

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF DECATUR

ADAMS COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
01/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Phyllis J. Whwright	01-01-12 to 12-31-15
Mayor	John L. Schultz	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	John L. Schultz	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Kenneth Lyle Meyer	01-01-12 to 12-31-15
Superintendent of Water Utility*	James E. Inskeep, Jr.	01-01-13 to 05-31-13
Operations Manager/Superintendent	Jeremy S. Gilbert	07-16-13 to 12-31-14
Superintendent of Wastewater Utility	Anne L. Butcher	01-01-13 to 12-31-14
Manager of Storm Water Utility	Nathaniel S. Rumschlag	01-01-13 to 12-31-14
Utilities Director	Daniel L. Rickord	01-01-13 to 12-31-14

*The Superintendent of Water Utility position was replaced by the Operations Manager/Superintendent.



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF DECATUR, ADAMS COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Decatur (City), for the year ended December 31, 2013. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 24, 2014

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF DECATUR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 1,890,624	\$ 3,613,777	\$ 3,177,895	\$ 2,326,506
Motor Vehicle Highway	487,259	971,298	1,056,833	401,724
Local Road and Street	90,305	35,047	27,668	97,684
Park Non-Reverting	-	2,794	1,968	826
LLECE	10,532	13,272	11,297	12,507
Deferral Program	2,936	232	232	2,936
Unsafe Building	12,313	-	-	12,313
Riverboat	243,178	55,714	-	298,892
Parks and Recreation	291,870	589,578	605,938	275,510
Rainy Day	153,957	34,637	38,300	150,294
K-9	3,201	336	3,383	154
CCD	775,123	475,093	608,367	641,849
Redevelopment Commission	1,607	-	500	1,107
CEDIT	677,800	326,248	247,156	756,892
CCI	140,569	25,248	2,489	163,328
Police Pension	302,437	302,772	466,344	138,865
Fire Pension	185,237	156,166	226,366	115,037
Fire Training Infrastructure Grant	117	-	-	117
Train Depot Project	1,000	-	-	1,000
SAAC Grant	-	3,400	3,400	-
Payroll-Child Support	-	9,668	9,668	-
IMPACT Grant	-	10,000	-	10,000
Fire Non-Reverting Vehicle	-	39,056	-	39,056
IHCDA SHARP Grant	-	4,650	4,650	-
Fire Assistance Grant	3,780	7	-	3,787
HMGP Flood Grant #2	88,801	-	88,801	-
Fire Report	72	300	51	321
Operation Pullover	-	7,998	7,998	-
Trees-New Construction	8,662	2,000	3,750	6,912
Police Non-Reverting	284	671	600	355
Boy Scout Cabin Project	1,447	-	-	1,447
Police DARE	35	-	-	35
Fire Non-Reverting Donations	13,944	2,135	9,128	6,951
Park Donation	4,035	3,700	3,974	3,761
Net Pays	-	2,727,799	2,727,799	-
Payroll Withholding-Federal	-	402,620	402,620	-
Payroll Withholding-State	9,635	125,258	124,645	10,248
Payroll Withholding-County	2,710	35,091	34,939	2,862
Payroll-Health Insurance	5,841	930,516	927,085	9,272
Payroll-United Way	-	921	921	-
Payroll Withholding-Medicare	-	89,140	89,140	-
Payroll Withholding-FICA	-	253,530	253,530	-
Payroll Police and Fire PERF	3,916	289,178	289,178	3,916
Payroll-Life Insurance	-	3,881	3,881	-
Payroll-Deferred Comp	-	75,923	75,923	-
Payroll City PERF	-	253,894	253,894	-
Storm Water Utility-Operating	110,189	213,064	179,816	143,437
Sewage BAN Construction	-	544,692	142,044	402,648
Wastewater Utility-Operating	78,974	2,693,246	2,290,570	481,650
Wastewater Utility-Deprec/Improve	64,424	-	-	64,424
Wastewater Utility-BNY SRF Bond and Int	4,762	1,116,064	1,115,928	4,898
Wastewater Utility-BNY SRF DSR	1,058,058	66,258	136	1,124,180
Wastewater Utility-BNY SRF Construction	126,728	62	63,095	63,695
Wastewater Utility-PILOT	-	70,000	70,000	-
Water Utility-Operating	684,374	1,705,135	1,722,985	666,524
Water Utility-Sinking Bond and Int	3,802	148,260	148,260	3,802
Water Utility-PILOT	-	46,342	46,342	-
Water Utility-2007 Bond Reserve	148,263	-	-	148,263
Totals	\$ 7,692,801	\$ 18,476,671	\$ 17,569,487	\$ 8,599,985

