (General, Library, 2010 Bond Project Capital, and Debt Service) and twenty-six (26) 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 position for the Water Utility (2 funds), Sewer (1 fund), and Mass Transit (3 funds) which are considered major enterprise funds. Data from the other three (3) non-major enterprise funds (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 and self-funded employee health benefits programs, information technology operations program, information technology capital 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.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

Government wide financial statements

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

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Current	Prior	Current	Prior	Current	Prior
Assets						
Current & other	49,055,566	59,944,918	9,456,925	14,095,386	58,512,491	74,040,304
Capital assets (net)	96,536,810	89,772,526	54,303,404	57,738,692	150,840,214	147,511,218
Total Assets	145,592,376	149,717,444	63,760,329	71,834,078	209,352,705	221,551,522
Liabilities						
Current	32,763,157	32,770,148	2,565,575	2,403,290	35,328,732	35,173,438
Long term	82,104,058	84,704,116	9,780,491	10,471,245	91,884,549	95,175,361
Total Liabilities	114,867,215	117,474,264	12,346,066	12,874,535	127,213,281	130,348,799
Net position						
Capital net of debt	21,768,332	19,474,067	43,816,191	46,571,347	65,584,523	66,045,414
Restricted	5,631,695	7,846,041	-	-	5,631,695	7,846,041
Unrestricted	3,325,134	4,923,072	7,598,072	12,388,196	10,923,206	17,311,268
Total net position	30,725,161	32,243,180	51,414,263	58,959,543	82,139,424	91,202,723

As of April 30, 2013, City assets exceeded liabilities by \$82,139,424, a decrease of \$9,063,299 from the net position level as of April 30, 2012.

Governmental net position of \$30,725,161 decreased by \$1,518,019 versus the level at April 30, 2012, a decrease of 4.7%. Business net position of \$51,414,263 decreased by \$7,545,280 versus the level at April 30, 2012, a decrease of 12.8%.

The decrease in the net position of the City results from a reduction in asset position of \$12,198,817 coupled with a decrease in liability position of \$3,135,518.

Total assets decreased \$12,198,817 or 5.5% as compared to the asset level of April 30, 2012. The decrease in assets is attributed to a reduction in cash and equivalents of \$13,366,932, receivable reduction of \$2,127,556, offset by an increase in net fixed assets and other assets of \$3,295,671.

The decrease in cash and equivalents can be attributed to short term cash flow timing, cash used for bond and note payable debt reduction, cash spending converted to capital assets, and cash funding of in year deficit operations primarily in the business activity water fund.

Total liabilities decreased \$3,135,518 or 2.4% as compared to the liability level as of April 30, 2012. The decrease in liabilities is attributed to a decrease in outstanding general obligation bond and note payable debt. General obligation bond debt reduction results primarily from refunding of the 2004A and 2004B general obligation debt to new 2012 and 2013 general obligation debt issues. The City took advantage of the refinancing opportunity available to reduce current and future debt obligations with a lower cost of money. Note payable debt declined with continued principal pay down of these debt obligations. A further elaboration on the City's debt and the change from the prior fiscal period can be found later in the Debt Administration section of this MD&A

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Government wide net position of \$65,584,523 is invested in capital assets net of debt and is therefore, not available for spending. \$10,923,206 is classified as unrestricted net position and may be used to meet ongoing obligations to creditors. \$5,631,695 is classified as restricted primarily for debt service and capital outlay.

Capital assets, net of debt of \$65,584,523 represents a decrease of \$460,891 from the level as of April 30, 2012. Restricted net position decreased \$2,214,346 as compared to the level as of April 30, 2012. Unrestricted net position decreased \$6,388,062 as compared to the level as of April 30, 2012.

Statement of Changes in Net Position

\$(whole)	Governmental Activities		Business type Activities		Government wide Activities	
	Current	Prior	Current	Prior	Current	Prior
Revenue						
Program Revenue						
Charge for services	3,189,911	2,964,523	19,350,262	18,936,124	22,540,173	21,900,647
Operating grants	4,425,861	6,815,292	5,025,518	5,722,143	9,451,379	12,537,435
Capital grants	-	-	-	-	-	-
General Revenue						
Property tax	13,493,391	13,513,648	-	-	13,493,391	13,513,648
Sales & use tax	22,917,247	23,919,621	-	-	22,917,247	23,919,621
Other tax	17,837,914	16,448,909	-	-	17,837,914	16,448,909
Investment earnings	237,961	239,646	28,037	91,842	265,998	331,488
Other revenue	6,113,975	2,051,932	-	16,315	6,113,975	2,068,247
Transfers	8,729,461	11,093,160	(8,729,461)	(11,093,160)	-	-
Total Revenue	76,945,721	77,046,731	15,674,356	13,673,264	92,620,077	90,719,995
Expenses						
General government	14,693,051	13,692,390	-	-	14,693,051	13,692,390
Public safety	38,834,959	41,416,933	-	-	38,834,959	41,416,933
Public works	17,199,373	13,846,451	-	-	17,199,373	13,846,451
Culture & recreation	3,622,804	3,770,113	-	-	3,622,804	3,770,113
Interest on LT debt	4,113,553	4,508,919	-	-	4,113,553	4,508,919
Water utility	-	-	14,576,678	13,312,583	14,576,678	13,312,583
Mass transit	-	-	6,151,784	6,542,694	6,151,784	6,542,694
Housing programs	-	-	6,770	96,422	6,770	96,422
Waste removal	-	-	584,028	1,238,284	584,028	1,238,284
Sewer	-	-	1,900,376	1,872,785	1,900,376	1,872,785
Total Expense	78,463,740	77,234,806	23,219,636	23,062,768	101,683,376	100,297,574
Change in net position						
Excess (deficiency)	(1,518,019)	(188,075)	(7,545,280)	(9,389,504)	(9,063,299)	(9,577,579)
Special items	-	-	-	-	-	-
Change in net position	(1,518,019)	(188,075)	(7,545,280)	(9,389,504)	(9,063,299)	(9,577,579)
Beginning net position	32,243,180	32,431,255	58,959,543	68,349,047	91,202,723	100,780,302
Ending net position	30,725,161	32,243,180	51,414,263	58,959,543	82,139,424	91,202,723

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Governmental Activities

Net position decreased \$1,518,019 during the fiscal period ending April 30, 2013. Revenue of \$76,945,721 decreased \$101,010 or 0.1%, with expenses of \$78,463,740, an increase of \$1,228,934 or 1.6%, when compared to the prior fiscal period ending April 30, 2012.

The revenue decrease was due to reductions in operating and unrestricted grant revenue of \$2,389,431 and internal transfer revenue from business activities of \$2,363,699 received in the fiscal period, offset by revenue increases in charge for service and other revenue of \$4,285,746, and a net tax revenue increase of \$366,374 despite a \$1,002,374 decline in sales tax revenue, when compared to prior fiscal period ending April 30, 2012.

Operating expense for Governmental Activities increased \$1,228,934 or 1.6%, within the annual inflationary increase, when compared to the prior fiscal year. Increased public works and general government expense were offset by reductions in public safety, culture & recreation and interest and other charges.

The resultant deficiency with governmental activity expenses exceeding revenues for government activities of \$1,518,019 is largely attributed to the year on year decline in sales tax revenues received in the fiscal period.

Business Activities

Net position decreased \$7,545,280 during the fiscal period ending April 30, 2013. Revenue of \$15,674,356 increased \$2,001,092 or 14.6%, with expenses of \$23,219,636, an increase of \$156,868 or 0.7%, when compared to the prior fiscal period ending April 30, 2012.

Business activity charge for service revenue increased \$414,138 or 2.2%, with reductions in operating grant and other miscellaneous revenue of \$776,745, and a year on year increase in revenue due to a lower level of transfer to governmental activities of \$2,363,699.

Operating expense increased \$156,868 or 0.7%, within the annual inflationary increase, when compared to the prior fiscal year, the result of an increase in Water Utility operating expense offset by reductions in Mass Transit and Waste Removal operations.

The resultant deficiency with business activity expenses exceeding revenues for business activities of \$7,545,280 is attributed to the in period deficiency in water utility operations of \$7,234,590.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

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, 2013**

\$ (whole)	General	Library	2010 Project	Debt Service	Non-Major	Total
Total assets	22,327,423	3,286,398	7,951,152	1,473,861	6,903,983	41,942,817
Total liabilities	12,393,415	3,201,687	421,010	1,314,461	2,220,946	19,551,519
Fund Balance						
Non spendable	25,596	-	-	-	-	25,596
Restricted	1,847	84,711	7,530,142	159,400	5,385,719	13,161,819
Assigned	-	-	-	-	-	-
Unassigned	9,906,565	-	-	-	(702,682)	9,203,883
Total Fund Balance	9,934,008	84,711	7,530,142	159,400	4,683,037	22,391,298
Liability & fund balance	22,327,423	3,286,398	7,951,152	1,473,861	6,903,983	41,942,817
Revenues	52,508,129	3,333,997	795,531	1,886,979	6,865,630	65,390,266
Expenditures	56,690,861	3,788,417	8,021,635	37,402,793	8,400,899	114,304,605
In year surplus (deficit)	(4,182,732)	(454,420)	(7,226,104)	(35,515,814)	(1,535,269)	(48,914,339)
Other sources (uses)	3,006,606	(1,200)	(20,673)	35,266,095	(1,160,101)	37,090,727
Change in fund balance	(1,176,126)	(455,620)	(7,246,777)	(249,719)	(2,695,370)	(11,823,612)
Beginning fund balance	11,110,134	540,331	14,776,919	409,119	7,378,407	34,214,910
Ending fund balance	9,934,008	84,711	7,530,142	159,400	4,683,037	22,391,298

As of April 30, 2013, the City governmental funds reported a combined ending fund balance of \$22,391,298.

Non spendable fund balance of \$25,596 is sequestered for prepaid items and inventory and is therefore not available for spending.

Restricted fund balance of \$13,161,819 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 (\$7,530,142), Transportation & Highway Motor Vehicle Tax Fund (\$4,154,436), economic development projects (\$540,434), Decatur Public Library (\$84,711), court service & public safety Drug Enforcement Fund (\$460,018), debt service (\$159,400), and other minor amounts (\$232,678).

Unassigned fund balance of \$9,203,883 (41.1% of fund balance) is available for spending at the City's discretion. This amount includes a general fund unassigned balance of \$9,906,565 offset by negative residual fund balance in CDBG (\$12,527), TIF funds (\$479,090), and capital project funds (\$211,065).

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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, 2013, the General Fund balance of \$9,934,008 represents a decrease of \$1,176,126 or 10.6% from the General Fund balance as of April 30, 2012.

The decrease in General Fund balance can largely be attributed to the decrease in tax revenues, namely sales tax, food & beverage tax and hotel/motel tax, coupled with the 2.0% increase in General Fund expense levels.

A primary tax funding City operations is the State of Illinois distribution of Income Tax, which as of April 30, 2013, is two (2) months in arrears for distribution to the City of Decatur. The amount of income tax receivable as of April 30, 2013 is \$1.1 million. The City of Decatur fully expects receipt of this outstanding receivable from the State of Illinois.

As of April 30, 2013, the General Fund unassigned balance of \$9,906,565 is 19% of fiscal year General Fund Revenue of \$52,508,129, 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 than 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 \$9,906,565 as of April 30, 2013, is 19% of in year general fund revenue, and represents 2.1 months of in-year general fund expenses.

The Decatur Public Library Fund experienced a decrease in fund balance of \$455,620 during the fiscal year ending April 30, 2013. 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, 2013, the restricted Library Fund balance of \$84,711 is 3% of in year fiscal revenue. The City acknowledges the Library fund balance as deficient to GAAFR recommended unassigned fund balance levels. As such, before the close of the fiscal year ending April 30, 2013, the City commenced discussions with the Library Board of Trustees to develop the necessary action plans to restore the unassigned fund balance to levels more in accordance with GAAFR best practices.

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, 2013 of \$7,530,142 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 periods.

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.

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended April 30, 2013, with comparison to the prior fiscal year.

Governmental Fund Revenue

\$ (whole)	Current fiscal period	% of Total	Prior fiscal period	% of Total
Tax Based				
Property tax	13,493,391	20.6%	13,513,648	20.4%
Utility	5,289,523	8.1%	5,310,600	8.0%
Food & beverage	3,049,941	4.7%	3,093,186	4.7%
Hotel/motel	590,985	0.9%	711,053	1.1%
Other	60,736	0.1%	-	-
Total Tax	22,484,576	34.4%	22,628,487	34.2%
Intergovernmental				
Operating Grants				
General government	2,401,632	3.7%	4,228,028	6.4%
Public safety	-	-	-	-
Public works	1,938,575	3.0%	1,921,919	2.9%
Culture and recreation	85,654	0.1%	129,770	0.2%
Total Operating Grants	4,425,861	6.8%	6,279,717	9.5%
Tax Based				
Income tax	7,518,907	11.5%	6,538,360	9.9%
Sales tax	22,917,247	35.0%	23,919,621	36.2%
Replacement tax	820,840	1.2%	513,912	0.8%
Other tax	627,517	1.0%	627,517	0.9%
Total Tax Based	31,884,511	48.7%	31,599,410	47.8%
Total Intergovernmental	36,310,372	55.5%	37,879,127	57.3%
Non Tax Based				
Charge for services	727,376	1.1%	622,614	1.0%
Fines & fees	1,727,788	2.6%	1,589,055	2.4%
Interest income	230,394	0.4%	217,062	0.3%
Licenses and permits	734,747	1.1%	752,854	1.1%
Other revenue	3,175,013	4.9%	2,470,315	3.7%
Total non Tax Based	6,595,318	10.1%	5,651,900	8.5%
Total Revenue	65,390,266	100.0%	66,159,514	100.0%

Tax revenue continues to represent the most 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, 2013, tax revenues accounted for 83.1% of the total revenue stream funding governmental operations, as compared to 82.0% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution of 6.8% in the current fiscal period, declined from 9.5% in the prior fiscal period, whereas, the non tax based revenue stream increased to 10.1% versus 8.5% in the prior fiscal period.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

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

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, 2013 with comparison to the prior year.

Government Fund Expenditures

\$ (whole)	Current fiscal period	% of Total	Prior fiscal period	% of Total
General government	13,003,747	11.4%	12,369,181	13.9%
Public safety	39,136,143	34.2%	38,113,003	42.9%
Highways and streets	21,049,550	18.4%	25,874,325	29.1%
Culture and recreation	3,866,845	3.4%	3,742,754	4.2%
Debt service	37,248,320	32.6%	8,796,601	9.9%
Total Expenditures	114,304,605	100.0%	88,895,864	100.0%

Government fund expenditures in the fiscal year ended April 30, 2013, increased by \$25,408,741 or 28.6%, in comparison to government fund expenditures in the prior fiscal period.

General government expenses increased \$634,566 or 5.1% primarily the result of inflationary increase coupled with new spending for the Administrative Court initiative, targeted to improve compliance with City ordinances for code violations, increased cost of funding public employee retirement obligations within the State of Illinois system, and increased property demolition expense targeted to removing blighted and abandoned properties.

Public Safety expenses increased \$1,023,140 or 2.7%, primarily the result of inflationary cost increases for police protection coupled with increased staffing at near full authorized levels to further combat the incidence of crime within the City footprint. Fire Safety expense was flat to the prior year, primarily the result of wage freeze due to the failure to execute a new labor contract effective May 1, 2012. The Firefighter labor contract continues in negotiation, and upon resolution, will result in wage settlement retroactive to May 1, 2012.

Highways and streets, or public works, expense declined by \$4,824,775 or 19%, the result of reduced spending in the 2010 bond capital project, as substantial project scope reached completion in the prior period and was not repeated in the current fiscal period.

Culture and recreation expense increased \$124,091 or 3.3%, driven by operating expense increases in the City of Decatur Public Library operation.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

Debt service costs increased \$28,451,719, driven by the refunding of the 2004A and 2004B general obligation debt and subsequent reissuance of 2012 and 2013 general obligation debt, while remaining City debt obligations continue consistent with debt service payment retirement obligations.

Proprietary Funds

**Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Net Position
As of April 30, 2013**

\$ (whole)	Water Utility	Mass Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	51,241,221	6,182,037	6,825,843	737,075	64,986,176	8,624,857
Total liabilities	11,753,967	346,004	216,349	529,746	12,846,066	5,994,646
Net position						
Capital net of debt	35,520,333	3,992,865	4,302,993	-	43,816,191	3,182,059
Unrestricted	3,966,921	1,843,168	2,306,501	207,329	8,323,919	(551,848)
Total net position	39,487,254	5,836,033	6,609,494	207,329	52,140,110	2,630,211
Operating revenues	15,102,613	564,098	2,936,632	746,919	19,350,262	15,266,856
Operating expenses	14,392,629	6,251,157	1,900,575	590,847	23,135,208	14,527,121
Operating income (loss)	709,984	(5,687,059)	1,036,057	156,072	(3,784,946)	739,735
Non operating rev (exp)	(152,623)	5,025,989	1,995	119	4,875,480	100,699
Income (loss) before transfers	557,361	(661,070)	1,038,052	156,191	1,090,534	840,434
Transfers						
Transfers in	719,022	44,271	-	2,275	765,568	22,798
Transfers out	(8,510,973)	(150,522)	(642,303)	(191,231)	(9,495,029)	(288,234)
Transfers out LT assets	-	-	-	-	-	-
Change in net position	(7,234,590)	(767,321)	395,749	(32,765)	(7,638,927)	574,998
Net position beginning	46,721,844	6,603,354	6,213,745	240,094	59,779,037	2,055,213
Net position ending	39,487,254	5,836,033	6,609,494	207,329	52,140,110	2,630,211

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), Mass Transit (3 funds), and Sewer (1 fund), which are considered major enterprise funds. Data from the other three (3) non-major enterprise funds (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 and self-funded employee health benefit programs, information technology operations program, information technology capital 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

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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, 2013, City enterprise funds reported a net position of \$52,140,110, a decrease of \$7,638,927 or 12.8% versus the level as of April 30, 2012.

The net position as of April 30, 2013 includes capital assets, net of related debt, of \$43,816,191, a decrease of \$2,755,156 when compared to April 30, 2012.

Unrestricted net position as of April 30, 2013 amounting to \$8,323,919 represents a decrease of \$4,883,771 when compared to April 30, 2012.

Water Utility, with net position of \$39,487,254 experienced a decrease in net assets of \$7,234,590 or 15.5% versus the net position as of April 30, 2012. Utility operating revenues achieved were \$15,102,613, a decrease of \$181,927 versus prior fiscal year operating revenues of \$15,284,540. Utility charge for service revenue amounted to \$14,812,931 in the current fiscal year and represented a decrease in charge for services revenue of \$357,447 or 2.4% decrease versus the prior fiscal year. The reduced operating revenue can be attributed to lower water usage in the community driven by environmental drought conditions which necessitated water use restrictions placed on all water utility customers. Utility operating expense amounted to \$14,392,629 in the current fiscal year, an increase of \$1,268,897 or 9.7% versus the prior fiscal year. During the fiscal year, the utility reported income before transfer expense of \$557,361, a reduction of \$1,672,689 from the income level before transfers of \$2,230,050 reported in the prior fiscal year. Net transfer expense incurred in the current fiscal year amounted to \$7,791,951, comprised of \$5,542,184 transferred to the city debt service fund to pay utility debt service, \$1,990,343 transfer to the general fund for payment in lieu of tax and other services provided by central staff operations, and \$291,336 transferred to reimburse the general fund for utility customer service costs and a transfer receipt of \$31,912 for reimbursement from the general fund for urban area transit study expenses incurred by water staff. The water utility, as a stand-alone business enterprise posted a fiscal period operating loss of \$7,234,590.

The City has taken action concerning this matter with City Council approval of a series of water rate increases commencing May 1, 2013, whereby, water utility rates will increase 35% effective May 1, 2013, 30% effective May 1, 2014, and 25% effective May 1, 2015, with future annual rate increases of 2.5%. The Council approved rate increases will position the water utility to profitable operations and fund future investments in the water utility.

Mass Transit net position of \$5,836,033 decreased \$767,321 or 11.6% versus the net position as of April 30, 2012. Operating revenue representing passenger fares of \$564,098 decreased \$21,643 or 3.7% as compared to the prior fiscal year, the result of decreased volume of passenger ridership during the period. Current period operating expense of \$6,251,157 decreased \$241,783 or 3.7% versus the prior year operating expense of \$6,492,940. Mass Transit operations are funded primarily by operating and capital grants from the federal and state governmental units. Intergovernmental revenue of \$5,025,518 received in the fiscal year ending April 30, 2013, represented a grant funding level approximating 80% of in year operating expense, a decrease compared to the 88% grant funding level occurring in the prior fiscal year. Mass Transit operations recorded a net operating loss of \$661,070 as compared to the net operating loss of \$158,179 in the prior fiscal period, primarily the result of the timing of the receipt of federal and state grants.

Sewer Utility, with net position of \$6,609,494 experienced an increase in net position of \$395,749 or 6.4% versus the net position as of April 30, 2012. Sewer operating revenues achieved were \$2,936,632, an increase of \$596,702 or 25.5% versus prior fiscal year operating revenues of \$2,339,930. Sewer operating expense amounted to \$1,900,575 in the current fiscal year, an increase of \$27,941 or 1.5% versus the prior fiscal year. During the fiscal year, the sewer utility reported operating income of \$395,749

**Management Discussion & Analysis
City of Decatur, Illinois
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versus a prior period loss position of \$158,107. The primary driver of the Sewer Utility profit improvement continues from the rate increase structure approved by the City Council in 2011. The effective 2013 sewer rate increase in the fiscal period amounted to 24% effective May 1, 2012. The Sewer Utility will continue with a 12% rate increase over the next two (2) fiscal years.

As of April 30, 2013, City internal service funds reported a net position of \$2,630,211, an increase of \$574,998 or 28% versus the level as of April 30, 2012. The current period net position includes capital assets, net of related debt, of \$3,182,059, a decrease of \$662,972 as compared to April 30, 2012. Unrestricted net position as of April 30, 2013 is a deficit of \$551,848, an improvement in the unrestricted net position deficit of \$1,789,818 as of April 30, 2012. The deficit unrestricted net position is the result of the deficit in the City's Self Insurance Fund of \$2,619,891 offset by unrestricted net position of \$1,187,451 in the Fleet Maintenance Fund(s) and \$880,592 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 Current Year	Pension Trust Prior Year
Total assets	145,783,615	135,151,268
Total liabilities	-	-
Net position held in trust	145,783,615	135,151,268

As of April 30, 2013, the net position in the pension trust funds increased \$10,632,347 or 7.9% versus the level of net position as of April 30, 2012.

The Pension Trust fund asset increase is attributed to investment returns recognized in the period.

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 each 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.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

The general fund budget applicable for the fiscal year ending April 30, 2013 is reported as follows:

\$ (whole)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Pos (Neg)
Revenue	56,757,274	56,757,274	56,394,869	(362,405)
Expenditures	57,717,430	57,717,430	56,816,566	(900,864)
Surplus (deficit)	(960,156)	(960,156)	(421,697)	

The 2013 fiscal year budget was presented to the Decatur City Council in April, 2012. The Decatur City Council approved the budget in resolution form.

The City of Decatur, operating in an appropriation form of statutory spending approval, submitted the fiscal year 2013 annual appropriation ordinance to the Decatur City Council in July, 2012, in accordance with State of Illinois statutes.

The City General Fund revenue was originally appropriated at \$56,757,274 for the current fiscal period with Council adoption of the 2013 fiscal period annual appropriation in July, 2012. No revisions were made to the 2013 fiscal period General Fund revenue budget.

General Fund expenditures were originally appropriated at \$57,717,430 for the current fiscal period with Council adoption of the 2013 fiscal period annual appropriation in July, 2012. No revisions were made to the 2013 fiscal period General Fund expense budget.

Fiscal period General Fund revenues achieved of \$56,394,869 was below the approved budget by \$362,405, primarily due to lower tax revenues received in the period.

Fiscal period General Fund expenses of \$56,816,566 were below the appropriated budget by \$900,864.

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 expenses remain within budgetary levels. New appropriations, as necessary, are submitted to the council for consideration and approval. 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.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

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	8,440,772	8,427,272	4,218,177	4,218,177	12,658,949	12,645,449
Construction in progress	3,154,737	17,928,811	7,262,893	9,757,465	10,417,630	27,686,276
Total	11,595,509	26,356,083	11,481,070	13,975,642	23,076,579	40,331,725
Assets depreciated						
Infrastructure	108,476,782	94,371,733	21,334,372	21,334,372	129,811,154	115,706,105
Building & improvement	44,530,416	32,631,016	96,945,405	94,018,319	141,475,821	126,649,335
Vehicles	14,880,984	14,738,156	7,693,434	7,693,434	22,574,418	22,431,590
Office equipment	3,456,140	3,187,080	96,336	98,303	3,552,476	3,285,383
Other equipment	11,083,906	10,697,165	1,569,301	1,475,996	12,653,207	12,173,161
Total Cost	182,428,228	155,625,150	127,638,848	124,620,424	310,067,076	280,245,574
Accumulated depreciation						
Infrastructure	54,215,593	51,348,078	13,680,227	12,989,171	67,895,820	64,337,249
Building & improvement	20,522,142	19,068,698	64,045,905	61,239,661	84,568,047	80,308,359
Vehicles	10,468,595	10,122,119	5,636,166	5,308,324	16,104,761	15,430,443
Office equipment	2,128,819	1,891,903	53,822	45,161	2,182,641	1,937,064
Other equipment	10,151,778	9,777,909	1,400,394	1,275,057	11,552,172	11,052,966
Total Depreciation	97,486,927	92,208,707	84,816,514	80,857,374	182,303,441	173,066,081
Net Depreciated Assets	84,941,301	63,416,443	42,822,334	43,763,050	127,763,635	107,179,493
Net Assets	96,536,810	89,772,526	54,303,404	57,738,692	150,840,214	147,511,218

City investment in capital assets for governmental and business type activities was \$150,840,214, net of depreciation, as of April 30, 2013, and represents an increase in net capital assets of \$3,328,996.

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.

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

Major Capital Asset Project Spending in the Fiscal Year ended April 30, 2013

Primary Government		\$	
	Brush College Subway	390,066	Continued project
	Decatur Corridor	20,715	Continued project
	Rt 51 Franklin & Main	403,223	Continued project
	Downtown Streetscape Franklin Street	45,279	Continued project
	Emergency Shallow Wells	326,626	New project
	NE Drainage Ditch	52,700	New project
	Nelson Park Storm Sewer	48,668	New project
	Central Park Streetscape	707,749	New project
	Dam Repairs Phase II	66,453	New project
	New Police Facility	136,512	New project
Total		2,197,991	
Business Activities			
	SWTP Water Main Extension	21,871	Continued project
	Additional water supply	41,693	Continued project
	Critical Sewer Facility Plan	3,865	Continued project
	Lake Shore Drive Sewer	286,724	New project
	Asian Carp Protection	61,760	New project
Total		415,913	

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of April 30, 2013 of \$150,840,214 increased by \$3,328,996 or 2% when compared to the level as of April 30, 2012. Construction in progress capital assets and land decreased \$17,255,146, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, increased by \$20,584,142, when compared to April 30, 2012.

The cost of capital assets not being depreciated decreased from \$40,331,725 at April 30, 2012 to \$23,076,579 at April 30, 2013, a decrease of \$17,255,146, entirely due to the decrease in construction in progress as completed projects were capitalized during the fiscal year.

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 \$9,237,360.

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 long-term debt as of April 30, 2013 is \$101,228,390, a decrease of \$3,131,757 or 3% as compared to the outstanding debt issue as of April 30, 2012. City outstanding debt includes bond issues, notes & loans payable, capital leases, compensated absences, pension obligation, and other post employment benefits ("OPEB").

**Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013**

\$ (whole)	Beginning Debt	Debt Additions	Debt Retirements	Ending Debt	Due within One Year
GO bonds	81,822,528	28,080,658	30,681,305	79,221,881	5,150,000
Notes & loans	13,472,345	15,967	976,099	12,512,213	1,021,722
Capital leases	-	-	-	-	-
Total interest bearing debt	95,294,873	28,096,625	31,657,404	91,734,094	6,171,722
Compensated absences	4,657,507	2,446,038	2,443,292	4,660,253	4,007,818
Pension obligation	3,306,845	223,095	-	3,529,940	-
OPEB	1,100,922	203,181	-	1,304,103	-
Total Debt	104,360,147	30,968,939	34,100,696	101,228,390	10,179,540

The City issued \$28,080,658 in general obligation refunding bonds in the fiscal period ending April 30, 2013. These bonds were issued to refund Series 2004A general obligation bonds used for various capital projects and Series 2004B general obligation bonds used to refund the 2000 and 1985 general obligations bonds used in the construction of the water treatment facility.

New interest bearing debt issue includes an additional draw-down in the amount of \$15,967 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 \$4,660,253, as of April 30, 2013.

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, 2013, the net pension obligation of the City to the three pension plans is \$3,529,940.

The City provides OPEB post-employment healthcare benefits for retired employees through a single-employer defined benefit plan (Retiree Healthcare Program). The 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, 2013, the net OPEB obligation of the City to the Retiree Healthcare program is \$1,304,103.

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.

**Management Discussion & Analysis
City of Decatur, Illinois
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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, 2013, 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 Funds, 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 employees, and provides funding for the City contribution to the City of 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 neighborhoods and adjusting the current assessed values up or down according to trended market data. Assessed values, according to state legislation, are capped at 33% of market value.

The cost of day to day City government as well as the capital spending requirements of City operations, including general government, public safety police and fire protection, public works engineering, 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, and public works 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 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.

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Future Fiscal Year Budget

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, as well as 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 has brought new sidewalks, landscaping, lighting, recreational opportunities and other amenities to Downtown Decatur. Improvements to Central Park, Merchant Street and Lincoln Square were completed in 2013 with 150 new downtown parking spaces added to facilitate the expected increase in activity. The project has already spurred a return to prominence of the City’s downtown district in the form of new businesses and jobs, entertainment options and the creation of a “new” downtown that is now a destination for local residents and visitors alike. The third phase of work is now underway with project completion scheduled for the fall of 2013 and early 2014. The project was funded with \$10 million from the 2010 General Obligation Bond Issue, \$2 million in motor fuel tax from the State of Illinois, and \$2 million in transportation grants from the Illinois Department of Transportation.

Downtown Parking - The City has implemented sweeping changes to its downtown parking system over the last two (2) years designed to make the local shopping experience more convenient for shoppers while providing a range of options for downtown employees. The program included, among other upgrades, a transition from parking meters to free parking for most of the downtown area and the addition of 150 new spaces as part of the overall downtown streetscape project.

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, 2012. 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 zero 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 received \$1.9 million in federal funds to assist improvement of the streetscape along the heavily traveled Franklin and Main Street corridors. Additionally, the City negotiated to receive control of the Main St. U.S. Route 51 corridor from the State of

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Illinois, allowing for the rerouting of truck traffic outside of the core downtown area, benefiting downtown foot traffic for shoppers and businesses alike.

Eldorado Streetscape Improvements – This project, completed in 2012, brought 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 completed work to resurface the section of Eldorado between the railroad and 19th Street east of the City's work, meaning that Eldorado Street has been completely resurfaced from Church Street to 19th Street. The \$2.6 million project was funded by a \$1.2 million federal transportation grant, \$1.1 million from the Illinois Department of Transportation and \$0.3 million in Motor Fuel Tax funding allocated by the City of Decatur.

Brush College Road – The Decatur City Council approved the selection of resources to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Faries Parkway. This project is important to address traffic flow in this important City corridor. This project continues with planned investment scheduled for 2014.

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 plan definition and preparation for submission to the Illinois Department of Transportation, with work planned to commence once the work scope plan is approved by IDOT.

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 will create a destination for both local residents and people who come to Decatur to live, work and play. The installation of new boat docks and piers, and lake front promenade improvements were completed in 2013. The project continues with further development initiatives including a water park, additional boat docks, new restaurant and recreation amenities, planned for completion in 2014.

Jackson Ford Development Agreement – The Decatur City Council 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). This project is expected for completion in 2013/2014.

Mound Center Development – Plans have been defined for the next stage of development in Mound Center at the intersection of U.S. 51 and Mound Road to include Ashley Furniture and space for two additional retail / restaurant establishments. 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 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.).

New County Market Store – Demolition work has commenced to make way for construction of a new \$14 million County Market grocery store in Decatur at the intersection of IL 48 and Grand Avenue. A redevelopment agreement with Niemann Holdings, LLC will allow for construction of the 38,000 square foot store on the near north side of the City. This investment will provide further strength and stability to the redevelopment of this core City area.

Administrative Court (A.C.E.S.) – The City commenced operation of a new City Administrative Court, a new tool in efforts to facilitate clean up and maintain the City. City ordinance violations were previously prosecuted in Macon County Circuit Court with the exception of violations of the city's noise ordinance

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

and unlawful use of a motor vehicle charges. The types of cases that can be heard in administrative court now include, among other types, those related to property maintenance, garbage and littering complaints, certain building code and overweight vehicle cases. The new Administrative Court system commenced operation in the summer of 2012 and has ramped up operations throughout the period to the present. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results.

New Single Stream Recycling – City residents responded in record numbers to the City single-stream recycling program launched in 2012. 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 become accustomed 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 reduced dramatically with the new recycling system. The participation rate prior to the new program being implemented was about 15 percent. This program continues to gain further acceptance in the community and further contributes to the “greening” of the City of Decatur.

Identification of Additional Water Supply – Council members voted unanimously in 2012 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 requires an estimated 10,000 acre-feet of water to be able to supply the community during drought conditions that have impacted the region in the last two years. Engineering evaluation has determined that the wells will provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously. This work commenced in 2013 and continues towards completion expected in early 2014.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment is 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 project was funded by user fees paid by city utility water customers.

Lake Decatur Dam Repairs Phase II – This \$4.1 million project includes structural repairs to the dam face and scour holes, removal of the old down-stream dam constructed in the late 1800’s, and the installation of a protection barrier to breach Asian Carp fish entry into Lake Decatur. The project commenced in the fall 2013 with completion expected in 2014. The project is funded by user fees paid by city utility water customers.

Lake Decatur Investment – Water supply through Lake Decatur is a primary natural resource and asset of the City, and an asset in which the City must continuously invest to maintain and continuously secure as the water supply for business and industry. In compliance to the stated City Council goal of continuing to improve the local water supply, a recap of recent investments includes:

- 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. 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.

Water System Improvements – In the spring of 2013, the Decatur City Council took bold legislative action approving a series of rate increases in the municipal water supply effective May 1, 2013. The approved rate increases, 35% effective May 1, 2013, 30% effective May 1, 2014, 25% effective May 1, 2015, will provide the capital resources for the largest investment in the City water system since Lake

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

Decatur was created in 1922. The rate increases will fund a series of lake dredging initiatives over the next 4-5 years that will increase the capacity of the lake, thereby increasing the retained water levels of the lake. The rate increases will also fund further investment to secure secondary water supply, as a safeguard in times of drought, as well as begin to fund a series of investments in future years replacing aging above and below ground water infrastructure.

Sustainable Decatur Plan Wins American Planning Award – Decatur's "Sustainable Decatur" plan/process was awarded an American Planning Association - Illinois Chapter award in the Sustainability Planning category. The award was given during the group's October 2012 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.

Lakeshore Drive Sewer Improvement – In late summer 2013, the Decatur City Council approved the project to refurbish and replace certain components of the Lakeshore Drive sewer line. This \$8.6 million project is funded by a loan from the State of Illinois EPA ("IEPA"). This project will replace aging sewer infrastructure in an important residential and medical service corridor of the City. The project is scheduled for completion in early 2014.

Johnson Controls Energy Initiative – In late summer 2013, the Decatur City Council approved a \$17.2 million project initiative to provide investment funding to finance a project to install automated water meter reading equipment ("AMR") throughout the city residential, commercial and industrial footprint. In addition, this project includes energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative is the primary investment with approximately \$14.5 million devoted to the installation of state of art electronically read water meters. The remaining investment of \$2.7 million is earmarked for facility envelope energy upgrades as well as state of art technology improvements to the City Water Utility SCADA system. The project is debt issue financed with 15 year term with debt payment stream fully funded by expected annual cost savings and cost avoidance under a 50% guaranteed contract with Johnson Controls, Inc. The project investment will commence in the fall 2013 with scheduled completion in early 2015.

New Police Department Law Enforcement Center – In the fall 2013, the Decatur City Council approved an initiative to create a new Law Enforcement Center as headquarters for the City of Decatur Police Department, whereby completing the Council vision established some ten (10) years ago. The City will convert an existing idle commercial / industrial facility on the south side of the City for use as the City Law Enforcement Center. The project has commenced with expected completion and facility occupancy in mid 2014. The project successfully returns an idle structure to economic use, and is believed to offer further commercial and economic development opportunities in the adjacent area.

Archer Daniels Midland Downtown Site Investment – The City of Decatur's multi-national giant, Archer Daniels Midland, acquired office space facility in the central downtown footprint in late 2010, and has since relocated some 700 employees to the central downtown Decatur facility. The City continues to work together with ADM in several matters concerning office space for the ADM workforce as well as co-operation to secure and improve the water supply available to industrial customers.

Management Discussion & Analysis
City of Decatur, Illinois
Fiscal Year Ending April 30, 2013

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, 2013. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Gregg D. Zientara
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City of Decatur

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City of Decatur, Illinois
October 30, 2013

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 23,931,777	\$ 6,088,263	\$ 30,020,040	\$ 105,698
Receivables:				
Property taxes, net	11,681,912	-	11,681,912	-
Illinois municipal sales tax	5,546,196	-	5,546,196	-
Other taxes	3,887,498	-	3,887,498	-
Due from other governments	585,847	-	585,847	-
Accounts receivable	183,506	3,766,105	3,949,611	14,262
Notes receivable	382,382	275,417	657,799	-
Other	77,441	-	77,441	98
Internal balances	1,225,847	(1,225,847)	-	-
Prepaid items	8,518	129,500	138,018	-
Deferred charges	1,107,104	-	1,107,104	-
Due from component unit	224,624	-	224,624	-
Inventories	212,914	400,547	613,461	7,947
Assets held for resale	-	22,940	22,940	-
Restricted investments	-	-	-	76,720
Capital assets not being depreciated	11,595,509	11,481,070	23,076,579	3,130,762
Capital assets being depreciated, net	<u>84,941,301</u>	<u>42,822,334</u>	<u>127,763,635</u>	<u>2,946,227</u>
TOTAL ASSETS	<u>145,592,376</u>	<u>63,760,329</u>	<u>209,352,705</u>	<u>6,281,714</u>
LIABILITIES				
Accounts payable	2,562,966	1,206,937	3,769,903	20,571
Contracts payable	254,607	77,614	332,221	-
Interest payable	1,116,658	40,840	1,157,498	79,224
Claims payable	5,872,892	-	5,872,892	-
Other accrued liabilities	1,572,418	533,462	2,105,880	10,741
Unearned revenue	11,694,776	-	11,694,776	31,858
Long-term obligations, due within one year:				
Bonds payable	5,150,000	-	5,150,000	-
Capital lease	216,022	-	216,022	-
Notes payable	315,000	706,722	1,021,722	-
Compensated absences	4,007,818	-	4,007,818	20,673
Long-term obligations, due in more than one year:				
Bonds payable	74,071,881	-	74,071,881	-
Capital lease	835,699	-	835,699	-
Notes payable	1,710,000	9,780,491	11,490,491	-
Due to primary government	-	-	-	224,624
Deferred compensation plan	-	-	-	76,720
Pension obligation	3,529,940	-	3,529,940	-
Other post-employment benefits	1,304,103	-	1,304,103	-
Compensated absences	<u>652,435</u>	<u>-</u>	<u>652,435</u>	<u>-</u>
Total liabilities	<u>114,867,215</u>	<u>12,346,066</u>	<u>127,213,281</u>	<u>464,411</u>
NET POSITION				
Net investment in capital assets	21,768,332	43,816,191	65,584,523	5,852,365
Restricted for capital projects	2,448	-	2,448	-
Restricted for transportation and highway	4,154,436	-	4,154,436	-
Restricted for economic development	540,434	-	540,434	-
Restricted for culture and recreation	313,112	-	313,112	-
Restricted for court services and public safety	460,018	-	460,018	-
Restricted for debt service	159,400	-	159,400	-
Restricted for retirement	1,847	-	1,847	-
Unrestricted net position	<u>3,325,134</u>	<u>7,598,072</u>	<u>10,923,206</u>	<u>(35,062)</u>
TOTAL NET POSITION	<u>\$ 30,725,161</u>	<u>\$ 51,414,263</u>	<u>\$ 82,139,424</u>	<u>\$ 5,817,303</u>

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 14,693,051	\$ 2,541,123	\$ 2,401,632	\$ -	\$ (9,750,296)	\$ -	\$ (9,750,296)	\$ -
Public safety	38,834,959	577,676	-	-	(38,257,283)	-	(38,257,283)	-
Public works	17,199,373	981	1,938,575	-	(15,259,817)	-	(15,259,817)	-
Culture and recreation	3,622,804	70,131	85,654	-	(3,467,019)	-	(3,467,019)	-
Interest and other charges	4,113,553	-	-	-	(4,113,553)	-	(4,113,553)	-
Total governmental activities	<u>78,463,740</u>	<u>3,189,911</u>	<u>4,425,861</u>	<u>-</u>	<u>(70,847,968)</u>	<u>-</u>	<u>(70,847,968)</u>	<u>-</u>
Business-type activities:								
Water	14,576,678	15,102,613	-	-	-	525,935	525,935	-
Mass Transit	6,151,784	564,098	5,025,518	-	-	(562,168)	(562,168)	-
Housing programs	6,770	36,473	-	-	-	29,703	29,703	-
Waste removal	584,028	710,446	-	-	-	126,418	126,418	-
Sewer	1,900,376	2,936,632	-	-	-	1,036,256	1,036,256	-
Total business-type activities	<u>23,219,636</u>	<u>19,350,262</u>	<u>5,025,518</u>	<u>-</u>	<u>-</u>	<u>1,156,144</u>	<u>1,156,144</u>	<u>-</u>
Total primary government	<u>\$ 101,683,376</u>	<u>\$ 22,540,173</u>	<u>\$ 9,451,379</u>	<u>\$ -</u>	<u>(70,847,968)</u>	<u>1,156,144</u>	<u>(69,691,824)</u>	<u>-</u>
Component unit								
Civic Center Authority	<u>\$ 1,167,897</u>	<u>\$ 489,222</u>	<u>\$ -</u>	<u>\$ 387,568</u>				<u>(291,107)</u>
		General revenues:						
		Taxes:						
		Property taxes			13,493,391	-	13,493,391	-
		Utility taxes			5,289,523	-	5,289,523	-
		Food and beverage taxes			3,049,941	-	3,049,941	-
		Hotel and motel taxes			590,985	-	590,985	-
		Sales and use taxes			22,917,247	-	22,917,247	-
		Income taxes			7,398,372	-	7,398,372	-
		Other taxes			1,509,093	-	1,509,093	-
		Investment earnings			237,961	28,037	265,998	-
		Gain on sale of capital assets			108,300	-	108,300	-
		Other general revenues			6,005,675	-	6,005,675	249
		Transfers			8,729,461	(8,729,461)	-	-
		Total general revenues and transfers			<u>69,329,949</u>	<u>(8,701,424)</u>	<u>60,628,525</u>	<u>249</u>
		Change in net position			(1,518,019)	(7,545,280)	(9,063,299)	(290,858)
		Net position, May 1, 2012			<u>32,243,180</u>	<u>58,959,543</u>	<u>91,202,723</u>	<u>6,108,161</u>
		NET POSITION, APRIL 30, 2013			<u>\$ 30,725,161</u>	<u>\$ 51,414,263</u>	<u>\$ 82,139,424</u>	<u>\$ 5,817,303</u>

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2013

STATEMENT 3

	Major Governmental Funds					Total
	General Fund	Library Fund	Debt Service Fund	2010 Project Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 4,422,641	\$ 316,391	\$ 181,227	\$ 7,916,475	\$ 6,004,716	\$ 18,841,450
Receivables:						
Property taxes, net	7,314,069	2,970,007	1,292,200	-	105,636	11,681,912
Illinois municipal sales tax	5,546,196	-	-	-	-	5,546,196
Other taxes	3,887,498	-	-	-	-	3,887,498
Due from other governments	200,315	-	-	-	385,532	585,847
Due from component unit	224,624	-	-	-	-	224,624
Due from other funds	513,000	-	-	-	-	513,000
Accounts receivable	152,690	-	-	-	25,717	178,407
Notes receivable	-	-	-	-	382,382	382,382
Other	40,794	-	434	34,677	-	75,905
Prepaid items	8,518	-	-	-	-	8,518
Inventories	17,078	-	-	-	-	17,078
TOTAL ASSETS	\$ 22,327,423	\$ 3,286,398	\$ 1,473,861	\$ 7,951,152	\$ 6,903,983	\$ 41,942,817
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 659,933	\$ -	\$ 22,261	\$ 287,084	\$ 1,542,117	\$ 2,511,395
Contracts payable	-	-	-	133,926	120,681	254,607
Due to other funds	-	150,000	-	-	13,000	163,000
Other accrued liabilities	967,810	74,818	-	-	468,212	1,510,840
Deferred revenue	10,765,672	2,976,869	1,292,200	-	76,936	15,111,677
Total liabilities	12,393,415	3,201,687	1,314,461	421,010	2,220,946	19,551,519
Fund Balances:						
Nonspendable:						
Prepaid items	8,518	-	-	-	-	8,518
Inventories	17,078	-	-	-	-	17,078
Restricted:						
Retirement	1,847	-	-	-	-	1,847
Capital projects	-	-	-	7,530,142	2,430	7,532,572
Transportation and highway	-	-	-	-	4,154,436	4,154,436
Culture and recreation	-	84,711	-	-	228,401	313,112
Court services and public safety	-	-	-	-	460,018	460,018
Economic development	-	-	-	-	540,434	540,434
Debt service	-	-	159,400	-	-	159,400
Unassigned	9,906,565	-	-	-	(702,682)	9,203,883
Total fund balances	9,934,008	84,711	159,400	7,530,142	4,683,037	22,391,298
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,327,423	\$ 3,286,398	\$ 1,473,861	\$ 7,951,152	\$ 6,903,983	\$ 41,942,817

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

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
April 30, 2013

Total fund balances – Governmental funds \$ 22,391,298

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

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

Capital assets	\$ 194,023,737	
Accumulated depreciation	<u>(97,486,927)</u>	
Net capital assets		96,536,810

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

Taxes receivable		3,425,506
------------------	--	-----------

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 position

173,999

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 position

1,107,104

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

(1,116,658)

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	(4,660,253)	
Pension obligation	(3,529,940)	
Post-employment benefits	(1,304,103)	
Capital lease	(1,051,721)	
Bonds payable	(79,221,881)	
Notes payable	<u>(2,025,000)</u>	
Total long-term liabilities		<u>(91,792,898)</u>

Net position of governmental activities \$ 30,725,161

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, 2013

	<u>General Fund</u>	<u>Library Fund</u>	<u>Debt Service Fund</u>	<u>2010 Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES						
Taxes	\$ 16,427,572	\$ 2,916,254	\$ 1,383,373	\$ -	\$ 1,757,377	\$ 22,484,576
Charges for service	727,376	-	-	-	-	727,376
Investment income and net increase in fair value of investments	41,410	874	2,927	178,035	7,148	230,394
Intergovernmental	32,007,090	332,765	-	72,693	3,897,824	36,310,372
Licenses and permits	734,747	-	-	-	-	734,747
Fines and fees	1,220,762	70,131	-	-	436,895	1,727,788
Other revenue	<u>1,349,172</u>	<u>13,973</u>	<u>500,679</u>	<u>544,803</u>	<u>766,386</u>	<u>3,175,013</u>
Total revenues	<u>52,508,129</u>	<u>3,333,997</u>	<u>1,886,979</u>	<u>795,531</u>	<u>6,865,630</u>	<u>65,390,266</u>
EXPENDITURES						
Current:						
General government	9,867,805	-	160,096	-	2,975,846	13,003,747
Public safety	38,423,851	-	-	-	712,292	39,136,143
Culture and recreation	-	3,788,417	-	-	78,428	3,866,845
Highways and streets	8,399,205	-	-	8,016,012	4,634,333	21,049,550
Debt service:						
Principal retirement	-	-	32,965,000	-	-	32,965,000
Interest and other charges	<u>-</u>	<u>-</u>	<u>4,277,697</u>	<u>5,623</u>	<u>-</u>	<u>4,283,320</u>
Total expenditures	<u>56,690,861</u>	<u>3,788,417</u>	<u>37,402,793</u>	<u>8,021,635</u>	<u>8,400,899</u>	<u>114,304,605</u>
Deficiency of revenues over expenditures	<u>(4,182,732)</u>	<u>(454,420)</u>	<u>(35,515,814)</u>	<u>(7,226,104)</u>	<u>(1,535,269)</u>	<u>(48,914,339)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	28,080,658	-	-	28,080,658
Sale of capital assets	15,172	-	-	-	-	15,172
Transfers in	5,497,721	32,000	7,185,437	-	843,429	13,558,587
Transfers out	<u>(2,506,287)</u>	<u>(33,200)</u>	<u>-</u>	<u>(20,673)</u>	<u>(2,003,530)</u>	<u>(4,563,690)</u>
Total other financing sources (uses)	<u>3,006,606</u>	<u>(1,200)</u>	<u>35,266,095</u>	<u>(20,673)</u>	<u>(1,160,101)</u>	<u>37,090,727</u>
Net change in fund balances	(1,176,126)	(455,620)	(249,719)	(7,246,777)	(2,695,370)	(11,823,612)
FUND BALANCES, BEGINNING OF YEAR	<u>11,110,134</u>	<u>540,331</u>	<u>409,119</u>	<u>14,776,919</u>	<u>7,378,407</u>	<u>34,214,910</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,934,008</u>	<u>\$ 84,711</u>	<u>\$ 159,400</u>	<u>\$ 7,530,142</u>	<u>\$ 4,683,037</u>	<u>\$ 22,391,298</u>

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

**CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
Year Ended April 30, 2013**

Net change in total fund balances		\$(11,823,612)
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 2012 to 2013 consists of:		
Taxes received from the State of Illinois		(120,535)
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	\$ (2,746)	
Increase in capital lease liability	(103,871)	
Decrease in accrued interest on debt	<u>137,275</u>	
Total expenses of non-current resources		30,658
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	12,843,783	
Depreciation	<u>(6,079,499)</u>	
Capital expenditures in excess of depreciation		6,764,284
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net income of the internal service funds is reported with governmental activities on the Statement of Activities		1,144,323
In governmental funds, debt is not reported as a liability. In the current period, proceeds were received in the amount of		(25,250,000)
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 Position		32,965,000
Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statement of Activities		(203,181)