The notes to the financial statement are an integral part of this statement.

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT
(Continued)

from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, accident report copies, gun permit applications, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

CITY OF DECATUR
NOTES TO FINANCIAL STATEMENT
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Subsequent Events

On April 1, 2014, Ordinance No. 2014-1 was approved. This ordinance authorized the issuance of \$2,490,000 general obligation bonds. The proceeds are to be used for the construction of a new city hall and police station. The bonds mature July 1, 2029, with a 2.91 percent interest rate.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road and Street	Park Non-Reverting	LLECE	Deferral Program	Unsafe Building
Cash and investments - beginning	\$ 1,890,624	\$ 487,259	\$ 90,305	\$ -	\$ 10,532	\$ 2,936	\$ 12,313
Receipts:							
Taxes	2,007,222	650,131	-	-	-	-	-
Licenses and permits	39,598	-	-	-	6,490	-	-
Intergovernmental	970,829	313,653	35,047	-	-	-	-
Charges for services	526,064	-	-	2,794	2,920	-	-
Fines and forfeits	7,908	-	-	-	-	232	-
Utility fees	-	-	-	-	-	-	-
Other receipts	62,156	7,514	-	-	3,862	-	-
Total receipts	<u>3,613,777</u>	<u>971,298</u>	<u>35,047</u>	<u>2,794</u>	<u>13,272</u>	<u>232</u>	<u>-</u>
Disbursements:							
Personal services	2,442,615	490,900	-	-	-	-	-
Supplies	156,799	92,666	-	-	-	-	-
Other services and charges	495,473	395,272	27,668	1,968	11,297	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	83,008	77,995	-	-	-	232	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3,177,895</u>	<u>1,056,833</u>	<u>27,668</u>	<u>1,968</u>	<u>11,297</u>	<u>232</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>435,882</u>	<u>(85,535)</u>	<u>7,379</u>	<u>826</u>	<u>1,975</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,326,506</u>	<u>\$ 401,724</u>	<u>\$ 97,684</u>	<u>\$ 826</u>	<u>\$ 12,507</u>	<u>\$ 2,936</u>	<u>\$ 12,313</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Riverboat	Parks and Recreation	Rainy Day	K-9	CCD	Redevelopment Commission	CEDIT
Cash and investments - beginning	\$ 243,178	\$ 291,870	\$ 153,957	\$ 3,201	\$ 775,123	\$ 1,607	\$ 677,800
Receipts:							
Taxes	-	476,602	-	-	145,331	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	55,714	33,560	-	-	329,762	-	261,286
Charges for services	-	74,019	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	5,397	34,637	336	-	-	64,962
Total receipts	<u>55,714</u>	<u>589,578</u>	<u>34,637</u>	<u>336</u>	<u>475,093</u>	<u>-</u>	<u>326,248</u>
Disbursements:							
Personal services	-	463,652	-	-	-	-	-
Supplies	-	46,698	-	3,383	-	-	-
Other services and charges	-	70,995	38,300	-	4,170	500	247,156
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	24,593	-	-	604,197	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>605,938</u>	<u>38,300</u>	<u>3,383</u>	<u>608,367</u>	<u>500</u>	<u>247,156</u>
Excess (deficiency) of receipts over disbursements	<u>55,714</u>	<u>(16,360)</u>	<u>(3,663)</u>	<u>(3,047)</u>	<u>(133,274)</u>	<u>(500)</u>	<u>79,092</u>
Cash and investments - ending	<u>\$ 298,892</u>	<u>\$ 275,510</u>	<u>\$ 150,294</u>	<u>\$ 154</u>	<u>\$ 641,849</u>	<u>\$ 1,107</u>	<u>\$ 756,892</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CCI	Police Pension	Fire Pension	Fire Training Infrastructure Grant	Train Depot Project	SAAC Grant	Payroll-Child Support
Cash and investments - beginning	\$ 140,569	\$ 302,437	\$ 185,237	\$ 117	\$ 1,000	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	25,248	302,434	156,166	-	-	3,400	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	338	-	-	-	-	9,668
Total receipts	<u>25,248</u>	<u>302,772</u>	<u>156,166</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>9,668</u>
Disbursements:							
Personal services	-	466,244	226,266	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	2,489	100	100	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,400	-
Other disbursements	-	-	-	-	-	-	9,668
Total disbursements	<u>2,489</u>	<u>466,344</u>	<u>226,366</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>9,668</u>