STATEMENT 6

Government Accounting Standards Board requires accrual of pension obligations in the Statement of Activities	\$ (223,095)
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Bond issuances costs and discounts on issuance were reported
in the governmental funds. However, these amounts have
been deferred and amortized in the Statement of Net Position

Amortization on bond discount and loss on refunding	\$ (4,834,353)	
Net amortization on deferred issuance costs	<u>32,492</u>	
Total deferred costs		<u>(4,801,861)</u>

Change in Net Position of Governmental Activities	<u>\$ (1,518,019)</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
April 30, 2013**

	Business-type Activities					Governmental Activities- Internal Service Funds
	Major Enterprise Funds				Total Enterprise Funds	
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 2,828,255	\$ 2,216,016	\$ 746,825	\$ 297,167	\$ 6,088,263	\$ 5,090,327
Receivables:						
Accounts receivable	2,012,099	306,834	1,305,621	141,551	3,766,105	5,099
Other	-	-	-	-	-	1,536
Due from other funds	-	-	-	-	-	150,000
Inventories	263,821	-	136,726	-	400,547	195,836
Assets held for sale	-	-	-	22,940	22,940	-
Prepaid expenses, current	25,900	-	-	-	25,900	-
Total current assets	<u>5,130,075</u>	<u>2,522,850</u>	<u>2,189,172</u>	<u>461,658</u>	<u>10,303,755</u>	<u>5,442,798</u>
Noncurrent Assets:						
Prepaid expense, net of current	103,600	-	-	-	103,600	-
Notes receivable	-	-	-	275,417	275,417	-
Property, plant, and equipment						
Land	3,318,778	-	899,399	-	4,218,177	-
Buildings	47,568,574	-	4,097,160	-	51,665,734	-
Improvements other than buildings	62,618,935	11,205,367	116,399	-	73,940,701	-
Machinery and equipment	2,140,283	-	7,155,023	-	9,295,306	10,069,619
	115,646,570	11,205,367	12,267,981	-	139,119,918	10,069,619
Less accumulated depreciation	<u>69,639,024</u>	<u>6,902,374</u>	<u>8,275,116</u>	<u>-</u>	<u>84,816,514</u>	<u>6,887,560</u>
Total property, plant, and equipment	<u>46,007,546</u>	<u>4,302,993</u>	<u>3,992,865</u>	<u>-</u>	<u>54,303,404</u>	<u>3,182,059</u>
Total noncurrent assets	<u>46,111,146</u>	<u>4,302,993</u>	<u>3,992,865</u>	<u>275,417</u>	<u>54,682,421</u>	<u>3,182,059</u>
TOTAL ASSETS	<u>51,241,221</u>	<u>6,825,843</u>	<u>6,182,037</u>	<u>737,075</u>	<u>64,986,176</u>	<u>8,624,857</u>
LIABILITIES						
Current liabilities:						
Accounts payable	901,390	216,349	59,452	29,746	1,206,937	51,571
Contracts payable	77,614	-	-	-	77,614	-
Claims payable	-	-	-	-	-	5,872,892
Interest payable	40,840	-	-	-	40,840	-
Other accrued liabilities	246,910	-	286,552	-	533,462	61,578
Unearned revenue	-	-	-	-	-	8,605
Note payable	706,722	-	-	-	706,722	-
Due to other funds	-	-	-	500,000	500,000	-
Total current liabilities	<u>1,973,476</u>	<u>216,349</u>	<u>346,004</u>	<u>529,746</u>	<u>3,065,575</u>	<u>5,994,646</u>
Noncurrent liabilities:						
Note payable	9,780,491	-	-	-	9,780,491	-
Total noncurrent liabilities	<u>9,780,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,780,491</u>	<u>-</u>
Total liabilities	<u>11,753,967</u>	<u>216,349</u>	<u>346,004</u>	<u>529,746</u>	<u>12,846,066</u>	<u>5,994,646</u>
NET POSITION						
Net investment in capital assets	35,520,333	4,302,993	3,992,865	-	43,816,191	3,182,059
Unrestricted	3,966,921	2,306,501	1,843,168	207,329	8,323,919	(551,848)
Total net position	<u>\$ 39,487,254</u>	<u>\$ 6,609,494</u>	<u>\$ 5,836,033</u>	<u>\$ 207,329</u>	<u>52,140,110</u>	<u>\$ 2,630,211</u>

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

(725,847)

NET POSITION OF BUSINESS-TYPE ACTIVITIES

\$ 51,414,263

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended April 30, 2013

	<u>Business-type Activities</u>					Governmental Activities- Internal Service Funds
	<u>Major Enterprise Funds</u>				Total Enterprise Funds	
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 14,812,931	\$ 2,936,092	\$ 561,172	\$ 710,446	\$ 19,020,641	\$ 13,037,113
Payroll deductions/retiree contributions	-	-	-	-	-	2,032,042
Other revenue	<u>289,682</u>	<u>540</u>	<u>2,926</u>	<u>36,473</u>	<u>329,621</u>	<u>197,701</u>
Total operating revenues	<u>15,102,613</u>	<u>2,936,632</u>	<u>564,098</u>	<u>746,919</u>	<u>19,350,262</u>	<u>15,266,856</u>
OPERATING EXPENSES						
Personnel services	3,737,596	-	3,951,781	-	7,689,377	1,655,704
Contractual services	4,966,347	1,627,174	468,085	550,267	7,611,873	1,089,545
Commodities	2,437,534	-	1,120,650	39,185	3,597,369	1,274,689
Other charges	70,154	16,703	186,842	1,395	275,094	9,511,782
Depreciation and amortization	<u>3,180,998</u>	<u>256,698</u>	<u>523,799</u>	<u>-</u>	<u>3,961,495</u>	<u>995,401</u>
Total operating expenses	<u>14,392,629</u>	<u>1,900,575</u>	<u>6,251,157</u>	<u>590,847</u>	<u>23,135,208</u>	<u>14,527,121</u>
Operating income (loss)	<u>709,984</u>	<u>1,036,057</u>	<u>(5,687,059)</u>	<u>156,072</u>	<u>(3,784,946)</u>	<u>739,735</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income and net increase in fair value of investments	25,452	1,995	471	119	28,037	7,571
Intergovernmental revenue	-	-	5,025,518	-	5,025,518	-
Interest expense	(178,075)	-	-	-	(178,075)	-
Gain on disposal of City property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,128</u>
Total nonoperating revenues (expenses)	<u>(152,623)</u>	<u>1,995</u>	<u>5,025,989</u>	<u>119</u>	<u>4,875,480</u>	<u>100,699</u>
Income (loss) before transfers	<u>557,361</u>	<u>1,038,052</u>	<u>(661,070)</u>	<u>156,191</u>	<u>1,090,534</u>	<u>840,434</u>
TRANSFERS						
Transfers in	719,022	-	44,271	2,275	765,568	22,798
Transfers out	<u>(8,510,973)</u>	<u>(642,303)</u>	<u>(150,522)</u>	<u>(191,231)</u>	<u>(9,495,029)</u>	<u>(288,234)</u>
Net transfers	<u>(7,791,951)</u>	<u>(642,303)</u>	<u>(106,251)</u>	<u>(188,956)</u>	<u>(8,729,461)</u>	<u>(265,436)</u>
Change in net position	(7,234,590)	395,749	(767,321)	(32,765)	(7,638,927)	574,998
NET POSITION, BEGINNING OF YEAR	<u>46,721,844</u>	<u>6,213,745</u>	<u>6,603,354</u>	<u>240,094</u>		<u>2,055,213</u>
NET POSITION, END OF YEAR	<u>\$ 39,487,254</u>	<u>\$ 6,609,494</u>	<u>\$ 5,836,033</u>	<u>\$ 207,329</u>		<u>\$ 2,630,211</u>
Reconciliation to Statement of Activities: Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities					<u>93,647</u>	
NET BUSINESS-TYPE ACTIVITIES					<u>\$ (7,545,280)</u>	

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, 2013**

Business-type Activities

	Major Enterprise Funds				Total Enterprise Funds	Governmental Activities-
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from charges for services	\$ 15,398,872	\$ 2,866,236	\$ 564,098	\$ 932,776	\$ 19,761,982	\$ 15,265,739
Cash paid to suppliers for goods and services	(7,528,586)	(1,486,097)	(1,774,011)	(590,661)	(11,379,355)	(11,970,108)
Cash paid to employees	(3,668,909)	-	(3,943,753)	-	(7,612,662)	(1,636,147)
Net cash provided by (used in) operating activities	4,201,377	1,380,139	(5,153,666)	342,115	769,965	1,659,484
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental revenue	248,550	-	5,353,346	-	5,601,896	-
Cash transfers from other funds	1,226,454	(642,303)	44,271	2,275	630,697	22,798
Cash transfers to other funds	(8,510,973)	-	(150,522)	(191,231)	(8,852,726)	(438,234)
Net cash provided by (used in) noncapital financing activities	(7,035,969)	(642,303)	5,247,095	(188,956)	(2,620,133)	(415,436)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant, and equipment	(3,064,857)	(290,588)	(81,248)	-	(3,436,693)	(416,314)
Proceeds on sale of City property	2,910,486	-	-	-	2,910,486	177,013
Proceeds from the acquisition of debt	15,967	-	-	-	15,967	-
Principal payments - note	(696,099)	-	-	-	(696,099)	-
Interest payments	(178,075)	-	-	-	(178,075)	-
Net cash used in capital and related financing activities	(1,012,578)	(290,588)	(81,248)	-	(1,384,414)	(239,301)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	56,865	1,995	471	119	59,450	7,571
Proceeds from sales and maturities of investments	2,765,219	251,196	74,812	-	3,091,227	1,479,404
Net cash provided by investing activities	2,822,084	253,191	75,283	119	3,150,677	1,486,975
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,025,086)	700,439	87,464	153,278	(83,905)	2,491,722
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,853,341	1,515,577	659,361	143,889	6,172,168	2,598,605
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,828,255	\$ 2,216,016	\$ 746,825	\$ 297,167	\$ 6,088,263	\$ 5,090,327
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 709,984	\$ 1,036,057	\$ (5,687,059)	\$ 156,072	\$ (3,784,946)	\$ 739,735
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,180,998	256,698	523,799	-	3,961,495	995,401
Effects of changes in operating assets and liabilities:						
Receivables	296,259	(70,396)	-	881	226,744	(1,117.00)
Inventories	35,582	-	(31,449)	-	4,133	37,973
Prepaid items	25,900	-	-	-	25,900	-
Due from other funds	-	-	-	285,248	285,248.00	-
Accounts payable	179,485	157,780	33,015	186	370,466	(133,288)
Contracts payable	(295,518)	-	-	-	(295,518)	-
Other liabilities	68,687	-	8,028	-	76,715	19,557
Due to other funds	-	-	-	(100,272)	(100,272)	1,223
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 4,201,377	\$ 1,380,139	\$ (5,153,666)	\$ 342,115	\$ 769,965	\$ 1,659,484

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

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
April 30, 2013

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 7,147,590
Accrued interest	462,679
Investments, at fair value:	
U.S. government obligations	29,749,357
Mutual funds	70,579,362
Common stock	9,575,759
Certificate of deposits	1,078,868
Annuities	121,792
International bonds	228,613
Municipal bonds	4,229,731
Corporate bonds	22,609,864
Total investments	138,173,346
TOTAL ASSETS	145,783,615
NET POSITION	
Held in trust for pension benefits	\$ 145,783,615

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

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN NET POSITION
Year Ended April 30, 2013**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 7,506,821
Plan member	<u>1,975,722</u>
Total contributions	<u>9,482,543</u>
Investment earnings:	
Interest and dividends	2,363,637
Net increase in the fair value of investments	<u>11,175,183</u>
Total investment income	13,538,820
Less investment expense	<u>281,526</u>
Net investment income	<u>13,257,294</u>
Total additions	<u>22,739,837</u>
DEDUCTIONS	
Benefits and refunds	11,989,924
Administrative expense	<u>117,566</u>
Total deductions	<u>12,107,490</u>
Change in net position	10,632,347
NET POSITION, BEGINNING OF YEAR	<u>135,151,268</u>
NET POSITION, END OF YEAR	<u>\$ 145,783,615</u>

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Unit:

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

City-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. In the City-wide statement of net position, 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 position and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 position 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 position as accounts receivable or payable to external parties.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Unearned revenue is reported on the governmental fund balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria. Unearned 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. The Library's primary sources of revenue is property taxes.

Debt Service Fund – This fund accounts for revenues, including transfers from other funds, and expenditures for the purpose of serving general obligation debt issued to finance City infrastructure improvements including facilities, streets, sewers, water management, lake dredging, and the acquisition of equipment used to deliver services to city stakeholders.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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.

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

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, long-term debt, principal, interest and related costs.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS (CONTINUED)

<u>Category of Assets</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
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

The following classifications describe the categories of fund balance based on 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 (ordinance or resolution) of the City Council. A commitment may only be rescinded by the same formal action of the City Council.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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, in accordance with Council budget policies. 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.

Net Position – Beginning with fiscal year 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (CONTINUED)

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 Treasurer who affects the tax distribution to the taxing units based on the taxing unit respective share of the tax collection. Taxes levied in one year become due and payable by property owners in two equal 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. The Macon County Treasurer distributes the tax collection to the taxing units within 45 days of collection due date.

Based on collection histories, the City has provided at April 30, 2013 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. COMPENSATED ABSENCES (CONTINUED)

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.

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. The annual budget is legally adopted by Council Resolution through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds, TIF redevelopment funds, debt service funds, capital project funds, enterprise funds, internal service funds, and trust and agency funds.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

A. APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING (Continued)

2. The process is initiated in December of each year, with the departmental requests presented in February to the Budget Review Committee composed of the City Manager, City Treasurer, and Director of Finance.
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 included in Required Supplementary Information include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General Fund and major Special Revenue Fund.
6. The level of budgetary control is by division within the General Fund and at the fund level for all other funds. Therefore, expenditures cannot legally exceed appropriations at these levels.
7. General Fund appropriated budgets can be amended by action of the City Council to reflect transfers within divisions at any time during the fiscal year. Budgeted amounts reflected in the accompanying appropriated budget and actual comparisons are as amended by any in-year and any year-end budget revisions.
8. Supplemental appropriation ordinances may be passed by the City Council, as required to appropriate new spending for expenditure not contemplated in the fiscal year appropriation ordinance, with funding provided by a new revenue source or expended from fund balance reserves.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Tax Increment Financing Fund had actual expenditures/expenses in excess of the appropriated amount for the year ended April 30, 2013.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS

The City has adopted formal investment policies and procedures as recommended by a citizens' investment advisory committee and approved by the City Manager, all within the guidelines established for the investment of public funds in accordance with the Illinois Compiled Statutes. The City is authorized by statute and policy to make deposits or investments in obligations of the United States Government; obligations of states or their political subdivisions; savings accounts, time deposits, certificates of deposit, or other investments which are direct obligations of banks as defined by the Illinois Banking Act; credit union shares; repurchase agreements; commercial paper rated within the three highest classifications by at least two standard rating services; the Illinois Public Treasurer's Investment Pool; and funds managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivision, stocks, mutual funds, and Illinois insurance companies' general and separate accounts. The City's investment policy also has established maximum limits for investments in uncollateralized certificates of deposit, money market accounts, and banker's acceptances for specific financial institutions as approved by the City Council, and has limited the City's investment in commercial paper to only the top rated.

The City's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at April 30, 2013. At year end the carrying value of the City's deposits, including certificates of deposit, was \$25,757,906 and the respective bank balances totaled \$26,372,987, 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. 40% of the government's investments in municipal bonds were rated Aaa by Moody's, 11% were rated Aa1, 12% were rated Aa2, 6% were rated Aa3, 1% were rated A1, 4% were rated A3, and ratings were not available for the remaining 26%. 6% of the government's investments in corporate bonds were rated Aaa by Moody's, 4% was rated Aa1, 1% were rated Aa2, 5% were rated Aa3, 14% were rated A1, 27% were rated A2, 18% were rated A3, 8% were rated Baa1, 13% were rated Baa2, 1% was rated Baa3, and 3% were not rated.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2013, the City’s bank deposits were fully collateralized.

As of April 30, 2013, the City had the following investments:

Investment Type	Fair Value	Less Than 1	Investment Maturities (in years)		
			1-5	6-10	More Than 10
Cash and money market	\$ 6,356,500	\$ 6,356,500	\$ -	\$ -	\$ -
Certificates of deposit	1,078,869	702,280	101,280	229,053	46,256
U.S. Government Agencies	29,638,009	2,680,838	6,930,657	3,386,318	16,640,196
Corporate bonds	22,609,865	2,614,274	10,667,123	8,064,483	1,263,985
Municipal bonds	4,229,731	788,107	1,226,344	898,071	1,317,209
U.S. Treasury bonds	657,651	-	-	-	657,651
U.S. Treasury notes	4,488,228	850,938	1,660,829	1,142,454	834,007
Annuities	121,792	121,792	-	-	-
Mutual funds	70,591,047	70,591,047	-	-	-
Common stock	9,575,759	9,575,759	-	-	-
Foreign bonds	228,614	-	228,614	-	-
Total	\$ 149,576,065	\$ 94,281,535	\$ 20,814,847	\$ 13,720,379	\$ 20,759,304

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, 2013, the City had \$138,018 in the Pool, which approximates fair value.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments in The Illinois Funds (Continued)

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

At April 30, 2013, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of \$2,401, bank deposits of \$24,011 and deposits with the Illinois Funds of \$79,286. The Civic Center Authority's restricted investments are comprised of the following:

	<u>Carrying Amount</u>
Mutual funds	\$ <u>76,720</u>

Reconciliation of notes to financial statements:

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 25,757,906
Cash on hand – per note above	7,005
Investments – per note above (including Illinois Funds)	<u>149,576,065</u>
Total	<u>\$ 175,340,976</u>
Statement 1	
Cash and equivalents	\$ 30,020,040
Statement 10	
Cash and short-term investments	7,147,590
Long-term investments	<u>138,173,346</u>
Total	<u>\$ 175,340,976</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of April 30, 2013 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds	\$ 513,000	\$ 150,000
Nonmajor Governmental Funds	-	13,000
Internal Service Funds	150,000	-
Nonmajor Enterprise Funds	-	<u>500,000</u>
Total interfunds	<u>\$ 663,000</u>	<u>\$ 663,000</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund receivables and payables are primarily used to record:

- Interfund loans to cover short-term cash flow needs.
- Interfund loans between funds for various programs.

NOTE 5 - TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 5,497,721	\$ 2,506,287
Library	32,000	33,200
Debt	7,185,437	-
2010 Project Fund	-	20,673
Nonmajor Governmental Funds	843,429	2,003,530
Major Enterprise Funds:		
Water	719,022	8,510,973
Mass Transit	44,271	150,522
Sewer	-	642,303
Nonmajor Enterprise Funds	2,275	191,231
Internal Service Funds	<u>22,798</u>	<u>288,234</u>
Total interfunds	<u>\$ 14,346,953</u>	<u>\$ 14,346,953</u>

The transfers represent both routine and non-routine items. Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

Primary government

	<u>Balance</u> <u>May 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,427,272	\$ 25,000	\$ 11,500	\$ 8,440,772
Construction in progress	<u>17,928,811</u>	<u>2,197,991</u>	<u>16,972,065</u>	<u>3,154,737</u>
Subtotal	<u>26,356,083</u>	<u>2,222,991</u>	<u>16,983,565</u>	<u>11,595,509</u>
Capital assets being depreciated:				
Infrastructure	94,371,733	14,221,514	116,465	108,476,782
Buildings and improvements	32,631,016	11,914,422	15,022	44,530,416
Vehicles	14,738,156	721,998	579,170	14,880,984
Office equipment	3,187,080	269,060	-	3,456,140
Other equipment	<u>10,697,165</u>	<u>534,671</u>	<u>147,930</u>	<u>11,083,906</u>
Subtotal	<u>155,625,150</u>	<u>27,661,665</u>	<u>858,587</u>	<u>182,428,228</u>
Less accumulated depreciation for:				
Infrastructure	(51,348,078)	(2,983,980)	(116,465)	(54,215,593)
Buildings and improvements	(19,068,698)	(1,468,466)	(15,022)	(20,522,142)
Vehicles	(10,122,119)	(925,353)	(578,877)	(10,468,595)
Office equipment	(1,891,903)	(236,916)	-	(2,128,819)
Other equipment	<u>(9,777,909)</u>	<u>(464,784)</u>	<u>(90,915)</u>	<u>(10,151,778)</u>
Total accumulated depreciation	<u>(92,208,707)</u>	<u>(6,079,499)</u>	<u>(801,279)</u>	<u>(97,486,927)</u>
Total capital assets being depreciated, net	<u>63,416,443</u>	<u>21,582,166</u>	<u>57,308</u>	<u>84,941,301</u>
Total governmental activities capital assets, net	<u>\$ 89,772,526</u>	<u>\$ 23,805,157</u>	<u>\$ 17,040,873</u>	<u>\$ 96,536,810</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	<u>Balance</u> <u>May 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2013</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,218,177	\$ -	\$ -	\$ 4,218,177
Construction in progress	9,757,465	415,914	2,910,486	7,262,893
Subtotal	<u>13,975,642</u>	<u>415,914</u>	<u>2,910,486</u>	<u>11,481,070</u>
Capital assets being depreciated:				
Infrastructure	21,334,372	-	-	21,334,372
Buildings and improvements	94,018,319	2,927,474	388	96,945,405
Vehicles	7,693,434	-	-	7,693,434
Office equipment	98,303	-	1,967	96,336
Other equipment	1,475,996	93,305	-	1,569,301
Subtotal	<u>124,620,424</u>	<u>3,020,779</u>	<u>2,355</u>	<u>127,638,848</u>
Less accumulated depreciation for:				
Infrastructure	(12,989,171)	(691,056)	-	(13,680,227)
Buildings and improvements	(61,239,661)	(2,806,632)	(388)	(64,045,905)
Vehicles	(5,308,324)	(327,842)	-	(5,636,166)
Office equipment	(45,161)	(10,628)	(1,967)	(53,822)
Other equipment	(1,275,057)	(125,337)	-	(1,400,394)
Total accumulated depreciation	<u>(80,857,374)</u>	<u>(3,961,495)</u>	<u>(2,355)</u>	<u>(84,816,514)</u>
Total capital assets being depreciated, net	<u>43,763,050</u>	<u>(940,716)</u>	<u>-</u>	<u>42,822,334</u>
Total business-type activities capital assets, net	<u>\$ 57,738,692</u>	<u>\$ (524,802)</u>	<u>\$ 2,910,486</u>	<u>\$ 54,303,404</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013**

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$6,079,499 and \$3,961,495 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>	<u>Business-Type Activities</u>	<u>Depreciation</u>
General government	\$ 1,856,246	Water	\$ 3,180,998
Public safety	636,173	Mass Transit	523,799
Public works	3,137,603	Sewer	<u>256,698</u>
Culture and recreation	<u>449,477</u>		
Total	<u>\$ 6,079,499</u>	Total	<u>\$ 3,961,495</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended April 30, 2013, was as follows:

	<u>Balance May 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	13,204,891	5,173	-	13,210,064
Less accumulated depreciation for:				
Buildings and equipment	<u>(9,974,933)</u>	<u>(288,904)</u>	<u>-</u>	<u>(10,263,837)</u>
Total capital assets being depreciated, net	<u>3,229,958</u>	<u>(283,731)</u>	<u>-</u>	<u>2,946,227</u>
Civic Center capital assets, net	<u>\$ 6,360,720</u>	<u>\$ (283,731)</u>	<u>\$ -</u>	<u>\$ 6,076,989</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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, 2013. Any uncollectible amount is not believed to be material.