Excess (deficiency) of receipts over disbursements	<u>22,759</u>	<u>(163,572)</u>	<u>(70,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 163,328</u>	<u>\$ 138,865</u>	<u>\$ 115,037</u>	<u>\$ 117</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	IMPACT Grant	Fire Non-Reverting Vehicle	IHCDA SHARP Grant	Fire Assistance Grant	HMGP Flood Grant #2	Fire Report	Operation Pullover
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,780	\$ 88,801	\$ 72	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	4,650	7	-	-	7,998
Charges for services	-	39,056	-	-	-	300	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	10,000	-	-	-	-	-	-
Total receipts	<u>10,000</u>	<u>39,056</u>	<u>4,650</u>	<u>7</u>	<u>-</u>	<u>300</u>	<u>7,998</u>
Disbursements:							
Personal services	-	-	-	-	-	-	7,998
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	4,650	-	-	51	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	88,801	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>4,650</u>	<u>-</u>	<u>88,801</u>	<u>51</u>	<u>7,998</u>
Excess (deficiency) of receipts over disbursements	<u>10,000</u>	<u>39,056</u>	<u>-</u>	<u>7</u>	<u>(88,801)</u>	<u>249</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 39,056</u>	<u>\$ -</u>	<u>\$ 3,787</u>	<u>\$ -</u>	<u>\$ 321</u>	<u>\$ -</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Trees-New Construction	Police Non-Reverting	Boy Scout Cabin Project	Police DARE	Fire Non-Reverting Donations	Park Donation	Net Pays
Cash and investments - beginning	\$ 8,662	\$ 284	\$ 1,447	\$ 35	\$ 13,944	\$ 4,035	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,000	-	-	-	-	-	-
Fines and forfeits	-	671	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	2,135	3,700	2,727,799
Total receipts	<u>2,000</u>	<u>671</u>	<u>-</u>	<u>-</u>	<u>2,135</u>	<u>3,700</u>	<u>2,727,799</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	5,776	-	-
Other services and charges	-	600	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,750	-	-	-	3,352	3,974	-
Other disbursements	-	-	-	-	-	-	2,727,799
Total disbursements	<u>3,750</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>9,128</u>	<u>3,974</u>	<u>2,727,799</u>
Excess (deficiency) of receipts over disbursements	<u>(1,750)</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>(6,993)</u>	<u>(274)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,912</u>	<u>\$ 355</u>	<u>\$ 1,447</u>	<u>\$ 35</u>	<u>\$ 6,951</u>	<u>\$ 3,761</u>	<u>\$ -</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Payroll Withholding- Federal	Payroll Withholding- State	Payroll Withholding- County	Payroll-Health Insurance	Payroll-United Way	Payroll Withholding- Medicare
Cash and investments - beginning	\$ -	\$ 9,635	\$ 2,710	\$ 5,841	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>402,620</u>	<u>125,258</u>	<u>35,091</u>	<u>930,516</u>	<u>921</u>	<u>89,140</u>
Total receipts	<u>402,620</u>	<u>125,258</u>	<u>35,091</u>	<u>930,516</u>	<u>921</u>	<u>89,140</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>402,620</u>	<u>124,645</u>	<u>34,939</u>	<u>927,085</u>	<u>921</u>	<u>89,140</u>
Total disbursements	<u>402,620</u>	<u>124,645</u>	<u>34,939</u>	<u>927,085</u>	<u>921</u>	<u>89,140</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>613</u>	<u>152</u>	<u>3,431</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10,248</u>	<u>\$ 2,862</u>	<u>\$ 9,272</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Payroll Withholding- FICA	Payroll Police and Fire PERF	Payroll-Life Insurance	Payroll-Deferred Comp	Payroll City PERF	Storm Water Utility- Operating
Cash and investments - beginning	\$ -	\$ 3,916	\$ -	\$ -	\$ -	\$ 110,189
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	211,997
Other receipts	253,530	289,178	3,881	75,923	253,894	1,067
Total receipts	<u>253,530</u>	<u>289,178</u>	<u>3,881</u>	<u>75,923</u>	<u>253,894</u>	<u>213,064</u>
Disbursements:						
Personal services	-	-	-	-	-	99,531
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	253,530	289,178	3,881	75,923	253,894	80,285
Total disbursements	<u>253,530</u>	<u>289,178</u>	<u>3,881</u>	<u>75,923</u>	<u>253,894</u>	<u>179,816</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	33,248
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,437</u>