Governmental Activities:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Position</u>
Other taxes:						
Hotel and motel tax	\$ 68,462	\$ -	\$ -	\$ -	\$ -	\$ 68,462
Food and beverage tax	280,647	-	-	-	-	280,647
Cable TV tax	111,607	-	-	-	-	111,607
Utility tax	749,658	-	-	-	-	749,658
State income tax	2,406,908	-	-	-	-	2,406,908
State sales tax	3,600	-	-	-	-	3,600
Local sales tax	3,600	-	-	-	-	3,600
State replacement tax	<u>263,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,016</u>
Total other taxes	<u>\$3,887,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,887,498</u>
Due from other governments:						
Grants	\$ 83,374	\$ 61,051	\$ -	\$ -	\$ -	\$ 144,425
Allotments	<u>116,941</u>	<u>324,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,422</u>
Total due from other governments	<u>\$ 200,315</u>	<u>\$ 385,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,847</u>
Accounts receivable:						
General billings	\$ 37,172	\$ -	\$ -	\$ 25,717	\$ 5,099	\$ 67,988
Boat licenses	48,281	-	-	-	-	48,281
Outstanding parking tickets	205,324	-	-	-	-	205,324
Reserve for uncollectible portion	<u>(138,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,087)</u>
Total accounts receivable	<u>\$ 152,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,717</u>	<u>\$ 5,099</u>	<u>\$ 183,506</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 7 - RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Services</u>	<u>Total Statement of Net Position</u>
Notes receivable:						
Installment notes	\$ -	\$ 14,428	\$ -	\$ -	\$ -	\$ 14,428
Deferred notes	-	3,150	-	-	-	3,150
Home program loans	-	395,158	-	-	-	395,158
Gateway to Sertoma Club loan	-	147,970	-	-	-	147,970
Allowance for uncollectible notes	<u>-</u>	<u>(178,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(178,324)</u>
Total notes receivable	<u><u>\$ -</u></u>	<u><u>\$ 382,382</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 382,382</u></u>
Other:						
Investment income	\$ 3,903	\$ -	\$ 434	\$ 34,677	\$ 1,536	\$ 40,550
Parking tickets	<u>36,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,891</u>
Total other	<u><u>\$ 40,794</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 434</u></u>	<u><u>\$ 34,677</u></u>	<u><u>\$ 1,536</u></u>	<u><u>\$ 77,441</u></u>

Business-Type Activities:

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 1,416,730
Watermain tapping	13,651
Sanitary District billings	581,718
Grants	1,305,621
Recycling fees	141,298
Sewer billings	306,834
DCDF loans	<u>253</u>
Total accounts receivable	<u><u>\$ 3,766,105</u></u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 7 - RECEIVABLES (CONTINUED)

	<u>Enterprise</u>
Notes receivable:	
Installment notes	\$ 321,108
Deferred notes	15,429
Reserve for uncollectible portion	<u>(61,120)</u>
Total notes receivable	<u>\$ 275,417</u>

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

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

NOTE 8 - LONG-TERM DEBT

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

	<u>Obligations Outstanding May 1, 2012</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding April 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Series of 2004A	\$ 8,595,000	\$ -	\$ 8,595,000	\$ -	\$ -
Series of 2004B	20,360,000	-	20,360,000	-	-
Series of 2005	4,095,000	-	1,680,000	2,415,000	1,740,000
Series of 2008	9,765,000	-	245,000	9,520,000	250,000
Series of 2010A	8,625,000	-	115,000	8,510,000	130,000
Series of 2010B	27,680,000	-	795,000	26,885,000	840,000
Series of 2010C	2,800,000	-	185,000	2,615,000	185,000
Series of 2010D	1,530,000	-	265,000	1,265,000	265,000
Series of 2012	-	8,030,000	130,000	7,900,000	590,000
Series of 2013	-	17,220,000	315,000	16,905,000	1,150,000
(Less) plus deferred amounts:					
For issuance premiums	403,605	2,830,658	27,382	3,206,881	-
For issuance discounts	(114,817)	-	(114,817)	-	-
On refunding	<u>(1,916,260)</u>	<u>-</u>	<u>(1,916,260)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	<u>81,822,528</u>	<u>28,080,658</u>	<u>30,681,305</u>	<u>79,221,881</u>	<u>5,150,000</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	Obligations Outstanding May 1, 2012	Debt Additions	Debt Retirement	Obligations Outstanding April 30, 2013	Due Within One Year
Notes Payable:					
General Obligation Notes:					
HUD Section 108, 1999-A	\$ 270,000	\$ -	\$ 120,000	\$ 150,000	\$ 150,000
HUD Section 108, 2002-A	<u>2,035,000</u>	<u>-</u>	<u>160,000</u>	<u>1,875,000</u>	<u>165,000</u>
Total notes payable	<u>2,305,000</u>	<u>-</u>	<u>280,000</u>	<u>2,025,000</u>	<u>315,000</u>
Compensated absences	4,657,507	2,446,038	2,443,292	4,660,253	4,007,818
Pension obligation	3,306,845	223,095	-	3,529,940	-
Other post-employment benefits	<u>1,100,922</u>	<u>203,181</u>	<u>-</u>	<u>1,304,103</u>	<u>-</u>
Total governmental activities	<u>\$ 93,192,802</u>	<u>\$ 30,952,972</u>	<u>\$33,404,597</u>	<u>\$ 90,741,177</u>	<u>\$ 9,472,818</u>
Business-Type activities:					
Notes payable:					
2001 IEPA loan	\$ 4,267,698	\$ -	\$ 362,998	\$ 3,904,700	\$ 373,620
IEPA Water Loan	<u>6,899,647</u>	<u>15,967</u>	<u>333,101</u>	<u>6,582,513</u>	<u>333,102</u>
Total business-type activities	<u>\$ 11,167,345</u>	<u>\$ 15,967</u>	<u>\$ 696,099</u>	<u>\$ 10,487,213</u>	<u>\$ 706,722</u>

For governmental activities, pension obligations and other post-employment benefits obligations are liquidated primarily by the General Fund.

Long-term obligations outstanding at April 30, 2013 are comprised of the following:

A. General Obligation Bonds

General Obligation Bonds, Series 2004A

\$12,245,000 2004 General Obligation Bonds dated March 1, 2004 paid in full during the fiscal year with new bond issues; interest of 2.50 to 4.25 percent (principal and interest to be serviced by annual tax levy) used for various capital projects.

General Obligation Bonds, Series 2004B

\$29,070,000 2004 General Obligation Bonds dated March 1, 2004 paid in full during the fiscal year with new bond issues; interest of 2.50 to 4.3 percent (principal and interest to be serviced by annual tax levy) to refund Series 2000 bonds which refunded Series 1985 bonds which were used in construction of new water treatment facility.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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 lake management dredging and other capital projects.

Remaining principal and interest payments to maturity are as follows:

Fiscal			Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2014	\$ 1,740,000	\$ 85,200	\$ 1,825,200
2015	675,000	24,300	699,300
Total	<u>\$ 2,415,000</u>	<u>\$ 109,500</u>	<u>\$ 2,524,500</u>

General Obligation Bonds, Series 2008

\$10,000,000 2008 General Obligation Bonds dated December 15, 2008 due December 15, 2024; interest of 2.75 to 5.0 percent to refinance certain outstanding indebtedness of the City and to finance capital improvements in the City.

Remaining principal and interest payments to maturity are as follows:

Fiscal			Total
Year	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2014	\$ 250,000	\$ 402,963	\$ 652,963
2015	360,000	394,212	754,212
2016	790,000	380,713	1,170,713
2017	825,000	349,112	1,174,112
2018	860,000	315,081	1,175,081
2019-2023	4,900,000	993,794	5,893,794
2024-2025	1,535,000	85,888	1,620,888
Total	<u>\$ 9,520,000</u>	<u>\$ 2,921,763</u>	<u>\$ 12,441,763</u>

General Obligation Bonds, Series 2010A

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	205,000	432,957	637,957
2019-2023	2,610,000	1,889,438	4,499,438
2024-2028	3,700,000	1,068,598	4,768,598
2029-2030	<u>1,395,000</u>	<u>182,400</u>	<u>1,577,400</u>
Total	<u>\$ 8,510,000</u>	<u>\$ 5,365,598</u>	<u>\$ 13,875,598</u>

General Obligation Bonds, Series 2010B

\$28,270,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 1.50 to 7.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2013, approximately \$7,000,000 of the proceeds remained unexpended.

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Treasury Rebate</u>	<u>Total Debt Service</u>
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	1,340,417	(492,271)	1,968,146
2018	1,185,000	1,301,218	(478,551)	2,007,667
2019-2023	7,045,000	5,701,631	(2,111,192)	10,635,439
2024-2028	8,840,000	3,659,700	(1,396,516)	11,103,184
2029-2030	<u>6,010,000</u>	<u>834,525</u>	<u>(339,734)</u>	<u>6,504,791</u>
Total	<u>\$26,885,000</u>	<u>\$17,005,994</u>	<u>\$ (6,346,612)</u>	<u>\$ 37,544,382</u>

General Obligation Bonds, Series 2010C

\$2,800,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2024; interest of 2.00 to 4.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of April 30, 2013, approximately \$550,000 of the proceeds remained unexpended.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	205,000	71,750	276,750
2019-2023	1,125,000	241,200	1,366,200
2024-2026	<u>515,000</u>	<u>31,200</u>	<u>546,200</u>
Total	<u>\$ 2,615,000</u>	<u>\$ 684,000</u>	<u>\$ 3,299,000</u>

General Obligation Bonds, Series 2010D

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

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	<u>235,000</u>	<u>9,400</u>	<u>244,400</u>
Total	<u>\$ 1,265,000</u>	<u>\$ 107,600</u>	<u>\$ 1,372,600</u>

General Obligation Bonds, Series 2012

\$8,030,000 Series 2012 General Obligation Bonds dated December 20, 2012 due March 1, 2025; interest of 1.00 to 2.50 percent (principal and interest to be serviced by annual tax levy) to refund Series 2004A general obligation bonds which were used for various capital projects.

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 590,000	\$ 162,606	\$ 752,606
2015	595,000	156,706	751,706
2016	605,000	147,781	752,781
2017	620,000	135,682	755,682
2018	630,000	123,281	753,281
2019-2023	3,375,000	415,938	3,790,938
2024-2025	<u>1,485,000</u>	<u>56,000</u>	<u>1,541,000</u>
Total	<u>\$ 7,900,000</u>	<u>\$ 1,197,994</u>	<u>\$ 9,097,994</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 8 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, Series 2013

\$17,220,000 Series 2013 General Obligation Bonds dated January 24, 2013 due March 1, 2025; interest of 2.00 to 5.00 percent (principal and interest to be serviced by annual tax levy) to refund Series 2004B general obligation bonds which were used to refund the 2000 and 1985 general obligation bonds used in the construction of the water treatment facility.

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 1,150,000	\$ 702,550	\$ 1,852,550
2015	1,175,000	679,550	1,854,550
2016	1,205,000	644,300	1,849,300
2017	1,250,000	608,150	1,858,150
2018	1,285,000	570,650	1,855,650
2019-2023	7,345,000	1,974,300	9,319,300
2024-2025	<u>3,495,000</u>	<u>259,750</u>	<u>3,754,750</u>
Total	<u>\$16,905,000</u>	<u>\$ 5,439,250</u>	<u>\$ 22,344,250</u>

B. Notes Payable

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

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

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	<u>\$ 150,000</u>	<u>\$ 4,748</u>	<u>\$ 154,748</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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
2014	\$ 165,000	\$ 104,180	\$ 269,180
2015	170,000	95,200	265,200
2016	175,000	85,720	260,720
2017	180,000	75,751	255,751
2018	185,000	65,311	250,311
2019-2023	<u>1,000,000</u>	<u>154,289</u>	<u>1,154,289</u>
Total	<u>\$ 1,875,000</u>	<u>\$ 580,451</u>	<u>\$ 2,455,451</u>

Illinois Environmental Protection Agency 2001 Loan

\$7,172,169 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.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2014	\$ 373,620	\$ 110,738	\$ 484,358
2015	384,553	99,805	484,358
2016	395,805	88,553	484,358
2017	407,387	76,971	484,358
2018	419,307	65,051	484,358
2019-2023	<u>1,924,026</u>	<u>135,615</u>	<u>2,059,641</u>
Total	<u>\$ 3,904,698</u>	<u>\$ 576,733</u>	<u>\$ 4,481,431</u>

Illinois Environmental Protection Agency Water Loan

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for \$9,805,524, of which \$2,451,381 is immediately forgivable, to finance the costs relating to the construction of a new water main, water tower, and booster pump station. The City has drawn down \$6,915,614 on this loan as of April 30, 2013. 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Illinois Environmental Protection Agency Water Loan (Continued)

Fiscal Year	Principal	Interest	Total Debt Service
2014	\$ 333,102	\$ -	\$ 333,102
2015	357,109	-	357,109
2016	357,109	-	357,109
2017	357,109	-	357,109
2018	357,109	-	357,109
2019-2023	1,785,546	-	1,785,546
2024-2028	1,785,546	-	1,785,546
2029-2032	<u>1,249,882</u>	-	<u>1,249,882</u>
Total	<u>\$ 6,582,512</u>	<u>\$ -</u>	<u>\$ 6,582,512</u>

C. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, 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 Position in the amount of \$4,660,253. These costs are substantially paid through the General Fund and the Library Fund.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

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 4.5 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 2012 was 10.29 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 13.09 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.

Annual Pension Cost. For December 31, 2012, the City of Decatur’s actual contributions for pension cost for the Regular Plan members were \$1,450,806. Its required contribution for calendar year 2012 was \$1,845,583.

Three-Year Trend Information for the Regular Plan

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 1,845,583	79%	\$1,405,617
2011	1,749,155	73%	1,010,840
2010	1,730,244	69%	539,388

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 70.35 percent funded. The actuarial accrued liability for benefits was \$41,931,058 and the actuarial value of assets was \$29,496,482, resulting in an underfunded actuarial accrued liability (UAAL) of \$12,434,576. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$14,099,181 and the ratio of UAAL to the covered payroll was 88%.

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, 2012 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	128
Current employees Vested and nonvested	162
Total	290

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

Police Pension Plan (Continued)

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

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings. Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities determined under the projected unit credit actuarial cost method by the year 2040.

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, 2012 the Firefighters' 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	112
Total	238

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

Firefighters' Pension Plan (Continued)

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.

Covered employees are required to contribute 9.46% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings. Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities determined under the projected unit credit actuarial cost method by the year 2040.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

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.

C. Annual Pension Cost and Net Pension Obligation

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Contribution Rates:			
Employer	10.29%	32.93%	49.71%
Employee	4.5%	9.91%	9.46%
Annual pension cost	\$ 1,845,583	\$ 3,845,178	\$ 3,826,058
Contributions made	\$ 1,450,806	\$ 3,938,516	\$ 3,904,401
Actuarial valuation date	12/31/12	05/01/12	05/01/12
Actuarial cost method	Entry Age Normal	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Amortization period	30 years	28 years	28 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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

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

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Projected salary increases	0.4 to 10.0%	3.50%	3.50%
Inflation rate included	4.00%	2.50%	2.50%
Cost of living adjustments	3.00%	3.00%	3.00%
	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual required contribution	\$ 1,845,583	\$ 3,845,178	\$ 3,826,058
Interest on net prior year pension obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual pension cost	1,845,583	3,845,178	3,826,058
Contributions made	<u>1,450,806</u>	<u>3,938,516</u>	<u>3,904,401</u>
Increase (decrease) in net pension obligation	394,777	(93,338)	(78,343)
Net pension obligation, beginning of year	<u>1,010,840</u>	<u>1,374,247</u>	<u>921,757</u>
Net pension obligation, end of year	<u>\$ 1,405,617</u>	<u>\$ 1,280,909</u>	<u>\$ 843,414</u>

D. Trend Information

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

	<u>Year</u>	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Annual pension cost (APC)	2010	\$ 1,730,244	\$ 3,080,287	\$ 3,277,075
	2011	1,749,155	3,982,535	3,951,668
	2012	1,845,583	3,845,178	3,826,058
Percentage of APC contributed	2010	69%	103%	98%
	2011	73%	76%	82%
	2012	79%	102%	102%
Net pension obligation	2010	\$ 539,388	\$ 443,850	\$ 228,075
	2011	1,010,840	1,374,248	921,757
	2012	1,405,617	1,280,909	843,414

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

E. Funded Status and Funding Progress

The funded status of the plans as of May 1, 2012 was as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>
Actuarial accrued liability (AAL)	\$ 114,870,605	\$ 105,304,548
Actuarial value of plan assets	80,384,994	64,880,063
Unfunded actuarial accrued liability (UAAL)	36,145,685	40,424,485
Funded ratio (actuarial value of plan assets/AAL)	70.0%	61.6%
Covered payroll (active plan members)	11,400,232	8,178,211
UAAL as a percentage of covered payroll	317.1%	494.3%

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, 2013:

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 3,299,210	\$ 3,848,380	\$ 7,147,590
Accrued interest	283,899	178,780	462,679
Long-term investments, at fair value:			
U.S. Government obligations	20,592,914	9,156,443	29,749,357
Mutual funds	35,001,994	35,577,368	70,579,362
Common stock	6,476,697	3,099,062	9,575,759
Certificate of deposits	-	1,078,868	1,078,868
Annuities	-	121,792	121,792
International bonds	228,613	-	228,613
Municipal bonds	2,971,302	1,258,429	4,229,731
Corporate bonds	12,886,928	9,722,936	22,609,864
Total long-term investments	<u>78,158,448</u>	<u>60,014,898</u>	<u>138,173,346</u>
TOTAL ASSETS	<u>\$81,741,557</u>	<u>\$64,042,058</u>	<u>\$ 145,783,615</u>
NET POSITION			
Held in trust for pension benefits	<u>\$81,741,557</u>	<u>\$64,042,058</u>	<u>\$ 145,783,615</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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

F. Financial Statements (Continued)

	Police Pension <u>Fund</u>	Fire Pension <u>Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,763,077	\$ 3,743,744	\$ 7,506,821
Plan member	<u>1,181,576</u>	<u>794,146</u>	<u>1,975,722</u>
Total contributions	<u>4,944,653</u>	<u>4,537,890</u>	<u>9,482,543</u>
Investment earnings:			
Interest and dividends	1,452,834	910,803	2,363,637
Net increase in the fair value of investments	<u>6,209,192</u>	<u>4,965,991</u>	<u>11,175,183</u>
Total investment income	7,662,026	5,876,794	13,538,820
Less investment expense	<u>(177,113)</u>	<u>(104,413)</u>	<u>(281,526)</u>
Net investment income	<u>7,484,913</u>	<u>5,772,381</u>	<u>13,257,294</u>
Total additions	<u>12,429,566</u>	<u>10,310,271</u>	<u>22,739,837</u>
DEDUCTIONS			
Benefits and refunds	5,838,175	6,151,749	11,989,924
Administrative expense	<u>50,570</u>	<u>66,996</u>	<u>117,566</u>
Total deductions	<u>5,888,745</u>	<u>6,218,745</u>	<u>12,107,490</u>
Net increase	6,540,821	4,091,526	10,632,347
NET POSITION, BEGINNING OF YEAR	<u>75,200,736</u>	<u>59,950,532</u>	<u>135,151,268</u>
NET POSITION, END OF YEAR	<u>\$81,741,557</u>	<u>\$64,042,058</u>	<u>\$ 145,783,615</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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, 2013, 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 12 - COMMITMENTS (CONTINUED)

- 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, 2013, the City paid \$306,829 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:

2014	<u>\$ 316,034</u>
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- 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, 2013 is as follows:

<u>Year Ending</u> <u>April 30</u>	<u>Amount</u>
2014	\$ 98,306
2015	<u>97,066</u>
Total	<u>\$ 195,372</u>

- D. Other Commitments:

At April 30, 2013, the City had contractual commitments of approximately \$4 million for capital improvement programs. In addition, the City entered into a promissory note in August 2013 for approximately \$17,200,000 related to a contract with Johnson Controls. The note is to be repaid over 15 years at an average interest rate of 3.47%.

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 \$9,918,975 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of \$25,000 - \$500,000 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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 \$5,872,892 at April 30, 2013 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 2013 and 2012 were:

	<u>May 1, 2012 to</u> <u>April 30, 2013</u>	<u>May 1, 2011 to</u> <u>April 30, 2012</u>
Beginning of fiscal year liability	\$ 5,867,081	\$ 5,801,433
Current year claims and changes in estimates	7,700,017	8,845,703
Claims payments	<u>(7,694,206)</u>	<u>(8,780,055)</u>
Total	<u>\$ 5,872,892</u>	<u>\$ 5,867,081</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

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

The City is required to maintain the Authority's operating reserve fund at \$100,000. The City is required to replenish this fund whenever it falls below \$100,000. The Authority has not required this fund to be maintained at \$100,000, but reimbursement has been made as cash flow dictates. During 2013, the City contributed \$387,568 to the Authority. Subsequent to year end, the Authority received \$394,157 from the City to subsidize the next years operations.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 14 - RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

Accrued interest on the deferred prior year payments as of April 30, 2013 is as follows:

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

NOTE 15 - FUND EQUITY

The following funds had a deficit fund balance at April 30, 2013:

TIF Fund	\$ 479,090
CDBG Fund	\$ 12,527
Self-Insurance Fund	\$2,619,891
Capital Projects	\$ 211,065
Recycling Fund	\$ 194,171

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

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	115
Active employees	<u>517</u>
Total	<u><u>632</u></u>
Participating employers	<u><u>1</u></u>

D. Funding Policy

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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, 2012 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, 2013. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2013	\$ 650,755	\$ 447,574	68.8%	\$1,304,103
April 30, 2012	\$ 736,645	\$ 632,427	85.9%	\$1,100,922
April 30, 2011	\$ 725,528	\$ 509,865	70.3%	\$ 996,704

The net OPEB obligation as of May 1, 2012 (most recent information available), was calculated as follows:

Annual required contribution	\$ 677,517
Interest on net prior year OPEB obligation	33,028
Adjustment to annual required contribution	<u>(59,790)</u>
Annual OPEB cost	650,755
Contributions made	<u>447,574</u>
Increase in net OPEB obligation	203,181
Net OPEB obligation, beginning of year	<u>1,100,922</u>
Net OPEB obligation, end of year	<u>\$ 1,304,103</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 8,068,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	8,068,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	33,677,624
UAAL as a percentage of covered payroll	24.0%

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, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 3.00 percent and an ultimate healthcare trend rate of 4.50 percent (initial rate of 6.0%). 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, 2012, was 26 years.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 17 - LEASES

The City has entered into various lease agreements as lessee for financing of vehicles which included a fire truck, police patrol vehicles, and a police SUV. All three leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

Assets

Fire truck	\$ 947,850
Patrol vehicles	203,411
Police SUV	26,911
Less accumulated depreciation	<u>(92,550)</u>
Total	<u>\$ 1,085,622</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2013 were as follows:

	Future Minimum Lease Payments			
	<u>Fire Truck</u>	<u>Patrol Vehicles</u>	<u>Police SUV</u>	<u>Total</u>
2014	\$ 148,544	\$ 83,174	\$ 6,980	\$ 238,698
2015	148,544	83,174	6,980	238,698
2016	148,544	41,587	6,980	197,111
2017	148,544	-	6,972	155,516
2018	148,544	-	-	148,544
Thereafter	<u>148,119</u>	<u>-</u>	<u>-</u>	<u>148,119</u>
Minimum lease payments	890,839	207,935	27,912	1,126,686
Less amount of interest	<u>(69,440)</u>	<u>(4,524)</u>	<u>(1,001)</u>	<u>(74,965)</u>
Total	<u>\$ 821,399</u>	<u>\$ 203,411</u>	<u>\$ 26,911</u>	<u>\$1,051,721</u>

NOTE 18 - SUBSEQUENT EVENTS

Management evaluated subsequent events through October 30, 2013, the date the financial statements were available to be issued. Events or transactions occurring after April 30, 2013, but prior to October 30, 2013 that provided additional evidence about conditions that existed at April 30, 2013, have been recognized in the financial statements for the year ended April 30, 2013. Events or transactions that provided evidence about conditions that did not exist at April 30, 2013 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, 2013.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

NOTE 19 - 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, 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*.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

New accounting standards effective for the April 30, 2015 financial statements include:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governmental for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for governmental combinations and disposals of government operations.

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



III Required Supplementary Information

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
Year Ended April 30, 2013**

	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
<u>IMRF</u>						
2012	\$ 29,496,482	\$ 41,931,058	\$ 12,434,576	70.3%	\$ 14,099,181	88.2%
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%
<u>*Police Pension</u>						
2012	\$ 80,384,994	\$ 114,870,605	\$ 34,485,611	70.0%	\$ 11,400,232	302.5%
2011	74,407,671	112,627,195	38,219,524	66.1%	10,626,984	359.6%
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%
<u>*Firefighter's Pension</u>						
2012	\$ 64,880,063	\$ 105,304,548	\$ 40,424,485	61.6%	\$ 8,178,211	494.3%
2011	60,477,614	102,073,330	41,595,716	59.2%	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%
<u>OPEB</u>						
2012	\$ -	\$ 8,068,000	\$ 8,068,000	0.0%	\$ 33,677,624	24.0%
2011	-	8,475,000	8,475,000	0.0%	32,234,325	26.3%
2010	-	8,528,800	8,528,800	0.0%	33,199,202	25.7%
2009	-	10,119,000	10,119,000	0.0%	34,804,242	29.1%
2008	-	8,760,000	8,760,000	0.0%	32,148,515	27.3%

*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, 2013**

Year Ended <u>April 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
POLICE PENSION FUND		
2012	\$ 3,845,178	102.40%
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%
FIREFIGHTERS' PENSION FUND		
2012	\$ 3,826,058	102.10%
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%
IMRF		
2012	\$ 1,845,583	79.00%
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%
OPEB		
2013	\$ 678,000	66.10%
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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 16,665,234	\$ 16,694,234	\$ 16,720,305	\$ 26,071
Charges for service	586,879	665,879	716,693	50,814
Investment income and net increase in fair value of investments	15,500	15,500	41,399	25,899
Intergovernmental	32,992,424	33,003,424	32,747,203	(256,221)
Licenses and permits	836,000	836,000	699,926	(136,074)
Fines and fees	1,099,700	1,044,700	1,223,745	179,045
Other revenue	<u>1,395,006</u>	<u>1,395,006</u>	<u>1,352,246</u>	<u>(42,760)</u>
Total revenues	<u>53,590,743</u>	<u>53,654,743</u>	<u>53,501,517</u>	<u>(153,226)</u>
EXPENDITURES				
Current:				
Legislative	79,233	79,233	77,221	2,012
Executive	381,308	403,572	401,296	2,276
Management services	543,999	621,150	619,585	1,565
Legal	762,645	842,773	748,607	94,166
Financial management	1,543,644	1,598,072	1,582,438	15,634
Police	22,603,387	22,857,539	22,801,192	56,347
Fire	15,672,221	15,856,696	15,399,469	457,227
Planning and neighborhood services	2,602,806	3,216,723	2,018,057	1,198,666
Public works	8,821,435	8,929,010	8,524,519	404,491
Other non-departmental charges	<u>2,562,375</u>	<u>2,703,527</u>	<u>2,599,130</u>	<u>104,397</u>
Total expenditures	<u>55,573,053</u>	<u>57,108,295</u>	<u>54,771,514</u>	<u>2,336,781</u>
Deficiency of revenues over expenditures	<u>(1,982,310)</u>	<u>(3,453,552)</u>	<u>(1,269,997)</u>	<u>2,183,555</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	70,000	70,000	15,172	(54,828)
Transfers in	4,441,871	4,441,871	3,866,935	(574,936)
Transfers out	<u>(3,220,960)</u>	<u>(2,878,260)</u>	<u>(2,506,287)</u>	<u>371,973</u>
Total other financing sources	<u>1,290,911</u>	<u>1,633,611</u>	<u>1,375,820</u>	<u>(257,791)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (691,399)</u>	<u>\$ (1,819,941)</u>	105,823	<u>\$ 1,925,764</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			<u>(1,194,042)</u>	
Deficiency of revenues over expenditures and other financing sources - GAAP basis			(1,088,219)	
FUND BALANCE, BEGINNING OF YEAR			<u>11,020,380</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,932,161</u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND ACCOUNT
Year Ended April 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Real estate taxes	\$ 89,070	\$ 89,070	\$ 86,658	\$ (2,412)
Investment income	<u>200</u>	<u>200</u>	<u>11</u>	<u>(189)</u>
Total revenues	89,270	89,270	86,669	(2,601)
EXPENDITURES				
General Government:				
Contributions for employees' pension and social security	<u>1,894,000</u>	<u>1,894,000</u>	<u>1,837,066</u>	<u>56,934</u>
Deficiency of revenues over expenditures	(1,804,730)	(1,804,730)	(1,750,397)	54,333
OTHER FINANCING SOURCES				
Transfers in	<u>1,717,100</u>	<u>1,717,100</u>	<u>1,630,786</u>	<u>(86,314)</u>
Deficiency of revenues over expenditures and other financing sources	<u>\$ (87,630)</u>	<u>\$ (87,630)</u>	(119,611)	<u>\$ (31,981)</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>31,704</u>	
Deficiency of revenues over expenditures and other financing sources - GAAP basis			(87,907)	
FUND BALANCE, BEGINNING OF YEAR			<u>89,754</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,847</u>	

CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 LIBRARY FUND
 Year Ended April 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,916,254	\$ (83,746)
Investment income and net increase in fair value of investments	2,158	2,158	874	(1,284)
Intergovernmental	427,800	427,800	394,628	(33,172)
Fines and fees	88,000	88,000	70,131	(17,869)
Other revenue	<u>17,525</u>	<u>17,525</u>	<u>13,973</u>	<u>(3,552)</u>
Total revenues	<u>3,535,483</u>	<u>3,535,483</u>	<u>3,395,860</u>	<u>(139,623)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>4,061,486</u>	<u>4,113,035</u>	<u>3,816,778</u>	<u>296,257</u>
Deficiency of revenues over expenditures	<u>(526,003)</u>	<u>(577,552)</u>	<u>(420,918)</u>	<u>156,634</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	32,000	(32,000)
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>(33,200)</u>	<u>32,000</u>
Total other financing uses	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
Deficiency of revenues over expenditures and other financing uses	<u>\$ (527,203)</u>	<u>\$ (578,752)</u>	<u>(422,118)</u>	<u>\$ 156,634</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			<u>(33,502)</u>	
Deficiency of revenues over expenditures and other financing uses - GAAP basis			(455,620)	
FUND BALANCE, BEGINNING OF YEAR			<u>540,331</u>	
FUND BALANCE, END OF YEAR			<u>\$ 84,711</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The annual budget is legally adopted by Council Resolution through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds, TIF redevelopment funds, debt service funds, capital project funds, enterprise funds, internal service funds, and trust and agency funds.
2. The process is initiated in December of each year, with the departmental requests presented in February to the Budget Review Committee comprised of the City manager and City Treasurer and Director of Finance.
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 Fund and major Special Revenue Fund.
6. The level of budgetary control is by department within the General Fund and at the fund level for all other funds. Therefore, expenditures within a given department within the general fund cannot legally exceed appropriations at these levels.

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (Continued)

7. General Fund appropriated budgets can be amended by action of the City Council to reflect transfers within divisions at any time during the fiscal year. Budgeted amounts reflected in the accompanying appropriated budget and actual comparisons are as amended by any in-year and any year-end budget revisions.
8. Supplemental appropriation ordinances may be passed by the City Council, as required to appropriate new spending for expenditure not contemplated in the fiscal year appropriation ordinance, with funding provided by a new revenue source or expended from fund balance reserves.



IV Supplementary Information

Governmental Funds

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.

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
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,409,035	\$ 1,409,035	\$ 1,383,373	\$ (25,662)
Investment income	1,900	1,900	2,927	1,027
Other revenue	<u>520,835</u>	<u>28,603,704</u>	<u>28,601,492</u>	<u>(2,212)</u>
Total revenues	<u>1,931,770</u>	<u>30,014,639</u>	<u>29,987,792</u>	<u>(26,847)</u>
EXPENDITURES				
Current:				
General government	137,835	137,835	137,835	-
Debt Service:				
Principal retirement	5,305,000	32,520,000	32,965,000	(445,000)
Interest and fiscal charges	<u>3,863,383</u>	<u>4,729,072</u>	<u>4,277,697</u>	<u>451,375</u>
Total expenditures	<u>9,306,218</u>	<u>37,386,907</u>	<u>37,380,532</u>	<u>6,375</u>
Deficiency of revenues over expenditures	(7,374,448)	(7,372,268)	(7,392,740)	(20,472)
OTHER FINANCING SOURCES				
Transfers in	<u>7,197,839</u>	<u>7,197,839</u>	<u>7,185,437</u>	<u>(12,402)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (176,609)</u>	<u>\$ (174,429)</u>	<u>\$ (207,303)</u>	<u>\$ (32,874)</u>

CITY OF DECATUR, ILLINOIS
2010 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES				
Investment income and net increase in fair value of investments	\$ 150,000	\$ 150,000	\$ 178,615	\$ 28,615
Intergovernmental	-	-	72,693	72,693
Other revenue	-	-	544,803	544,803
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>796,111</u>	<u>646,111</u>
EXPENDITURES				
Capital Projects	12,800,000	22,617,966	10,190,816	12,427,150
Debt Service:				
Interest and fiscal charges	-	-	5,623	(5,623)
Total expenditures	<u>12,800,000</u>	<u>22,617,966</u>	<u>10,196,439</u>	<u>12,421,527</u>
Deficiency of revenues over expenditures	(12,650,000)	(22,467,966)	(9,400,328)	13,067,638
OTHER FINANCING USES				
Transfer out	-	-	(20,673)	(20,673)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ (12,650,000)</u>	<u>\$ (22,467,966)</u>	<u>\$ (9,421,001)</u>	<u>\$ 13,046,965</u>

**CITY OF DECATUR, ILLINOIS
GENERAL FUND
COMBINING BALANCE SHEET
April 30, 2013**

	General Account	IMRF	Total
ASSETS			
Cash and investments	\$ 4,422,641	\$ -	\$ 4,422,641
Receivables:			
Property taxes, net	7,214,084	99,985	7,314,069
Illinois municipal sales tax	5,546,196	-	5,546,196
Other taxes	3,887,498	-	3,887,498
Due from other funds	513,000	-	513,000
Due from other governments	200,315	-	200,315
Due from component unit	224,624	-	224,624
Accounts receivable	152,690	-	152,690
Other	40,242	552	40,794
Prepaid items	8,518	-	8,518
Inventories	17,078	-	17,078
	<u>\$ 22,226,886</u>	<u>\$ 100,537</u>	<u>\$ 22,327,423</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 659,933	\$ -	\$ 659,933
Other accrued liabilities	967,810	-	967,810
Unearned revenue	10,666,982	98,690	10,765,672
	<u>12,294,725</u>	<u>98,690</u>	<u>12,393,415</u>
Fund Balances:			
Nonspendable:			
Prepaid items	8,518	-	8,518
Inventories	17,078	-	17,078
Restricted:			
Retirement	-	1,847	1,847
Unassigned	9,906,565	-	9,906,565
	<u>9,932,161</u>	<u>1,847</u>	<u>9,934,008</u>
	<u>\$ 22,226,886</u>	<u>\$ 100,537</u>	<u>\$ 22,327,423</u>

CITY OF DECATUR, ILLINOIS
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2013

	<u>General Account</u>	<u>IMRF</u>	<u>Total</u>
REVENUES			
Taxes	\$ 16,340,914	\$ 86,658	\$ 16,427,572
Charges for service	727,376	-	727,376
Investment income and net increase in fair value of investments	41,399	11	41,410
Intergovernmental	32,007,090	-	32,007,090
Licenses and permits	734,747	-	734,747
Fines and fees	1,220,762	-	1,220,762
Other revenue	1,349,172	-	1,349,172
	<u>52,421,460</u>	<u>86,669</u>	<u>52,508,129</u>
Total revenues			
EXPENDITURES			
Current:			
General government	8,062,443	1,805,362	9,867,805
Public safety	38,423,851	-	38,423,851
Highways and streets	8,399,205	-	8,399,205
	<u>54,885,499</u>	<u>1,805,362</u>	<u>56,690,861</u>
Total expenditures			
Deficiency of revenues over expenditures	<u>(2,464,039)</u>	<u>(1,718,693)</u>	<u>(4,182,732)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	15,172	-	15,172
Transfers in	3,866,935	1,630,786	5,497,721
Transfers out	(2,506,287)	-	(2,506,287)
	<u>1,375,820</u>	<u>1,630,786</u>	<u>3,006,606</u>
Total other financing sources			
Net change in fund balances	(1,088,219)	(87,907)	(1,176,126)
FUND BALANCES, BEGINNING OF YEAR	<u>11,020,380</u>	<u>89,754</u>	<u>11,110,134</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,932,161</u>	<u>\$ 1,847</u>	<u>\$ 9,934,008</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and investments	\$ 6,004,716	\$ -	\$ 6,004,716
Receivables:			
Property taxes, net	105,636	-	105,636
Due from other governments	385,532	-	385,532
Accounts receivable	-	25,717	25,717
Notes receivable	382,382	-	382,382
	<u>\$ 6,878,266</u>	<u>\$ 25,717</u>	<u>\$ 6,903,983</u>
TOTAL ASSETS	<u>\$ 6,878,266</u>	<u>\$ 25,717</u>	<u>\$ 6,903,983</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,428,446	\$ 113,671	\$ 1,542,117
Contracts payable	-	120,681	120,681
Due to other funds	13,000	-	13,000
Other accrued liabilities	468,212	-	468,212
Unearned revenue	76,936	-	76,936
	<u>1,986,594</u>	<u>234,352</u>	<u>2,220,946</u>
Total liabilities	<u>1,986,594</u>	<u>234,352</u>	<u>2,220,946</u>
Fund Balances:			
Restricted:			
Transportation and highway	4,154,436	-	4,154,436
Culture and recreation	228,401	-	228,401
Court services and public safety	460,018	-	460,018
Economic development	540,434	-	540,434
Capital projects	-	2,430	2,430
Unassigned	(491,617)	(211,065)	(702,682)
	<u>4,891,672</u>	<u>(208,635)</u>	<u>4,683,037</u>
Total fund balances (deficit)	<u>4,891,672</u>	<u>(208,635)</u>	<u>4,683,037</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,878,266</u>	<u>\$ 25,717</u>	<u>\$ 6,903,983</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Taxes	\$ 1,757,377	\$ -	\$ 1,757,377
Investment income and net increase in fair value of investments	6,839	309	7,148
Intergovernmental	3,897,824	-	3,897,824
Fines and fees	435,914	981	436,895
Other revenue	<u>766,386</u>	<u>-</u>	<u>766,386</u>
Total revenues	<u>6,864,340</u>	<u>1,290</u>	<u>6,865,630</u>
EXPENDITURES			
Current:			
General government	2,975,846	-	2,975,846
Public safety	712,292	-	712,292
Culture and recreation	78,428	-	78,428
Highways and streets	<u>3,058,959</u>	<u>1,575,374</u>	<u>4,634,333</u>
Total expenditures	<u>6,825,525</u>	<u>1,575,374</u>	<u>8,400,899</u>
Excess (deficiency) of revenues over expenditures	<u>38,815</u>	<u>(1,574,084)</u>	<u>(1,535,269)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	291,969	551,460	843,429
Transfers out	<u>(1,918,517)</u>	<u>(85,013)</u>	<u>(2,003,530)</u>
Total other financing sources (uses)	<u>(1,626,548)</u>	<u>466,447</u>	<u>(1,160,101)</u>
Net change in fund balances	(1,587,733)	(1,107,637)	(2,695,370)
FUND BALANCES, BEGINNING OF YEAR	<u>6,479,405</u>	<u>899,002</u>	<u>7,378,407</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 4,891,672</u>	<u>\$ (208,635)</u>	<u>\$ 4,683,037</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2013

	HOME Fund	CDBG Fund	TIF Fund	Drug Enforcement Fund	Municipal Band Fund	PEG Fund	Motor Fuel Tax Fund	Total
ASSETS								
Cash and investments	\$ 171,083	\$ 902	\$ 113,932	\$ 914,770	\$ 3,370	\$ 225,031	\$ 4,575,628	\$ 6,004,716
Receivables:								
Property taxes, net	-	-	46,200	-	59,436	-	-	105,636
Due from other governments	-	39,275	-	-	-	-	346,257	385,532
Notes receivable	369,351	13,031	-	-	-	-	-	382,382
TOTAL ASSETS	\$ 540,434	\$ 53,208	\$ 160,132	\$ 914,770	\$ 62,806	\$ 225,031	\$ 4,921,885	\$ 6,878,266
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 39,275	\$ 621,722	\$ -	\$ -	\$ -	\$ 767,449	\$ 1,428,446
Due to other funds	-	13,000	-	-	-	-	-	13,000
Other accrued liabilities	-	13,460	-	454,752	-	-	-	468,212
Unearned revenue	-	-	17,500	-	59,436	-	-	76,936
Total liabilities	-	65,735	639,222	454,752	59,436	-	767,449	1,986,594
Fund Balances:								
Restricted:								
Transportation and highway	-	-	-	-	-	-	4,154,436	4,154,436
Culture and recreation	-	-	-	-	3,370	225,031	-	228,401
Court services and public safety	-	-	-	460,018	-	-	-	460,018
Economic development	540,434	-	-	-	-	-	-	540,434
Unassigned	-	(12,527)	(479,090)	-	-	-	-	(491,617)
Total fund balance (deficit)	540,434	(12,527)	(479,090)	460,018	3,370	225,031	4,154,436	4,891,672
TOTAL LIABILITIES AND FUND BALANCES	\$ 540,434	\$ 53,208	\$ 160,132	\$ 914,770	\$ 62,806	\$ 225,031	\$ 4,921,885	\$ 6,878,266

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2013

	HOME Fund	CDBG Fund	TIF Fund	Drug Enforcement Fund	Municipal Band Fund	PEG Fund	Motor Fuel Tax Fund	Total
REVENUES								
Taxes	\$ -	\$ -	\$ 1,699,042	\$ -	\$ 58,335	\$ -	\$ -	\$ 1,757,377
Investment income and net increase in fair value of investments	-	-	231	2,546	4	-	4,058	6,839
Intergovernmental	333,682	1,322,060	303,507	-	-	-	1,938,575	3,897,824
Fines and fees	-	-	-	435,914	-	-	-	435,914
Other revenue	<u>16,484</u>	<u>-</u>	<u>1,000</u>	<u>224,693</u>	<u>21,517</u>	<u>117,025</u>	<u>385,667</u>	<u>766,386</u>
Total revenues	<u>350,166</u>	<u>1,322,060</u>	<u>2,003,780</u>	<u>663,153</u>	<u>79,856</u>	<u>117,025</u>	<u>2,328,300</u>	<u>6,864,340</u>
EXPENDITURES								
Current:								
General government	428,672	1,074,735	1,472,439	-	-	-	-	2,975,846
Public safety	-	-	-	712,292	-	-	-	712,292
Culture and recreation	-	-	-	-	76,982	1,446	-	78,428
Highways and streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,058,959</u>	<u>3,058,959</u>
Total expenditures	<u>428,672</u>	<u>1,074,735</u>	<u>1,472,439</u>	<u>712,292</u>	<u>76,982</u>	<u>1,446</u>	<u>3,058,959</u>	<u>6,825,525</u>
Excess (deficiency) of revenues over expenditures	<u>(78,506)</u>	<u>247,325</u>	<u>531,341</u>	<u>(49,139)</u>	<u>2,874</u>	<u>115,579</u>	<u>(730,659)</u>	<u>38,815</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	188,956	18,000	-	-	85,013	-	291,969
Transfers out	<u>-</u>	<u>(265,421)</u>	<u>(1,267,746)</u>	<u>(2,700)</u>	<u>-</u>	<u>-</u>	<u>(382,650)</u>	<u>(1,918,517)</u>
Total other financing sources (uses)	<u>-</u>	<u>(76,465)</u>	<u>(1,249,746)</u>	<u>(2,700)</u>	<u>-</u>	<u>85,013</u>	<u>(382,650)</u>	<u>(1,626,548)</u>
Net change in fund balances	(78,506)	170,860	(718,405)	(51,839)	2,874	200,592	(1,113,309)	(1,587,733)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>618,940</u>	<u>(183,387)</u>	<u>239,315</u>	<u>511,857</u>	<u>496</u>	<u>24,439</u>	<u>5,267,745</u>	<u>6,479,405</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 540,434</u>	<u>\$ (12,527)</u>	<u>\$ (479,090)</u>	<u>\$ 460,018</u>	<u>\$ 3,370</u>	<u>\$ 225,031</u>	<u>\$ 4,154,436</u>	<u>\$ 4,891,672</u>

CITY OF DECATUR, ILLINOIS
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grant	\$ 1,440,340	\$ 1,282,785	\$ (157,555)
EXPENDITURES			
General Government:			
Public services	472,152	513,578	(41,426)
Personnel services	599,137	546,875	52,262
Contractual services	72,343	46,770	25,573
Commodities	600	136	464
Other charges	3,821	821	3,000
Total expenditures	<u>1,148,053</u>	<u>1,108,180</u>	<u>39,873</u>
Excess of revenues over expenditures	<u>292,287</u>	<u>174,605</u>	<u>(117,682)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,200	3,980	(220)
Transfers out	<u>(265,421)</u>	<u>(265,421)</u>	<u>-</u>
Total other financing uses	<u>(261,221)</u>	<u>(261,441)</u>	<u>(220)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 31,066</u>	<u>\$ (86,836)</u>	<u>\$ (117,902)</u>

CITY OF DECATUR, ILLINOIS
HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	\$ 958,045	\$ 333,682	\$ (624,363)
Loan repayment	<u>54,884</u>	<u>113,026</u>	<u>58,142</u>
Total revenues	<u>1,012,929</u>	<u>446,708</u>	<u>(566,221)</u>
EXPENDITURES			
General Government:			
Economic and urban development	<u>922,180</u>	<u>335,433</u>	<u>586,747</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 90,749</u>	<u>\$ 111,275</u>	<u>\$ 20,526</u>

CITY OF DECATUR, ILLINOIS
TIF DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,852,393	\$ 1,699,042	\$ (153,351)
Sales tax	223,071	274,807	51,736
Investment income	2,962	231	(2,731)
Other revenue	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total revenues	2,078,426	1,975,080	(103,346)
EXPENDITURES			
General Government:			
Economic and urban development	<u>1,004,248</u>	<u>1,472,439</u>	<u>(468,191)</u>
Excess of revenues over expenditures	<u>1,074,178</u>	<u>502,641</u>	<u>(571,537)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	18,000	18,000
Transfers out	<u>(1,287,906)</u>	<u>(1,267,746)</u>	<u>20,160</u>
Total other financing uses	<u>(1,287,906)</u>	<u>(1,249,746)</u>	<u>38,160</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES			
	<u>\$ (213,728)</u>	<u>\$ (747,105)</u>	<u>\$ (533,377)</u>

**CITY OF DECATUR, ILLINOIS
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 5,000	\$ 2,546	\$ (2,454)
Fines and fees	223,000	435,914	212,914
Other revenue	<u>500</u>	<u>224,693</u>	<u>224,193</u>
Total revenues	228,500	663,153	434,653
EXPENDITURES			
Public safety	<u>712,858</u>	<u>712,292</u>	<u>566</u>
Deficiency of revenues over expenditures	(484,358)	(49,139)	435,219
OTHER FINANCING USES			
Transfers out	<u>(2,700)</u>	<u>(2,700)</u>	<u>-</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (487,058)</u>	<u>\$ (51,839)</u>	<u>\$ 435,219</u>

CITY OF DECATUR, ILLINOIS
MUNICIPAL BAND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 60,000	\$ 58,335	\$ (1,665)
Investment income	-	4	4
Other revenue	<u>1,400</u>	<u>21,517</u>	<u>20,117</u>
 Total revenues	 61,400	 79,856	 18,456
 EXPENDITURES			
Culture and recreation	<u>77,000</u>	<u>76,982</u>	<u>18</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>\$ (15,600)</u>	 <u>\$ 2,874</u>	 <u>\$ 18,474</u>

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ -	\$ 57	\$ 57
Other revenue	<u>98,000</u>	<u>116,968</u>	<u>18,968</u>
Total revenues	98,000	117,025	19,025
EXPENDITURES			
Culture and recreation	<u>100,000</u>	<u>1,446</u>	<u>98,554</u>
Excess (deficiency) of revenues over expenditures	(2,000)	115,579	117,579
OTHER FINANCING SOURCES			
Transfer in	<u>-</u>	<u>85,013</u>	<u>85,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (2,000)</u>	<u>\$ 200,592</u>	<u>\$ 202,592</u>

CITY OF DECATUR, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 50,329	\$ 4,058	\$ (46,271)
Intergovernmental:			
Motor fuel tax	1,915,000	1,829,533	(85,467)
Other	449,000	75,186	(373,814)
Other revenue	<u>350</u>	<u>437,387</u>	<u>437,037</u>
 Total revenues	 2,414,679	 2,346,164	 (68,515)
 EXPENDITURES			
Highways and streets:			
Maintenance of traffic lights and streets	<u>5,695,550</u>	<u>2,292,816</u>	<u>3,402,734</u>
 Excess (deficiency) of revenues over expenditures	 (3,280,871)	 53,348	 3,334,219
 OTHER FINANCING USES			
Transfers out	<u>(367,100)</u>	<u>(382,650)</u>	<u>(15,550)</u>
 DEFICIENCY OF REVENUE OVER EXPENDITURES AND OTHER FINANCING USES	 <u>\$ (3,647,971)</u>	 <u>\$ (329,302)</u>	 <u>\$ 3,318,669</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
Year Ended April 30, 2013

	<u>Capital Projects Fund</u>	<u>2008 Project Fund</u>	<u>Total</u>
ASSETS			
Receivables:			
Accounts receivable	\$ 23,287	\$ 2,430	\$ 25,717
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 113,671	\$ -	\$ 113,671
Contracts payable	120,681	-	120,681
	<u>234,352</u>	<u>-</u>	<u>234,352</u>
Fund Balances:			
Restricted:			
Capital projects	-	2,430	2,430
Unassigned	(211,065)	-	(211,065)
	<u>(211,065)</u>	<u>2,430</u>	<u>(208,635)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,287</u>	<u>\$ 2,430</u>	<u>\$ 25,717</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2013

	<u>Capital Projects Fund</u>	<u>2008 Project Fund</u>	<u>Total</u>
REVENUES			
Investment income and net increase in fair value of investments	\$ 274	\$ 35	\$ 309
Fines and fees	<u>981</u>	<u>-</u>	<u>981</u>
Total revenues	<u>1,255</u>	<u>35</u>	<u>1,290</u>
EXPENDITURES			
Current:			
Highways and streets	<u>1,433,724</u>	<u>141,650</u>	<u>1,575,374</u>
Deficiency of revenues over expenditures	<u>(1,432,469)</u>	<u>(141,615)</u>	<u>(1,574,084)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	551,460	-	551,460
Transfers out	<u>(85,013)</u>	<u>-</u>	<u>(85,013)</u>
Total other financing sources	<u>466,447</u>	<u>-</u>	<u>466,447</u>
Deficiency of revenues over expenditures and other financing sources	(966,022)	(141,615)	(1,107,637)
FUND BALANCES, BEGINNING OF YEAR	<u>754,957</u>	<u>144,045</u>	<u>899,002</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (211,065)</u>	<u>\$ 2,430</u>	<u>\$ (208,635)</u>

CITY OF DECATUR, ILLINOIS
GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended April 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	\$ 4,627	\$ 274	\$ (4,353)
Intergovernmental	1,300,000	-	(1,300,000)
Fines and fees	5,000	981	(4,019)
Other revenues	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	1,309,827	1,255	(1,308,572)
EXPENDITURES			
Capital projects	<u>3,336,181</u>	<u>1,280,569</u>	<u>2,055,612</u>
Deficiency of revenues over expenditures	<u>(2,026,354)</u>	<u>(1,279,314)</u>	<u>747,040</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000,000	551,460	(448,540)
Transfers out	<u>-</u>	<u>(85,013)</u>	<u>(85,013)</u>
Total financing sources	<u>1,000,000</u>	<u>466,447</u>	<u>(533,553)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES			
	<u>\$ (1,026,354)</u>	<u>\$ (812,867)</u>	<u>\$ 213,487</u>



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.