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sewage BAN Construction	Wastewater Utility- Operating	Wastewater Utility- Deprec/Improve	Wastewater Utility-BNY SRF Bond and Int	Wastewater Utility-BNY SRF DSR	Wastewater Utility-BNY SRF Construction
Cash and investments - beginning	\$ -	\$ 78,974	\$ 64,424	\$ 4,762	\$ 1,058,058	\$ 126,728
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	2,674,663	-	-	-	-
Other receipts	544,692	18,583	-	1,116,064	66,258	62
Total receipts	544,692	2,693,246	-	1,116,064	66,258	62
Disbursements:						
Personal services	-	487,835	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	1,115,928	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	142,044	1,802,735	-	-	136	63,095
Total disbursements	142,044	2,290,570	-	1,115,928	136	63,095
Excess (deficiency) of receipts over disbursements	402,648	402,676	-	136	66,122	(63,033)
Cash and investments - ending	\$ 402,648	\$ 481,650	\$ 64,424	\$ 4,898	\$ 1,124,180	\$ 63,695

CITY OF DECATUR
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Wastewater Utility-PILOT	Water Utility-Operating	Water Utility-Sinking Bond and Int	Water Utility-PILOT	Water Utility-2007 Bond Reserve	Totals
Cash and investments - beginning	\$ -	\$ 684,374	\$ 3,802	\$ -	\$ 148,263	\$ 7,692,801
Receipts:						
Taxes	-	-	-	-	-	3,279,286
Licenses and permits	-	-	-	-	-	46,088
Intergovernmental	-	-	-	-	-	2,499,754
Charges for services	-	-	-	-	-	647,153
Fines and forfeits	-	-	-	-	-	8,811
Utility fees	-	1,693,675	-	-	-	4,580,335
Other receipts	70,000	11,460	148,260	46,342	-	7,415,244
Total receipts	<u>70,000</u>	<u>1,705,135</u>	<u>148,260</u>	<u>46,342</u>	<u>-</u>	<u>18,476,671</u>
Disbursements:						
Personal services	-	509,091	-	-	-	5,194,132
Supplies	-	-	-	-	-	305,322
Other services and charges	-	-	-	-	-	1,300,789
Debt service - principal and interest	-	-	148,260	-	-	1,264,188
Capital outlay	-	-	-	-	-	804,501
Other disbursements	70,000	1,213,894	-	46,342	-	8,700,555
Total disbursements	<u>70,000</u>	<u>1,722,985</u>	<u>148,260</u>	<u>46,342</u>	<u>-</u>	<u>17,569,487</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(17,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,184</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 666,524</u>	<u>\$ 3,802</u>	<u>\$ -</u>	<u>\$ 148,263</u>	<u>\$ 8,599,985</u>