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 POSITION
April 30, 2013

	<u>DCDF Fund</u>	<u>Home Mortgage Fund</u>	<u>Recycling Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 102,974	\$ -	\$ 194,193	\$ 297,167
Receivables:				
Accounts receivable	253	-	141,298	141,551
Assets held for sale	22,940	-	-	22,940
Total current assets	<u>126,167</u>	<u>-</u>	<u>335,491</u>	<u>461,658</u>
Notes receivable	<u>275,417</u>	<u>-</u>	<u>-</u>	<u>275,417</u>
TOTAL ASSETS	<u>\$ 401,584</u>	<u>\$ -</u>	<u>\$ 335,491</u>	<u>\$ 737,075</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 84	\$ -	\$ 29,662	\$ 29,746
Due to other funds	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total current liabilities	<u>84</u>	<u>-</u>	<u>529,662</u>	<u>529,746</u>
Net position:				
Unrestricted	<u>401,500</u>	<u>-</u>	<u>(194,171)</u>	<u>207,329</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 401,584</u>	<u>\$ -</u>	<u>\$ 335,491</u>	<u>\$ 737,075</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended April 30, 2013

	<u>DCDF Fund</u>	<u>Home Mortgage Fund</u>	<u>Recycling Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ 710,446	\$ 710,446
Other revenue	<u>36,473</u>	<u>-</u>	<u>-</u>	<u>36,473</u>
Total operating revenues	<u>36,473</u>	<u>-</u>	<u>710,446</u>	<u>746,919</u>
OPERATING EXPENSES				
Contractual services	5,375	-	544,892	550,267
Commodities	-	-	39,185	39,185
Other charges	<u>1,395</u>	<u>-</u>	<u>-</u>	<u>1,395</u>
Total operating expenses	<u>6,770</u>	<u>-</u>	<u>584,077</u>	<u>590,847</u>
Operating income	<u>29,703</u>	<u>-</u>	<u>126,369</u>	<u>156,072</u>
NONOPERATING REVENUES				
Investment income and net increase in fair value of investments	<u>46</u>	<u>1</u>	<u>72</u>	<u>119</u>
Income before transfers	<u>29,749</u>	<u>1</u>	<u>126,441</u>	<u>156,191</u>
TRANSFERS				
Transfers in	2,275	-	-	2,275
Transfers out	<u>(188,956)</u>	<u>(2,275)</u>	<u>-</u>	<u>(191,231)</u>
Total transfers	<u>(186,681)</u>	<u>(2,275)</u>	<u>-</u>	<u>(188,956)</u>
Change in net position	(156,932)	(2,274)	126,441	(32,765)
NET POSITION, BEGINNING OF YEAR	<u>558,432</u>	<u>2,274</u>	<u>(320,612)</u>	<u>240,094</u>
NET POSITION, END OF YEAR	<u>\$ 401,500</u>	<u>\$ -</u>	<u>\$ (194,171)</u>	<u>\$ 207,329</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2013**

	<u>DCDF Fund</u>	<u>Home Mortgage Fund</u>	<u>Recycling Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 213,507	\$ 1,774	\$ 717,495	\$ 932,776
Cash paid to suppliers for goods and services	<u>(6,770)</u>	<u>-</u>	<u>(583,891)</u>	<u>(590,661)</u>
Net cash provided by operating activities	<u>206,737</u>	<u>1,774</u>	<u>133,604</u>	<u>342,115</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers from other funds	2,275	-	-	2,275
Cash transfers to other funds	<u>(188,956)</u>	<u>(2,275)</u>	<u>-</u>	<u>(191,231)</u>
Net cash provided by (used in) noncapital financing activities	<u>(186,681)</u>	<u>(2,275)</u>	<u>-</u>	<u>(188,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	46	1	72	119
NET INCREASE (DECREASE) IN CASH	20,102	(500)	133,676	153,278
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>82,872</u>	<u>500</u>	<u>60,517</u>	<u>143,889</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 102,974</u>	<u>\$ -</u>	<u>\$ 194,193</u>	<u>\$ 297,167</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 29,703	\$ -	\$ 126,369	\$ 156,072
Adjustments to reconcile operating income to net cash provided by operating activities				
Effects of changes in operating assets and liabilities:				
Receivables	(7,942)	1,774	7,049	881
Due from other funds	285,248	-	-	285,248
Accounts payable	-	-	186	186
Due to other funds	<u>(100,272)</u>	<u>-</u>	<u>-</u>	<u>(100,272)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 206,737</u>	<u>\$ 1,774</u>	<u>\$ 133,604</u>	<u>\$ 342,115</u>



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 POSITION
April 30, 2013

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,076,805	\$ 3,250,775	\$ 762,747	\$ 5,090,327
Receivables:				
Accounts receivable	3,718	690	691	5,099
Other	-	1,536	-	1,536
Due from other funds	-	-	150,000	150,000
Inventories	<u>195,836</u>	<u>-</u>	<u>-</u>	<u>195,836</u>
Total current assets	<u>1,276,359</u>	<u>3,253,001</u>	<u>913,438</u>	<u>5,442,798</u>
Property, plant and equipment				
Machinery and equipment	8,831,173	-	1,238,446	10,069,619
Less accumulated depreciation	<u>5,892,925</u>	<u>-</u>	<u>994,635</u>	<u>6,887,560</u>
Total property, plant and equipment	<u>2,938,248</u>	<u>-</u>	<u>243,811</u>	<u>3,182,059</u>
TOTAL ASSETS	<u>\$ 4,214,607</u>	<u>\$ 3,253,001</u>	<u>\$ 1,157,249</u>	<u>\$ 8,624,857</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 51,571	\$ -	\$ -	\$ 51,571
Other accrued liabilities	35,988	-	25,590	61,578
Claims payable	-	5,872,892	-	5,872,892
Unearned revenue	<u>1,349</u>	<u>-</u>	<u>7,256</u>	<u>8,605</u>
Total current liabilities	<u>88,908</u>	<u>5,872,892</u>	<u>32,846</u>	<u>5,994,646</u>
Net position:				
Invested in capital assets	2,938,248	-	243,811	3,182,059
Unrestricted	<u>1,187,451</u>	<u>(2,619,891)</u>	<u>880,592</u>	<u>(551,848)</u>
Total net position	<u>4,125,699</u>	<u>(2,619,891)</u>	<u>1,124,403</u>	<u>2,630,211</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,214,607</u>	<u>\$ 3,253,001</u>	<u>\$ 1,157,249</u>	<u>\$ 8,624,857</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended April 30, 2013

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Services</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 2,514,931	\$ 9,194,881	\$ 1,327,301	\$ 13,037,113
Payroll deductions/retiree contributions	-	2,032,042	-	2,032,042
Other revenue	<u>122,662</u>	<u>75,039</u>	<u>-</u>	<u>197,701</u>
Total operating revenues	<u>2,637,593</u>	<u>11,301,962</u>	<u>1,327,301</u>	<u>15,266,856</u>
OPERATING EXPENSES				
Personnel services	733,261	-	922,443	1,655,704
Contractual services	209,533	671,728	208,284	1,089,545
Supplies and materials	1,265,794	8,410	485	1,274,689
Insurance and other charges	228,726	9,224,659	58,397	9,511,782
Depreciation	<u>879,712</u>	<u>-</u>	<u>115,689</u>	<u>995,401</u>
Total operating expenses	<u>3,317,026</u>	<u>9,904,797</u>	<u>1,305,298</u>	<u>14,527,121</u>
Operating income (loss)	<u>(679,433)</u>	<u>1,397,165</u>	<u>22,003</u>	<u>739,735</u>
NONOPERATING REVENUES				
Investment income	3,553	1,467	2,551	7,571
Gain on disposal of City property	<u>93,128</u>	<u>-</u>	<u>-</u>	<u>93,128</u>
Total nonoperating revenues	<u>96,681</u>	<u>1,467</u>	<u>2,551</u>	<u>100,699</u>
Income (loss) before transfers	<u>(582,752)</u>	<u>1,398,632</u>	<u>24,554</u>	<u>840,434</u>
TRANSFERS				
Transfers in	1,745	-	21,053	22,798
Transfers out	<u>(113,741)</u>	<u>(153,440)</u>	<u>(21,053)</u>	<u>(288,234)</u>
Net transfers	<u>(111,996)</u>	<u>(153,440)</u>	<u>-</u>	<u>(265,436)</u>
Net income (loss)	<u>(694,748)</u>	<u>1,245,192</u>	<u>24,554</u>	<u>574,998</u>
NET POSITION, BEGINNING OF YEAR	<u>4,820,447</u>	<u>(3,865,083)</u>	<u>1,099,849</u>	<u>2,055,213</u>
NET POSITION, END OF YEAR	<u>\$ 4,125,699</u>	<u>\$ (2,619,891)</u>	<u>\$ 1,124,403</u>	<u>\$ 2,630,211</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended April 30, 2013

	<u>Fleet Maintenance/ERF</u>	<u>Self Insurance</u>	<u>Management Information Systems</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 2,637,167	\$ 11,301,962	\$ 1,326,610	\$ 15,265,739
Cash paid to suppliers for goods and services	(1,654,390)	(9,898,986)	(416,732)	(11,970,108)
Cash paid to employees	<u>(722,963)</u>	<u>-</u>	<u>(913,184)</u>	<u>(1,636,147)</u>
Net cash provided by (used in) operating activities	<u>259,814</u>	<u>1,402,976</u>	<u>(3,306)</u>	<u>1,659,484</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers from other funds	1,745	-	21,053	22,798
Cash transfers to other funds	<u>(113,741)</u>	<u>(153,440)</u>	<u>(171,053)</u>	<u>(438,234)</u>
Net cash used in noncapital financing activities	<u>(111,996)</u>	<u>(153,440)</u>	<u>(150,000)</u>	<u>(415,436)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	(213,013)	-	(203,301)	(416,314)
Proceeds on sale of City property	<u>150,142</u>	<u>-</u>	<u>26,871</u>	<u>177,013</u>
Net cash used in capital and related financing activities	<u>(62,871)</u>	<u>-</u>	<u>(176,430)</u>	<u>(239,301)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	3,553	1,467	2,551	7,571
Proceeds from sales and maturities of investments	<u>895,448</u>	<u>-</u>	<u>583,956</u>	<u>1,479,404</u>
Net cash provided by investing activities	<u>899,001</u>	<u>1,467</u>	<u>586,507</u>	<u>1,486,975</u>
NET INCREASE IN CASH	983,948	1,251,003	256,771	2,491,722
CASH, BEGINNING OF YEAR	<u>92,857</u>	<u>1,999,772</u>	<u>505,976</u>	<u>2,598,605</u>
CASH, END OF YEAR	<u>\$ 1,076,805</u>	<u>\$ 3,250,775</u>	<u>\$ 762,747</u>	<u>\$ 5,090,327</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (679,433)	\$ 1,397,165	\$ 22,003	\$ 739,735
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	879,712	-	115,689	995,401
Effects of changes in operating assets and liabilities:				
Receivables	(426)	-	(691)	(1,117)
Inventories	37,973	-	-	37,973
Accounts payable	11,158	5,811	(150,257)	(133,288)
Other current liabilities	10,298	-	9,259	19,557
Unearned revenue	<u>532</u>	<u>-</u>	<u>691</u>	<u>1,223</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 259,814</u>	<u>\$ 1,402,976</u>	<u>\$ (3,306)</u>	<u>\$ 1,659,484</u>



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 POSITION
Year Ended April 30, 2013

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	\$ 3,299,210	\$ 3,848,380	\$ 7,147,590
Accrued interest	283,899	178,780	462,679
Long-term investments, at fair value:			
U.S. Government obligations	20,592,914	9,156,443	29,749,357
Mutual funds	35,001,994	35,577,368	70,579,362
Common stock	6,476,697	3,099,062	9,575,759
Certificate of deposits	-	1,078,868	1,078,868
Annuities	-	121,792	121,792
International bonds	228,613	-	228,613
Municipal bonds	2,971,302	1,258,429	4,229,731
Corporate bonds	<u>12,886,928</u>	<u>9,722,936</u>	<u>22,609,864</u>
Total long-term investments	<u>78,158,448</u>	<u>60,014,898</u>	<u>138,173,346</u>
TOTAL ASSETS	<u>\$ 81,741,557</u>	<u>\$ 64,042,058</u>	<u>\$ 145,783,615</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 81,741,557</u>	<u>\$ 64,042,058</u>	<u>\$ 145,783,615</u>

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
Year Ended April 30, 2013

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 3,763,077	\$ 3,743,744	\$ 7,506,821
Plan member	<u>1,181,576</u>	<u>794,146</u>	<u>1,975,722</u>
Total contributions	<u>4,944,653</u>	<u>4,537,890</u>	<u>9,482,543</u>
Investment earnings:			
Interest and dividends	1,452,834	910,803	2,363,637
Net increase in the fair value of investments	<u>6,209,192</u>	<u>4,965,991</u>	<u>11,175,183</u>
Total investment income	7,662,026	5,876,794	13,538,820
Less investment expense	<u>177,113</u>	<u>104,413</u>	<u>281,526</u>
Net investment income	<u>7,484,913</u>	<u>5,772,381</u>	<u>13,257,294</u>
Total additions	<u>12,429,566</u>	<u>10,310,271</u>	<u>22,739,837</u>
DEDUCTIONS			
Benefits and refunds	5,838,175	6,151,749	11,989,924
Administrative expense	<u>50,570</u>	<u>66,996</u>	<u>117,566</u>
Total deductions	<u>5,888,745</u>	<u>6,218,745</u>	<u>12,107,490</u>
Net increase	6,540,821	4,091,526	10,632,347
NET POSITION, BEGINNING OF YEAR	<u>75,200,736</u>	<u>59,950,532</u>	<u>135,151,268</u>
NET POSITION, END OF YEAR	<u>\$ 81,741,557</u>	<u>\$ 64,042,058</u>	<u>\$ 145,783,615</u>



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.

Financial Trends

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

City of Decatur, Illinois
Net Position by Component
Most Recent Fiscal Years (\$'s whole)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	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	21,768,332
Restricted	16,605,645	9,486,926	3,979,821	2,407,527			4,751,759	27,950,290	7,846,041	5,631,695
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	3,325,134
Total governmental activities net position	<u>5,358,110</u>	<u>3,189,076</u>	<u>1,922,922</u>	<u>6,535,109</u>	<u>43,371,788</u>	<u>41,007,252</u>	<u>34,888,243</u>	<u>33,989,056</u>	<u>32,243,180</u>	<u>30,725,161</u>
Business-type activities										
Net investment in capital assets	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	43,816,191
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	7,598,072
Total business-type activities net position	<u>99,791,214</u>	<u>100,365,941</u>	<u>91,558,541</u>	<u>86,777,356</u>	<u>84,639,158</u>	<u>76,995,330</u>	<u>72,193,428</u>	<u>68,349,047</u>	<u>58,959,543</u>	<u>51,414,263</u>
Primary government										
Net investment in capital assets	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	65,584,523
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	5,631,695
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	10,923,206
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET POSITION	<u>105,149,324</u>	<u>103,555,017</u>	<u>93,481,463</u>	<u>93,312,465</u>	<u>128,010,946</u>	<u>118,002,582</u>	<u>107,081,671</u>	<u>102,338,103</u>	<u>91,202,723</u>	<u>82,139,424</u>

Source: Comprehensive Annual Financial Report for relevant fiscal year.

City of Decatur, Illinois
Statement of Activities and Change in Net Position
Most Recent Fiscal Years (\$'s whole)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
EXPENSES										
Governmental Activities										
General government	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	14,693,051
Public safety	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	38,834,959
Public works	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	17,199,373
Culture and recreation	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	3,622,804
Interest on debt	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	4,113,553
Total governmental activities expenses	<u>58,811,601</u>	<u>62,603,799</u>	<u>67,475,425</u>	<u>62,141,291</u>	<u>69,899,567</u>	<u>73,083,229</u>	<u>73,860,626</u>	<u>74,502,842</u>	<u>77,234,806</u>	<u>78,463,740</u>
Business-type activities										
Water	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	14,576,678
Parking	679,620	682,392	746,042	748,568	757,198	721,662	745,510	509,932		
Mass Transit	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	6,151,784
Housing programs	38,512	278,361	42,466	11,322	72,653	39,512	10,986	6,633	96,422	6,770
Waste removal	505,584	481,492	496,095	518,561	536,549	554,083	545,302	556,721	1,238,284	584,028
Hotel					320,859	43,020	46,531			
Sewer	1,729,595	932,591	780,498	755,444	1,279,797	1,487,939	1,890,168	1,317,412	1,872,785	1,900,376
Total business-type activities expenses	<u>20,382,056</u>	<u>18,484,609</u>	<u>19,990,010</u>	<u>19,518,066</u>	<u>21,917,205</u>	<u>22,314,815</u>	<u>24,250,330</u>	<u>22,648,372</u>	<u>23,062,768</u>	<u>23,219,636</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>79,193,657</u>	<u>81,088,408</u>	<u>87,465,435</u>	<u>81,659,357</u>	<u>91,816,772</u>	<u>95,398,044</u>	<u>98,110,956</u>	<u>97,151,214</u>	<u>100,297,574</u>	<u>101,683,376</u>
PROGRAM REVENUES										
Governmental activities										
Charges for services										
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	2,541,123
Public safety	717,390	770,040	219,965	230,736	426,660	427,804	471,925	420,751	433,184	577,676
Other activities	271,850	292,338	130,483	129,989	105,538	183,892	194,837	178,940	132,433	71,112
Operating grants and contributions	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	4,425,861
Capital grants and contributions	17,554							33,120		
Total governmental activities program revenues	<u>7,499,150</u>	<u>5,630,422</u>	<u>6,736,562</u>	<u>8,191,868</u>	<u>8,587,995</u>	<u>8,166,393</u>	<u>8,605,190</u>	<u>12,420,325</u>	<u>9,779,815</u>	<u>7,615,772</u>
Business-type activities										
Charges for services										
Water	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	15,102,613
Other activities	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	4,247,649
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	5,025,518
Capital grants and contributions	122,467							1,605,270		
Total business-type activities program revenues	<u>19,360,104</u>	<u>20,838,294</u>	<u>18,315,817</u>	<u>20,081,597</u>	<u>20,680,060</u>	<u>20,503,721</u>	<u>26,642,324</u>	<u>26,656,878</u>	<u>24,658,267</u>	<u>24,375,780</u>
TOTAL PRIMARY GOVERNMENT REVENUES	<u>26,859,254</u>	<u>26,468,716</u>	<u>25,052,379</u>	<u>28,273,465</u>	<u>29,268,055</u>	<u>28,670,114</u>	<u>35,247,514</u>	<u>39,077,203</u>	<u>34,438,082</u>	<u>31,991,552</u>

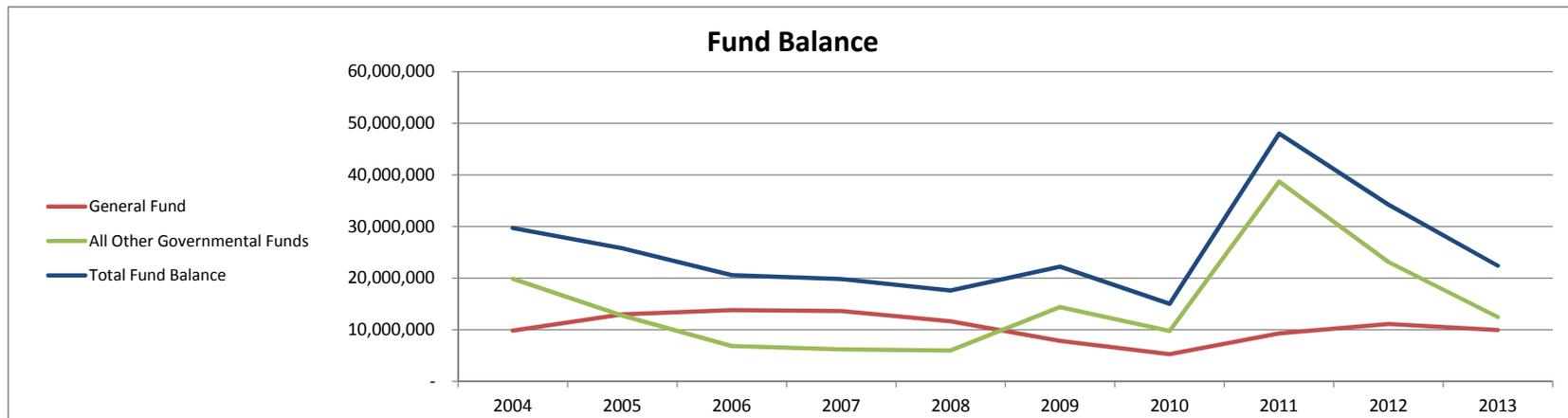
City of Decatur, Illinois
Statement of Activities and Change in Net Position
Most Recent Fiscal Years (\$'s whole)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
NET (EXPENSE) REVENUE										
Governmental activities	(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)	(70,847,968)
Business-type activities	(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	1,156,144
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>(52,334,403)</u>	<u>(54,619,692)</u>	<u>(62,413,056)</u>	<u>(53,385,892)</u>	<u>(62,548,717)</u>	<u>(66,727,930)</u>	<u>(62,863,442)</u>	<u>(58,074,011)</u>	<u>(65,859,492)</u>	<u>(69,691,824)</u>
General Revenues and Other										
Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	9,952,854	10,581,082	11,258,757	11,703,520	12,063,453	12,446,870	12,582,958	13,337,710	13,513,648	13,493,391
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	22,917,247
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	7,398,372
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	5,289,523
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	3,049,941
Hotel and motel taxes		620,000	661,629	652,839	681,483	649,612	677,313	498,812	711,053	590,985
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	1,509,093
Investment earnings	309,847	425,431	713,716	1,023,446	786,557	327,253	136,092	164,803	239,646	237,961
Miscellaneous	1,424,398	844,783	1,386,026	909,144	649,408	1,212,713	529,756	605,759	2,051,932	6,113,975
Transfers	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	8,729,461
Total governmental activities	<u>50,640,897</u>	<u>54,794,509</u>	<u>59,684,527</u>	<u>58,561,610</u>	<u>61,503,715</u>	<u>62,163,234</u>	<u>59,136,427</u>	<u>61,183,330</u>	<u>67,266,916</u>	<u>69,329,949</u>
Business-type activities										
Property taxes	151,519	151,654	217,322	217,091	218,254	216,872				
Investment earnings	319,320	549,191	1,023,657	1,212,199	1,017,691	621,036	415,711	97,133	91,842	28,037
Miscellaneous		20,964	(1,024,431)		(119,958)	402,734	101,850	(816,446)	16,315	
Transfers	(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)	(8,729,461)
Total business-type activities	<u>(3,997,580)</u>	<u>(4,213,661)</u>	<u>(7,133,207)</u>	<u>(5,344,716)</u>	<u>(5,496,290)</u>	<u>(5,832,734)</u>	<u>(7,193,896)</u>	<u>(7,852,887)</u>	<u>(10,985,003)</u>	<u>(8,701,424)</u>
TOTAL PRIMARY GOVERNMENT	<u>46,643,317</u>	<u>50,580,848</u>	<u>52,551,320</u>	<u>53,216,894</u>	<u>56,007,425</u>	<u>56,330,500</u>	<u>51,942,531</u>	<u>53,330,443</u>	<u>56,281,913</u>	<u>60,628,525</u>
CHANGE IN NET POSITION										
Governmental activities	(671,554)	(2,178,868)	(1,054,336)	4,612,187	192,143	(2,753,602)	(6,119,009)	(899,187)	(188,075)	(1,518,019)
Business-type activities	(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)	(7,545,280)
TOTAL PRIMARY GOVERNMENT	<u>(5,691,086)</u>	<u>(4,038,844)</u>	<u>(9,861,736)</u>	<u>(168,998)</u>	<u>(6,541,292)</u>	<u>(10,397,430)</u>	<u>(10,920,911)</u>	<u>(4,743,568)</u>	<u>(9,577,579)</u>	<u>(9,063,299)</u>

Source: Comprehensive Annual Financial Report for relevant fiscal year.

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

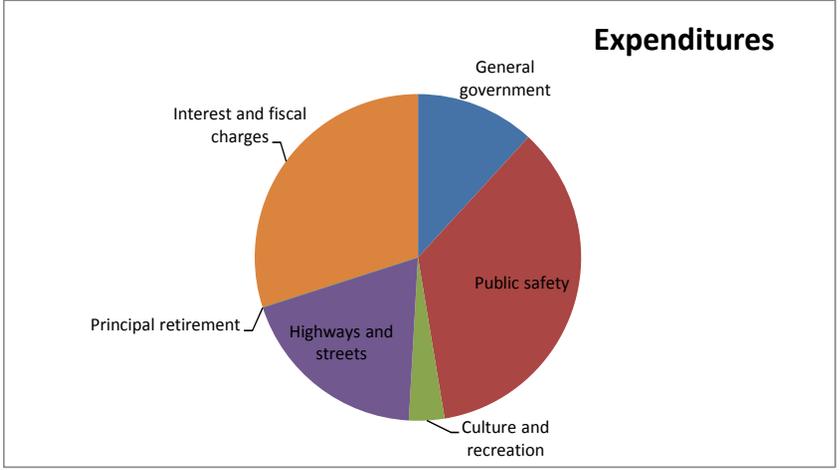
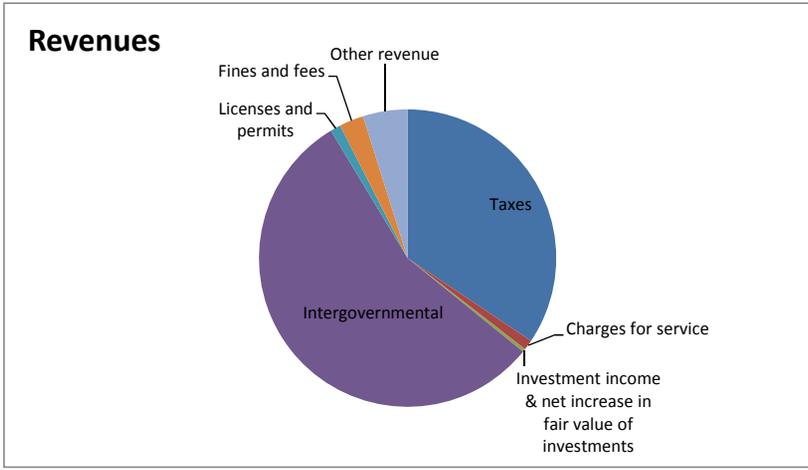
	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> note 1	<u>2013</u>
General Fund										
Nonspendable									23,407	25,596
Restricted									89,754	1,847
Unassigned									10,996,973	9,906,565
Reserved	254,788	1,508,645	465,499	1,244,305	1,136,354	666,740	301,594	845,847		
Unreserved	9,571,619	11,479,722	13,326,187	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614		
Total general fund	<u>9,826,407</u>	<u>12,988,367</u>	<u>13,791,686</u>	<u>13,617,913</u>	<u>11,621,202</u>	<u>7,841,549</u>	<u>5,255,229</u>	<u>9,275,461</u>	<u>11,110,134</u>	<u>9,934,008</u>
All other governmental funds										
Restricted									22,533,206	13,159,972
Assigned									754,957	
Unassigned									(183,387)	(702,682)
Reserved	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	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	1,833,611	2,195,084	1,893,486	(264,923)	341,085	6,399,703	1,107,713	18,537,635		
Total all other governmental funds	<u>19,868,536</u>	<u>12,756,752</u>	<u>6,798,129</u>	<u>6,198,197</u>	<u>5,958,308</u>	<u>14,363,298</u>	<u>9,749,286</u>	<u>38,694,118</u>	<u>23,104,776</u>	<u>12,457,290</u>
TOTAL FUND BALANCE	<u>29,694,943</u>	<u>25,745,119</u>	<u>20,589,815</u>	<u>19,816,110</u>	<u>17,579,510</u>	<u>22,204,847</u>	<u>15,004,515</u>	<u>47,969,579</u>	<u>34,214,910</u>	<u>22,391,298</u>



Note 1: Reporting change the result of Implementation of GASB 54 with the fiscal year ending April 30, 2012
Source: Comprehensive Annual Financial Report for relevant fiscal year.

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

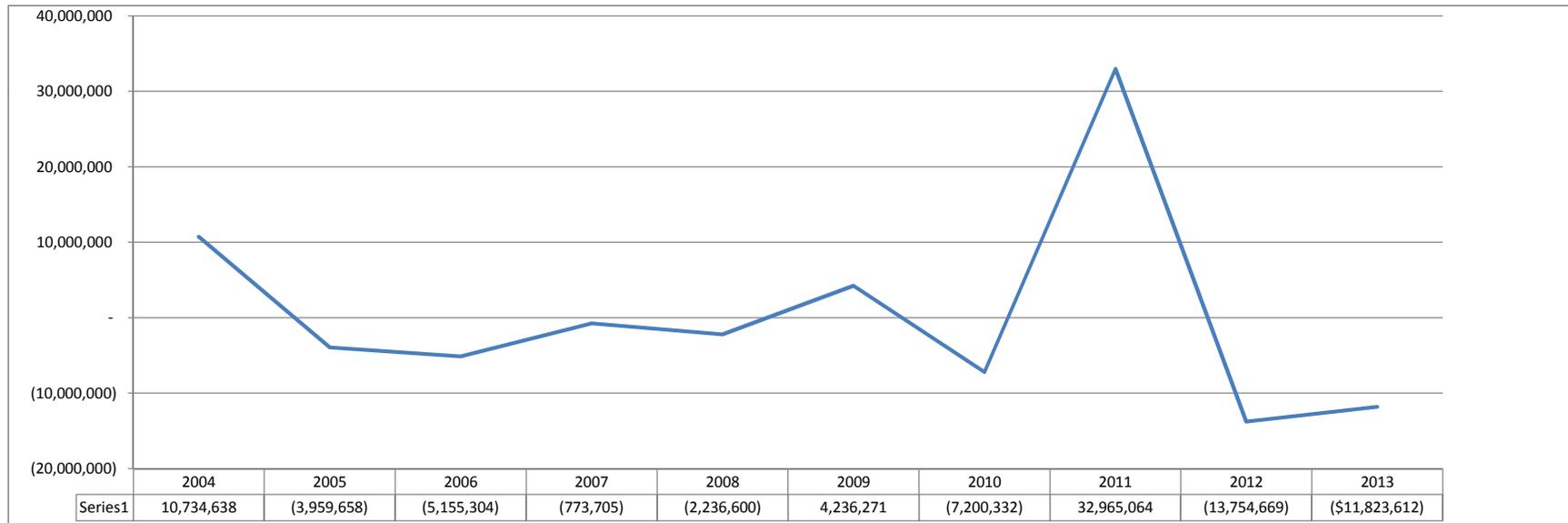
	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	18,667,393	15,869,064	20,510,924	20,412,864	20,938,809	21,622,903	21,708,706	21,910,552	22,628,487	22,484,576
Charges for service	147,086	157,203	163,721	140,221	98,878	61,208	94,978	83,722	622,614	727,376
Investment income & net increase in fair value of investments	255,580	334,709	514,380	680,310	526,969	234,071	81,064	36,891	217,062	230,394
Intergovernmental	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	36,310,372
Licenses and permits	893,767	775,198	786,276	824,540	790,214	734,515	743,221	659,054	752,854	734,747
Fines and fees	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	1,727,788
Other revenue	594,540	538,209	914,670	430,613	387,717	1,168,836	429,582	819,179	2,470,315	3,175,013
Total revenues	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	65,390,266
Expenditures										
General government	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	13,003,747
Public safety	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	39,136,143
Culture and recreation	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	3,866,845
Highways and streets	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	21,049,550
Debt service										
Principal retirement	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	32,965,000
Interest and fiscal charges	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	4,283,320
Total expenditures	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	114,304,605
Deficiency of revenues over expenditures	(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)	(48,914,339)



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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Other Financing Sources										
Bond proceeds	13,914,162	62,653	100,000	5,021,960	2,925,000	11,322,400	250,000	41,381,208	-	28,080,658
Sale of assets	37,076	10,021	331,480	243,886	7,750	36,107	78,694	83,217	71,239	15,172
Transfers in	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	13,558,587
Transfers out	(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)	(4,563,690)
Total other financing sources	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	\$37,090,727
NET CHANGE IN FUND BALANCES	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)	(\$11,823,612)
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	12,912,591
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	10.17%	8.71%	7.90%	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%

Net Change in Fund Balances



Source: Comprehensive Annual Financial Report for relevant fiscal year.

Revenue Capacity

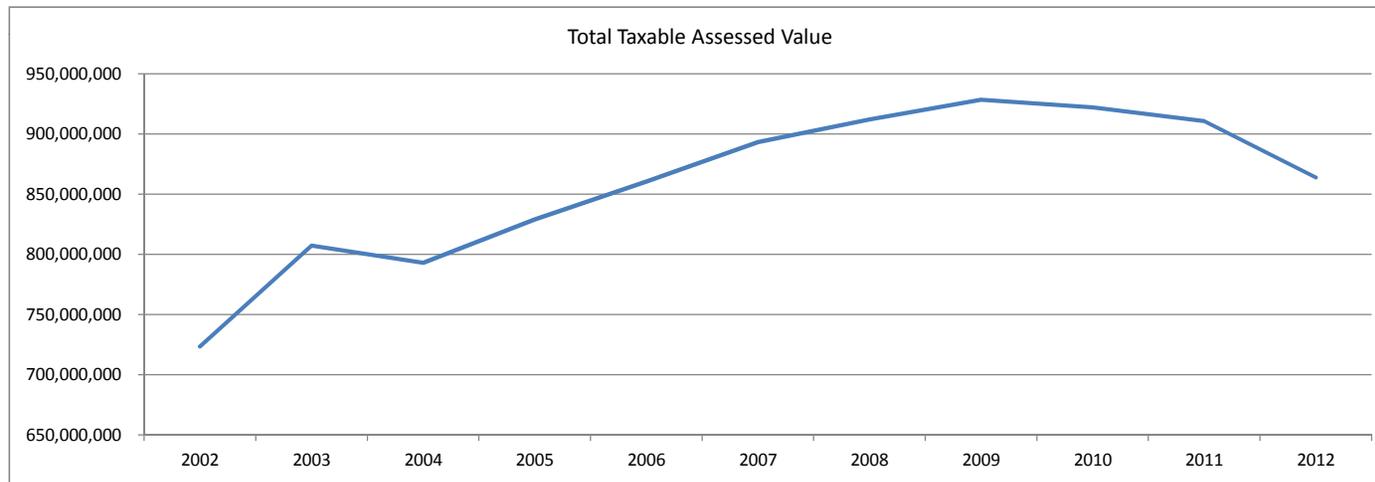
These schedules contain information to assist the reader in assessing the factors affecting the City of Decatur's ability to generate and maintain city revenue streams.

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
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	9,626,640	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	10,085,074	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	10,529,541	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	10,685,740	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	11,009,826	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	11,002,539	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	11,751,638	11,414,665
2012	2014	514,265,875	3,847,673	260,266,346	68,222,744	17,230,871	863,833,509	1.36044	11,751,936	10,779,659

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 beginning May 1, 2013

Note 3: Current year data-2011 tax levy year, tax billed and collected in 2012 calendar year.

Source: Office of the Macon County Clerk/Office of the Macon County Supervisor of Assessments

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	2012
Fiscal Year Ended April 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	1.36044
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	0.91349
Sanitary District	0.30470	0.28730	0.26169	0.29640	0.28280	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420
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	4.39115
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	1.09716
Decatur Township	0.26530	0.26470	0.24940	0.26640	0.26778	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025
Mosquito Abatement	0.03250	0.03270	0.03110	0.03343	0.03343	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318
Conservation District	0.10520	0.10610	0.10820	0.11460	0.10883	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713
Mental Health	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000
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	0.48286
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	0.10260
Cooperative Extension	0.02360	0.02283	0.02720	0.02740	0.02708	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446
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	9.31692
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%	14.6%

Note: The tax rate depicted is Decatur Township, most prevalent tax district.
Source: Office of the Macon County Clerk

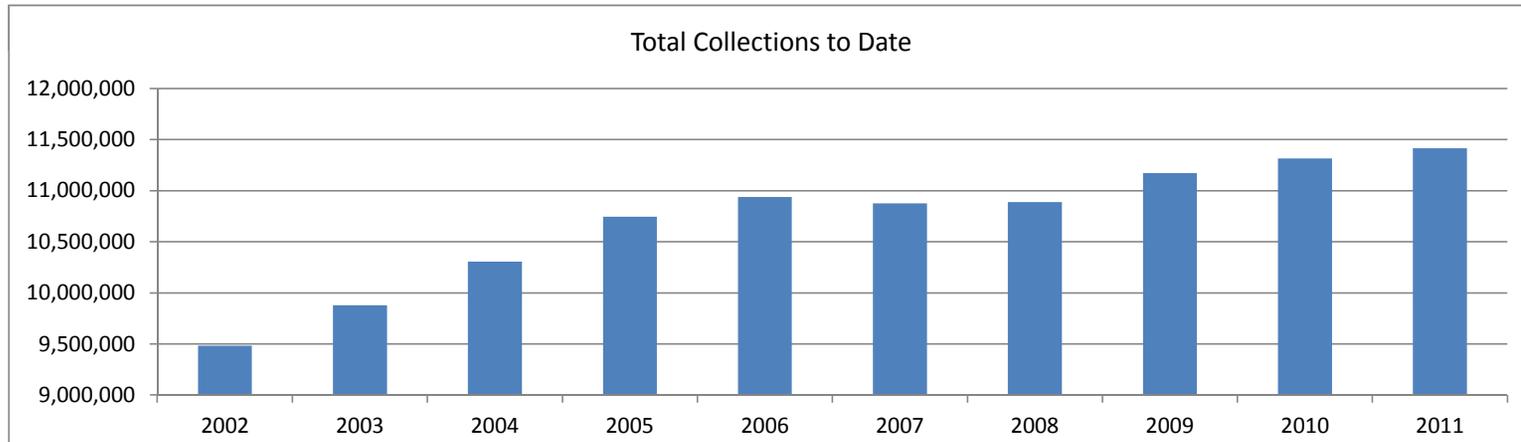
City of Decatur, Illinois
Major Property Taxpayers
as of April 30, 2013 (\$'s whole)

<u>Name of Company</u>	<u>Current Year</u>			<u>Nine Years Ago</u>		
	<u>2011</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>	<u>2002</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>
Archer Daniels Midland Co.	29,644,321	1	3.2%	25,366,910	1	3.5%
Decatur Memorial Hospital	17,320,340	2	1.9%	3,529,328	7	0.5%
Wal-Mart Stores, Inc.	7,794,166	3	0.8%	8,253,178	2	1.1%
Caterpillar Tractor Co.	7,289,240	4	0.8%	7,085,839	3	1.0%
Ventas Inc fka LHPT Decatur/DMH Fund	6,025,442	5	0.7%	**	**	**
Ameren fka Illinois Power Co	4,432,899	6	0.5%	3,378,070	8	0.5%
Tate & Lyle fka AE Staley Mfg. Co.	3,429,614	7	0.4%	2,837,452	10	0.4%
Millikin University (The Woods Apts.)	3,166,667	8	0.3%	3,692,294	5	0.5%
Brettwood Village Assoc	3,100,000	9	0.3%	3,278,840	9	0.5%
Lakeview Hospitality	2,748,333	10	0.3%	**	**	**
Northgate Lmted Partnership	**	**	**	3,587,831	6	0.5%
Real Estate Investors, LLC	**	**	**	4,269,454	4	0.6%
	<u>84,951,022</u>		<u>9.2%</u>	<u>65,279,196</u>		<u>9.0%</u>
	<u>922,154,799</u>		<u>100.0%</u>	<u>723,424,819</u>		<u>100.0%</u>

Note: Current year data-2011 tax levy year, tax billed and collected in 2012 calendar year.
Source: Office of the Macon County Supervisor of Assessments

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

<u>Property Tax Levy Year</u>	<u>Fiscal Year Ended April 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Total Taxes Extended by County Collector</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>		
				<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>	
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	11,002,539	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	11,414,665	97%	n/a	11,414,665	97%	
2012	2014	11,751,637	11,751,936	10,779,659	92%	n/a	10,779,659	92%	Note 1



Note 1: Actual tax collection as of statistical report publication date for fiscal year beginning May 1, 2013

Note 2: Current year data-2011 tax levy year, tax billed and collected in 2012 calendar year.

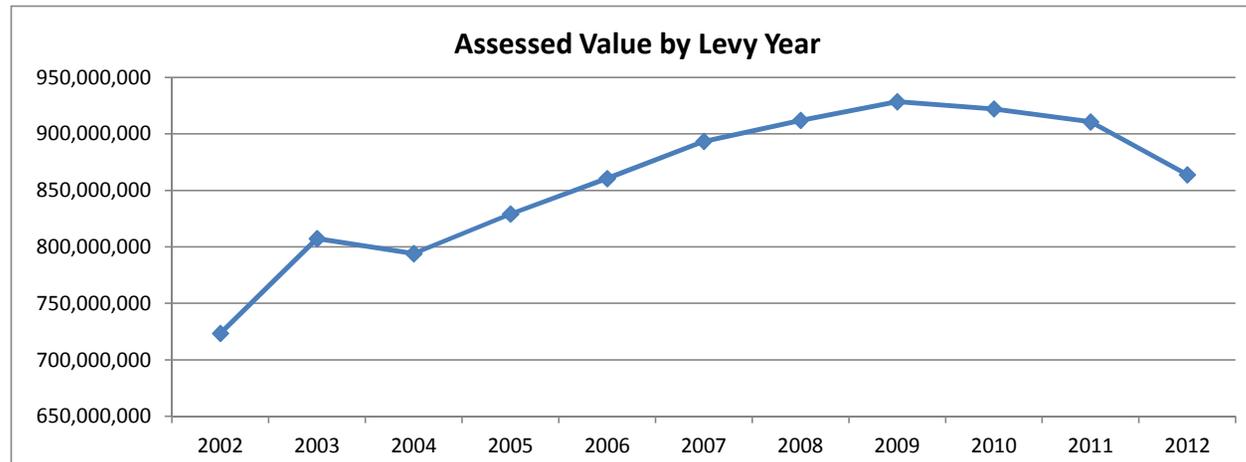
Source: Office of the Macon County Treasurer

n/a - Information not available according to competent authority within the Macon County Treasurers Office.

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
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
2012	2014	863,833,509	2,591,500,527	33.33%	1.3604



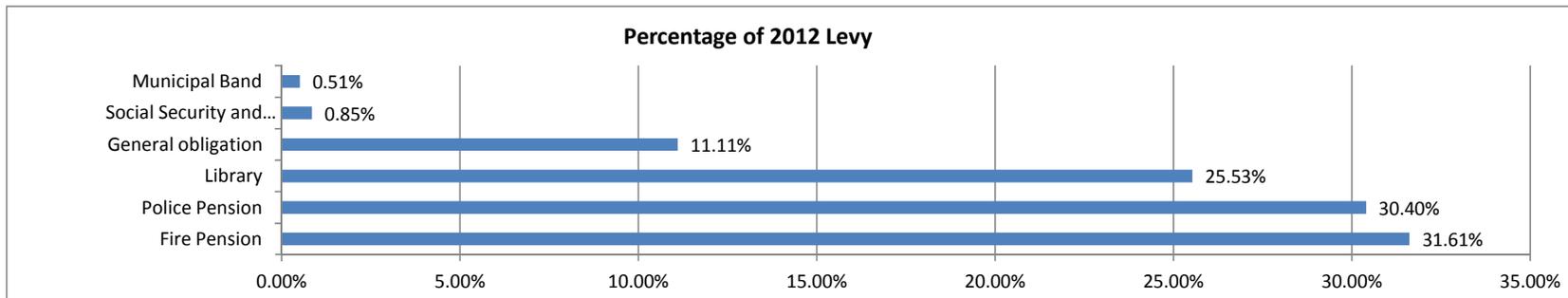
(1) State of Illinois law prescribes an assessed value ratio to be no more than 33.33% of actual value

Note 1: Current year data-2011 tax levy year, tax billed and collected in 2012 calendar year.

Source: Office of the Macon County Clerk/Office of the Macon County Supervisor of Assessments.

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

Tax Levy Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fiscal Year Ended April 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>PURPOSE OF FUND</u>											
Library	0.39420	0.36380	0.38100	0.37592	0.38031	0.39196	0.37138	0.32309	0.32533	0.32945	0.34729
Police Pension	0.21630	0.23730	0.26030	0.30416	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226	0.41352
Fire Pension	0.23610	0.22190	0.24840	0.31144	0.33349	0.31260	0.33683	0.33104	0.38973	0.39612	0.43004
Municipal Band	0.00900	0.00810	0.00820	0.00845	0.00814	0.00840	0.00823		0.00651	0.00659	0.00695
Social Security and Retirement	0.06040	0.03660	0.06510	0.09229	0.07590	0.08392	0.11544	0.12415		0.00979	0.01154
Mass Transit System	0.02100	0.01880	0.01910	0.02637	0.02541	0.02448	0.02398				
Law Enforcement Facility Lease Insurance			0.05040								
Police Protection	0.11600	0.10390	0.02480								
Public Benefit											
<u>BOND AND INTEREST</u>											
General obligation	0.13970	0.12230	0.16270	0.11752	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110
ALL PURPOSE - TOTAL	1.27960	1.19250	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044
Actual Rate Extended	1.27960	1.19250	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044



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

Tax Levy Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fiscal Year Ended April 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>PURPOSE OF FUND</u>											
Library	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	3,000,007
Police Pension	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	3,572,124
Fire Pension	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	3,714,829
Municipal Band	65,108	65,388	65,112	70,059	70,045	75,044	75,059		60,032	60,011	60,036
Mass Transit System	151,918	151,765	151,664	218,635	218,654	218,701	218,701				
Social Security and Retirement	436,948	295,458	516,926	765,182	653,123	749,730	1,052,829	1,152,787		89,151	99,686
Law Enforcement Facility Lease	628,660	644,203	410,524	280,570							
Insurance			400,201								
Police Protection	839,173	838,748	196,924								
Public Benefit											
<u>BOND AND INTEREST</u>											
General obligation	<u>1,010,624</u>	<u>987,285</u>	<u>1,291,919</u>	<u>974,366</u>	<u>956,192</u>	<u>948,598</u>	<u>201,099</u>	<u>1,246,199</u>	<u>1,236,056</u>	<u>1,423,138</u>	<u>1,305,252</u>
ALL PURPOSE - TOTAL	<u>9,256,944</u>	<u>9,626,639</u>	<u>10,097,932</u>	<u>10,529,567</u>	<u>10,685,396</u>	<u>11,009,825</u>	<u>11,002,265</u>	<u>11,297,500</u>	<u>11,467,272</u>	<u>11,751,638</u>	<u>11,751,936</u>

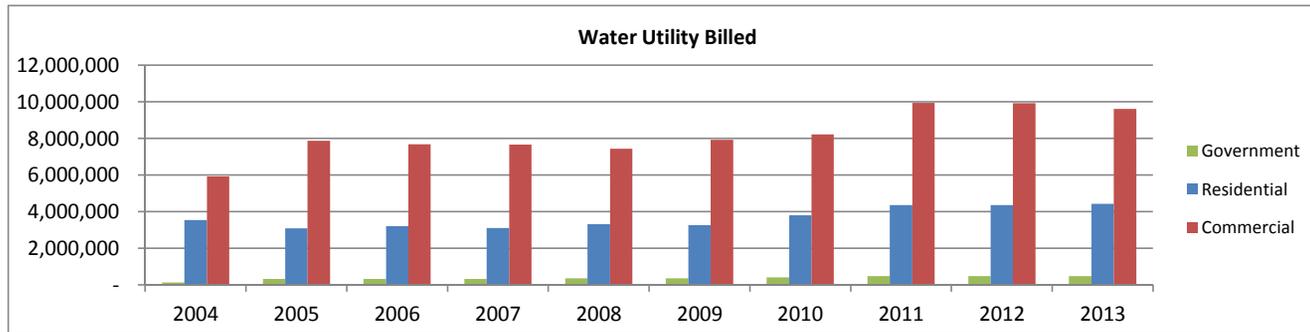
Source: "Certificate of Tax Extended", Office of the Macon County Clerk

City of Decatur, Illinois
Property Tax Information
as of April 30, 2013

- 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 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)

<u>Fiscal Year</u>	<u>Water Utility Billed</u>				<u>Direct rate per 700 gallons</u>		<u>Actual Receipts</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Total</u>	<u>Domestic and Non-Domestic</u>	<u>Large Users</u>	
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
2013	4,422,817	9,618,089	482,404	14,523,310	2.08	3.19	14,865,522



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.

Source: City water utility records.