CITY OF DECATUR
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 2,632	\$ 18,189
Wastewater	26,804	240,457
Water	33,092	135,098
Governmental activities	<u>200,341</u>	<u>54,270</u>
Totals	<u>\$ 262,869</u>	<u>\$ 448,014</u>

CITY OF DECATUR
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Water:				
Daniel S & Luanne S Buchan	Real Estate- (5) water wells & pumps	\$ 4,200	01-01-08	12-31-32
Orlyn K Lehman	Real Estate- (2) water wells & pumps	<u>1,575</u>	12-01-06	11-30-56
Total Water		<u>5,775</u>		
Total of annual lease payments		<u>\$ 5,775</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	Sewer Separation Phase I	\$ 3,734,000	\$ 223,839
Revenue bonds	Sewer Separation Phase II	7,653,000	334,208
Notes and loans payable	Sewage BAN	<u>550,000</u>	<u>561,000</u>
Total Wastewater		<u>11,937,000</u>	<u>1,119,047</u>
Water:			
Revenue bonds	Water Towers	<u>1,505,000</u>	<u>72,856</u>
Totals		<u>\$ 13,442,000</u>	<u>\$ 1,191,903</u>

CITY OF DECATUR
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 4,507,870
Infrastructure	4,699,735
Buildings	1,692,472
Improvements other than buildings	686,623
Machinery, equipment, and vehicles	5,663,081
Total governmental activities	17,249,781
Storm Water:	
Infrastructure	318,875
Machinery, equipment, and vehicles	143,973
Total Storm Water	462,848
Wastewater:	
Land	15,800
Infrastructure	15,419,758
Buildings	10,759,073
Machinery, equipment, and vehicles	8,018,586
Total Wastewater	34,213,217
Water:	
Land	179,724
Infrastructure	5,975,349
Buildings	425,587
Machinery, equipment, and vehicles	1,688,613
Total Water	8,269,273
Total capital assets	\$ 60,195,119

CITY OF DECATUR
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented by the Utility Department for the full accrual examination were incomplete and not reflective of the activity of the Water, Wastewater, and Storm Water Utilities. The records presented disclosed that numerous accounts were not analyzed and, therefore, did not reflect accurate amounts. As a result, the accuracy or correctness of the transactions could not reasonably be determined. Therefore, no other official reports were prepared for the City of Decatur Municipal Utilities for 2013.

Some of the deficiencies include:

1. The prior examination adjustments from 2011 were never posted.
2. The 2013 financial statements and trial balances were incomplete as of October 2014.
3. Numerous accounts were not analyzed by the utility accounting personnel and, therefore, did not reflect accurate amounts.
4. No year-end inventory was performed or prepared; therefore, there was no amount to compare with the ledger amount.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

As noted in the three prior examination reports, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

CITY OF DECATUR
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
 - (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .
- (e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

LOST WATER

During 2013, the Water Utility reported a total of 608,845,990 gallons of water pumped from the wells to the water treatment plants. Of this amount, 264,884,148 gallons, representing 44 percent of the total gallons pumped, were either being used at the plants or were unaccounted for (not billed to users). This unaccounted for water results in a loss of revenue to the Utility and should be investigated to determine if there are any leaks, faulty meters, or unauthorized use of water.

A similar comment appeared in the three prior examination reports.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF DECATUR
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2014, with Phyllis J. Whitright, Clerk-Treasurer; John L. Schultz, Mayor; and Daniel L. Rickord, Utilities Director.