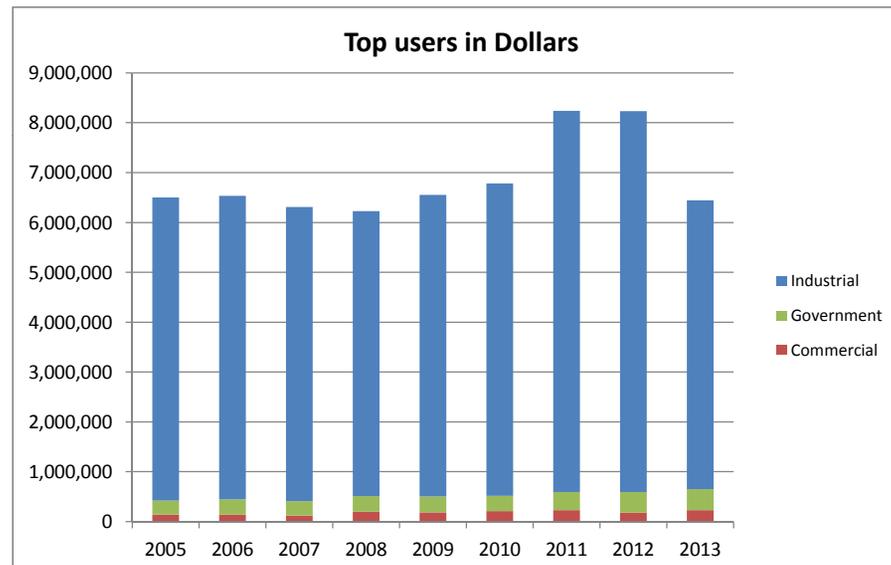
City of Decatur, Illinois
Water Utility Service Usage Rates
Most Recent Fiscal Years (\$'s whole)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Service Charge Per Meter										
Domestic-all meters (quarterly)	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.32	\$ 3.82	\$ 4.39	\$ 5.05	\$ 5.05	\$ 5.05
Non-Domestic (quarterly)										
Meter size 5/8"-3/4"	8.97	8.97	8.97	8.97	8.97	10.32	11.86	13.64	13.64	13.64
Meter size 1"-1 1/2"	33.15	33.15	33.15	33.15	33.15	38.12	43.84	50.42	50.42	50.42
Meter size 2"-4"	117.00	117.00	117.00	117.00	117.00	134.55	154.73	177.94	177.94	177.94
Meter size 7"-12"	546.00	546.00	546.00	546.00	546.00	627.90	722.09	830.40	830.40	830.40
Meter size 14"-18"	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	3,410.56
Non-Domestic & large Users (monthly)										
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99	2.99	3.44	3.95	4.55	4.55	4.55
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05	11.05	12.71	14.61	16.81	16.81	16.81
Meter size 2"-4"	39.00	39.00	39.00	39.00	39.00	44.85	51.58	59.31	59.31	59.31
Meter size 7"-12"	182.00	182.00	182.00	182.00	182.00	209.30	240.70	276.80	276.80	276.80
Meter size 14"-18"	747.50	747.50	747.50	747.50	747.50	859.63	988.57	1,136.85	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	1.58	1.81	2.08	2.08	2.08
Next 1,500	1.24	1.24	1.24	1.24	1.24	1.43	1.64	1.89	1.89	1.89
Next 12,900	1.11	1.11	1.11	1.11	1.11	1.28	1.47	1.69	1.69	1.69
Next 18,300	0.89	0.89	0.89	0.89	0.89	1.02	1.18	1.35	1.35	1.35
Next 133,300	0.70	0.70	0.70	0.70	0.70	0.81	0.93	1.06	1.06	1.06
Next 833,300	0.66	0.66	0.66	0.66	0.66	0.76	0.87	1.00	1.00	1.00
Next 1,000,000	0.55	0.55	0.55	0.55	0.55	0.63	0.73	0.84	0.84	0.84
All Over 2,000,000	0.39	0.39	0.39	0.39	0.39	0.45	0.52	0.59	0.59	0.59
Large User										
1st 700	2.10	2.10	2.10	2.10	2.10	2.42	2.78	3.19	3.19	3.19
Next 1,500	1.90	1.90	1.90	1.90	1.90	2.19	2.51	2.89	2.89	2.89
Next 12,900	1.69	1.69	1.69	1.69	1.69	1.94	2.24	2.57	2.57	2.57
Next 18,300	1.36	1.36	1.36	1.36	1.36	1.56	1.80	2.07	2.07	2.07
Next 133,300	1.08	1.08	1.08	1.08	1.08	1.24	1.43	1.64	1.64	1.64
Next 833,300	1.00	1.00	1.00	1.00	1.00	1.15	1.32	1.52	1.52	1.52
Next 1,000,000	0.84	0.84	0.84	0.84	0.84	0.97	1.11	1.28	1.28	1.28
All Over 2,000,000	0.60	0.60	0.60	0.60	0.60	0.69	0.79	0.91	0.91	0.91

Source: City water utility records.

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

Fiscal Year	Total Water Billed	Revenue of Top 10 Customers in Category			Percentage of Total
		Industrial	Commercial	Government	
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%
2013	14,523,310	5,793,605	227,653	423,603	44.4%



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

Source: City water utility records.

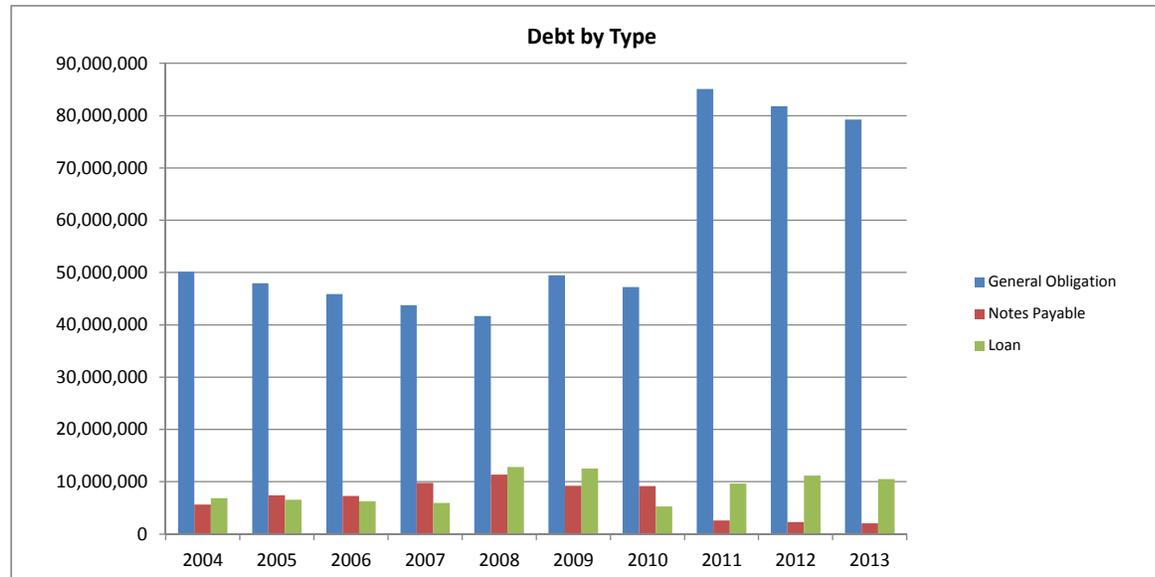
Debt Capacity

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

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

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Assessed Valuation	Per Capita
	General Obligation	Notes Payable	Loan			
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
2013	79,221,881	2,025,000	10,487,213	91,734,094	10.07%	1205

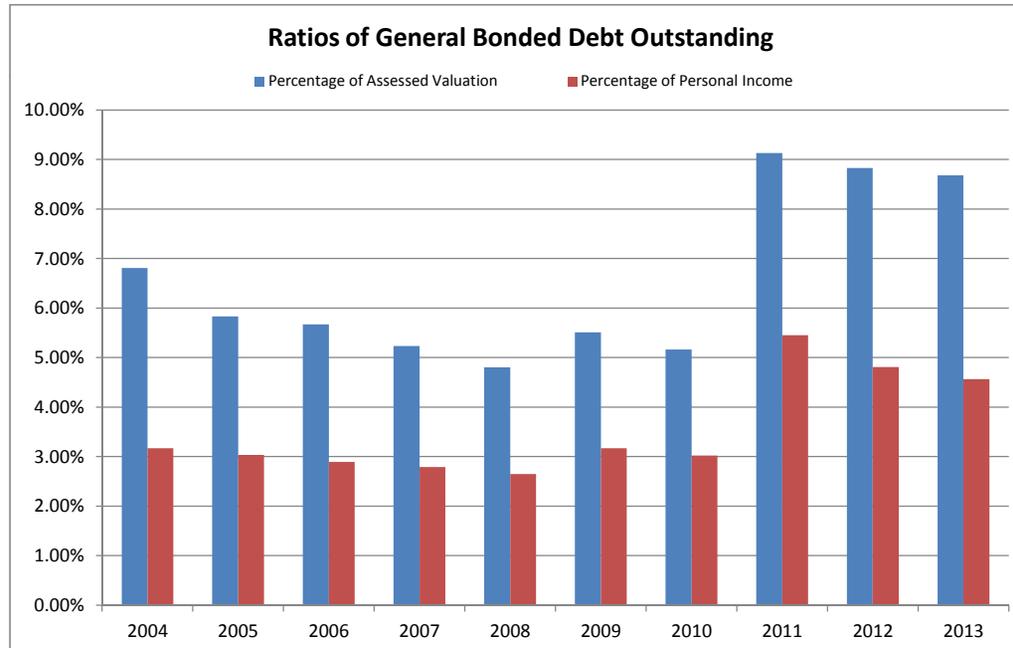
Percent of total debt 86.36% 2.21% 11.43% 100.00%



Note: See next page, "Ratios of General Bonded Debt Outstanding" for percentage of personal income.
Source: Comprehensive Annual Financial Report for relevant fiscal year, US Census Bureau

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 Assessed Valuation	Percentage of Personal Income	Per Capita
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
2013	79,221,881	159,400	79,062,481	8.68%	4.56%	1,039



Source: Comprehensive Annual Financial Report for relevant fiscal year.

City of Decatur, Illinois
 Governmental Direct and Overlapping Debt
 as of April 30, 2013 (\$'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	<u>\$ 81,246,881</u>	100.00%	<u>\$ 81,246,881</u>
OVERLAPPING DEBT			
Decatur Park District	15,965,000	96.88%	15,466,530
Decatur Sanitary District	22,384,900	76.44%	17,111,790
Decatur School District #61	83,850,000	95.13%	79,763,326
Argenta School District #1	8,553,000	35.82%	3,064,067
Macon County	4,484,415	53.76%	2,410,825
Maroa/Forsyth School District	30,646,171	12.47%	3,822,523
Meridian School District #15	9,780,000	16.86%	1,649,156
Mt. Zion School District #3	7,220,000	9.96%	719,206
Public Building Commission	1,892,425	60.60%	1,146,810
Richland Community College	22,430,000	53.89%	12,086,964
Sangamon Valley #9	-		-
Warrensburg School District #11	<u>11,630,000</u>	44.29%	<u>5,150,714</u>
TOTAL OVERLAPPING DEBT	<u>218,835,911</u>	65.07%	<u>142,391,910</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>300,082,792</u></u>	74.53%	<u><u>223,638,791</u></u>
Per Capita Direct and Overlapping Debt	\$ 3,942		

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

Demographic and Economic Information

These schedules present various demographic and economic indicators to assist reader understanding of the financial and economic environment within the City of Decatur as it relates to the financial activities of the City.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2013	76,122	22,756	1,732,232	39.2	17,240	10.3%

Sources: Population, Per Capita Personal Income and Median Age information obtained from U.S. Census Bureau/Capital ESRI 2013 Demographic and Income Profile Report. School Enrollment obtained from Macon-Piatt Regional Office of Education, Millikin University, and Richland Community College. Unemployment rate obtained from U.S. Bureau of Labor Statistics.

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

	2013			2004		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Employer						
Archer Daniels Midland Co.	4040	1	13.59%	3500	1	10.74%
Caterpillar Tractor Co.	3300	2	11.10%	2200	3	6.75%
Decatur Memorial Hospital	2374	3	7.98%	2266	2	6.95%
Decatur Public Schools	1500	4	5.04%	1500	4	4.60%
St. Mary's Hospital	1136	5	3.82%	1058	5	3.25%
Tate & Lyle fka AE Staley Mfg. Co.	634	6	2.13%	720	7	2.21%
Millikin University	627	7	2.11%	545	10	1.67%
Macon County	545	8	1.83%	**	**	**
Ameren aka Illinois Power Company	512	9	1.72%	901	6	2.76%
City of Decatur	506	10	1.70%	**	**	**
Norfolk Southern Railroad				600	8	1.84%
Mueller Co., Inc.				600	9	1.84%

Source: Economic Development Foundation and Illinois Department of Employment Security

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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public safety										
Police										
Calls for Service	66,648	68,834	66,571	66,732	65,439	63,776	58,443	59,766	58,800	60,729
Traffic Citations	14,078	11,031	12,201	6,804	14,188	15,689	16,650	13,072	10,530	11,591
Parking Tickets	2,720	2,357	2,083	1,688	1,225	1,153	1,124	1,015	1,504	1,866
Fire										
Call Outs	7,297	7,681	8,035	8,623	8,931	8,790	8,659	9,030	9,320	8,711
Inspections	347	335	487	616	834	1,658	206	1,450	265	789
Public works										
Street Surface Improv (LA MI)	22.3	31.6	18.6	20.5	22.5	15.4	37.4	4.6	5.2	16.7
Potholes Repaired	18,266	10,985	10,619	10,200	16,722	16,589	31,670	22,059	13,579	21,063
Pavement markings-paint (LF)	164,149	390,934	362,500	448,412	275,461	71,690	53,739	300	652,808	235,822
Culture and recreation										
Library Items Loaned	601,929	546,550	533,276	635,162	596,504	611,071	638,186	593,111	501,740	487,803
Extension (bookmobiles)	92,207	92,608	92,295	89,925	57,550	56,269	61,840	0	0	0
Water										
Water Consumption (CU FT)	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	835,989,759
Metered Services	31,488	31,462	31,555	31,489	31,557	31,489	31,466	31,459	31,433	31,410
Sediment Dredged (Dry TON) Note 1	0	57,182	162,388	201,227	180,435	302,145	154,713	104,224	412,170	0
Parking										
Tickets Issued Note 2	11,404	13,929	16,335	15,543	15,091	15,709	15,310	15,617	15,524	6,984
Parking Lot Maintenance (Hours)	1,618	1,477	1,466	1,498	1,582	1,538	1,120	1,703	1,210	940
Mass Transit (CALENDAR YEAR)										
Buses & Trolleys (Ridership)	<u>903,251</u>	<u>980,796</u>	<u>1,039,354</u>	<u>1,121,789</u>	<u>1,173,301</u>	<u>1,257,931</u>	<u>1,242,425</u>	<u>1,265,966</u>	<u>1,314,337</u>	<u>1,407,156</u>
Paratransit Vans/Taxis	53,253	49,289	39,113	34,872	34,050	34,068	34,142	32,270	27,496	27,432
Housing programs										
Amount of Loans	\$0	\$14,613	\$16,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Waste removal										
Recycling (Pounds)	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	7,296,000
Sewer										
Sanitary Sewer Televised (LF)	273,624	224,024	205,737	208,991	250,000	469,923	150,000	225,000	330,000	211,266

Note 1: Zero reported indicates year in which no dredging was performed.

Note 2: Parking meters were removed from the central parking zone in the Spring of 2012 reducing the number of parking meter related tickets issued in fiscal year 2013.

Source: City of Decatur Records

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police										
Patrol Units	54	40	39	32	38	37	41	54	45	53
Fire Stations	7	7	7	7	7	7	7	7	7	7
Public works										
Bridges	17	17	17	17	17	17	18	18	18	19
Sidewalks (ft)	506,088	519,088	528,150	536,944	536,944	536,944	536,944	536,944	536,944	544,144
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	1,496,995
Storm Sewers (ft)	277,684	282,431	284,038	284,203	284,203	288,204	288,204	288,204	288,204	288,204
Culture and recreation										
Library Bookmobiles	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	516	520	524	527	527	527	527	527	527	527
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36	36	36
Parking										
Garages	2	2	2	2	2	2	2	2	2	2
Lots	6	6	6	5	5	5	5	5	5	5
Mass Transit										
Buses	25	25	25	25	25	25	32	23	23	23
Trolleys	2	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	370,179

Source: City of Decatur Records

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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	80	78	82	80	86	85	75	73	76	73
Public safety										
Police										
Officers	169	172	167	165	160	175	165	163	170	169
Civilians	22	23	24	21	23	24	25	25	23	25
Fire										
Firefighters and officers	108	114	113	110	114	118	117	116	111	116
Civilians	2	2	2	2	2	2	2	2	2	2
Public works	79	81	79	77	78	79	72	70	73	71
Culture and recreation	0	0	0	0	0	0	0	0	0	0
Water	54	53	55	47	51	52	43	42	43	42
Parking	5	5	5	5	5	5	3	3	0	0
Mass Transit	1	1	1	1	1	1	1	1	1	1
Civil City full time head count	<u>520</u>	<u>529</u>	<u>528</u>	<u>508</u>	<u>520</u>	<u>541</u>	<u>503</u>	<u>495</u>	<u>499</u>	<u>499</u>
Additional Full Time Staff										
Culture and recreation (Library)	43	46	47	46	46	48	39	34	36	36
Full Time Equivalent of Temporary Staff										
General government		2	2	2	2	1	1			
Culture and recreation		15	15	15	14	14	13	13	13	14
Water		4	3	4	4	4	3	4	4	3
Total full time equivalent employees		<u>21</u>	<u>20</u>	<u>21</u>	<u>20</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total Full-time Equivalent	563	596	595	575	586	608	559	546	552	552

Source: City of Decatur Records.

Note: Part time employee data is unavailable prior to FY05 due to mid year accounting system conversion in FY04.

Full time equivalent for 2013 was 17 employees.

Corrections were made to full time counts. Previously the Library full time equivalent was not included.

City of Decatur, Illinois
Insurance Coverage

Coverage Type	Coverage Effective Date	Limit of Liability	Annual Premium	Self-Insured Retention
Commercial Package Liability and Property	10/1/2013	\$ 1,000,000	\$ 208,479	\$ 150,000
<u>Excess Liability</u>				
Police Professional	10/1/2013	\$ 9,000,000	\$ 107,554	
Premises Liability			Included	
Liquor Liability			Included	
Public Officials Liability			Included	
<u>Excess Property</u>				
Building and Contents	10/1/2013	\$ 161,494,999	\$ 65,402	
Business Income		\$ 4,600,000	Included	
Valuable Papers		\$ 1,208,900	Included	
Flood and Earthquake		\$ 10,000,000	Included	
Vehicles & Contractors Equipment		\$ 16,636,400	Included	
<u>CRIME</u>				
Public Employee Dishonesty	10/1/2013	\$ 500,000	\$ 3,308	\$ 5,000
<u>Machinery Breakdown</u>				
Boiler and Machinery	10/1/2013	\$ 100,000,000	\$ 6,179	\$ 5,000
<u>Other</u>				
Workers Compensation	10/1/2013	Statutory	\$ 620,291	\$ 500,000
Broker	10/1/2013		\$ 70,930	

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, 2013

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing And Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-17-0008	\$ 1,322,060	\$ 48,350
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14.239	M-12-MC-17-0203	<u>333,682</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>1,655,742</u>	<u>48,350</u>
U.S. Department of Justice				
Direct Programs:				
Project Safe Neighborhood	16.609	None	3,541	-
JAG Grant	16.738	2011-DJ-BX-2540	<u>67,170</u>	<u>-</u>
Total U.S. Department of Justice			<u>70,711</u>	<u>-</u>
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(48)	138,972	-
IL Highway Planning	20.205	SPR-PL-3000(47)	13,675	-
Decatur Corridor Monument Installation Project	20.205	702202	24,204	-
IL Transportation Enhancement Program	20.205	729012	<u>110,092</u>	<u>-</u>
Subtotal			<u>286,943</u>	<u>-</u>
Technical Studies Guide	20.505	IL-80-0009	<u>37,496</u>	<u>-</u>
Subtotal Highway Planning and Construction Cluster			<u>324,439</u>	<u>-</u>
Local Alcohol Program Grant	20.601	AL-13-241	14,228	-
Local Alcohol Program Grant	20.601	AL2-1410-134	<u>15,939</u>	<u>-</u>
Subtotal			<u>30,167</u>	<u>-</u>
STEP Grant	20.600	AL-13-240	3,484	-
STEP Grant	20.600	AL2-1410-112	<u>23,216</u>	<u>-</u>
Subtotal			<u>26,700</u>	<u>-</u>
Subtotal Highway Safety Cluster			<u>56,867</u>	<u>-</u>
Subtotal Passed-through Illinois Department of Transportation			<u>381,306</u>	<u>-</u>

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Direct Programs:				
Federal Transit Formula Grants	20.507	IL-90-4680-02	\$ 51,215	\$ -
Federal Transit Formula Grants	20.507	IL-90-4607-01	2,846	-
Federal Transit Formula Grants	20.507	IL-90-X700-00	192,499	-
Federal Transit Formula Grants	20.507	IL-90-X710-00	<u>1,012,500</u>	<u>-</u>
Subtotal Federal Transit Formula Grants			<u>1,259,060</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,640,366</u>	<u>-</u>
Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
Drinking Water State Revolving Funds	66.468	L17-2552	<u>15,967</u>	<u>-</u>
Direct Programs:				
Brownfield Grant	66.818	BF-00E00879	<u>50,421</u>	<u>-</u>
Total Environmental Protection Agency			<u>66,388</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
Emergency Fire Grant	97.044	EMW-2010-FP-00281	6,572	-
Emergency Fire Grant	97.044	EMW-2011-FO-07722	<u>34,544</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>41,116</u>	<u>-</u>
National Endowment for the Humanities				
PNG	45.310	30221	<u>27,591</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,501,914</u>	<u>\$ 48,350</u>

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

CITY OF DECATUR, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
April 30, 2013

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, 2013.

NOTE 3 - LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards under CFDA #66.468 resulted in additional loan balances of \$15,967 as of April 30, 2013.

INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Decatur, Illinois' basic financial statements, and have issued our report thereon dated October 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Decatur, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 City of Decatur, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Findings 2013-001 and 2013-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Decatur, Illinois' financial statements are free from 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*.

City of Decatur Illinois' Responses to Findings

The City of Decatur, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Decatur, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Danville, Illinois
October 30, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Mayor and City Council
City of Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Decatur, Illinois' compliance 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 the City of Decatur Illinois' major federal programs for the year ended April 30, 2013. The City of Decatur, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Decatur, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Decatur Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Decatur Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Decatur, Illinois complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of the City of Decatur, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Decatur, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Danville, Illinois
October 30, 2013

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor’s report issued on compliance for major programs: unmodified opinion

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants Cluster
20.507	Federal Transit Formula Grants

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

Auditee qualified as low-risk auditee? Yes No

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2013**

Section II – Financial Statement Findings

FINDING NO. 2013-001 - FINANCIAL STATEMENT PREPARATION AND ADJUSTMENTS

Criteria or Specific Requirement: Proper internal control systems include adjustments to modified accrual and accrual basis and financial statement preparation and review.

Condition: The City engages CliftonLarsonAllen LLP to assist in preparing the necessary adjustments to modified accrual and accrual basis and its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP 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 capacity and financial statement reporting and accounting knowledge to perform a review of the City's financial statements and related disclosures including the necessary adjustments to modified accrual and accrual basis, 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 LLP within the context of the audit of the financial statements for the year ended April 30, 2013. In this discussion, City financial management has expressed the intent to work with CliftonLarsonAllen LLP 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 LLP will define the remedial actions necessary and the City will implement such solution prior to the next audit of the financial statements.

City Official Responsible: City Treasurer and Director of Finance
Expected Completion: December 31, 2013

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2013**

Section II – Financial Statement Findings

FINDING NO. 2013-002 - FAREBOX REVENUE

Criteria or Specific Requirement: Proper internal controls over cash include analytical reviews over expected cash deposits and revenues and safeguarding of assets in fareboxes.

Condition: During analytical analysis of the Transit Fund's farebox revenues, it was noted that revenues recorded were less than estimated revenue based on ridership information obtained from Transit employees. The variance between what was recorded as revenue and what was expected revenue could not be readily determined by Transit staff. Upon further investigation by Transit employees and City personnel, it was determined that funds were being stolen by a Transit employee.

Context: The variance between the anticipated and actual revenue for fiscal year 2013 was approximately \$90,000.

Effect: Inadequate controls over the handling of cash collections and cash deposits can lead to loss of assets, and errors and irregularities going undetected on a timely basis.

Cause: An employee with access to the premises entered the premises at unauthorized times and stole farebox cash prior to it being removed from the busses for counting and deposit.

Recommendation: We recommend that the City review their current control procedures over farebox revenue in the Transit Fund and evaluate this process to determine where the lapse in the preventative and detective controls lie. Weekly cash reports should be prepared by Transit management and compared to expectations based on ridership and history. These reports should be reviewed by the City Finance Department on a weekly basis. In addition, access to the vault should be reviewed to ensure it is appropriately limited.

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 matter with CliftonLarsonAllen, LLP within the context of the audit of the financial statements for the year ended April 30, 2013. From this discussion, the City commenced an inquiry and investigation that has lead to the apprehension of the perpetrator by law enforcement authorities while in the act of criminal activity. It is therefore believed that the fraudulent activity has ended as a result of the apprehension of the perpetrator. However, this breach of internal controls must be addressed and remedied with improved security measures, as well as reporting and monitoring measures. The City has commenced actions to improve the security system and operation thereof at the transit site. In addition, the City will define and implement new reporting and monitoring measures that will include Transit and City Financial Management review of the farebox collections and resultant farebox counts on a weekly basis.

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2013**

Section II – Financial Statement Findings

FINDING NO. 2013-002 - FAREBOX REVENUE (CONTINUED)

The City has defined and implemented certain security measure changes at the transit site, that has already tightened the security system. The City will define and implement new farebox collection, counting, reporting and monitoring measures that will further improve the transparency to transit management and City Financial Management. The security improvement measures have already been completed. It is the expectation of City Financial Management that the City will define and implement the new farebox collection, counting, reporting and monitoring measures before the next audit of the financial statements.

City Official Responsible:	City Treasurer and Director of Finance
Expected Completion:	December 31, 2013

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2013**

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, 2013**

Finding No. 2012-01

FINANCIAL STATEMENT PREPARATION, INCLUDING CASH TO ACCRUAL BASIS ADJUSTMENTS

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

Condition has not been corrected. This finding is repeated as 2013-001.

Finding No. 2012-02

INADEQUATE ACCRUAL OF SICK AND EARNED TIME

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

Condition no longer exists as of April 30, 2013.



- *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 CC*
- *Anne Lloyd Gallery & Madden Arts Center*
- *Oglesby Mansion*
- *James Millikin Homestead*
- *Friends Creek Conservation District*
- *Decatur Parks System & Trails*



City of Decatur, Illinois

Contact Information:

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217-424-2801

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