

City of Decatur, IL



Comprehensive Annual Financial Report

Fiscal Year January 1 to December 31, 2015

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.



Downtown Decatur



Scovill Golf Course



Millikin University

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



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Cover Photo: A view of Lake Decatur, a 2,850 acre reservoir. The City of Decatur and the lake both share the name of U.S. Navy Commodore Stephen Decatur. The lake is 614.5 feet above sea level with a watershed of 925 square miles spanning 7 counties. The largest lake on the Sangamon River, it was created in 1920-1922 as a source of water for Decatur, and especially for the local corn refining industry. Corn refiner A.E. Staley led the campaign to persuade Decatur to borrow the \$2.0 million necessary for the project. Staley was not being altruistic; corn wet-milling, which Staley's successor firm Tate & Lyle, and its local competitor Archer Daniels Midland, carry on to this day, is a water-intensive industrial process. Today about 80% percent of the water withdrawn from Lake Decatur is used for commercial and industrial purposes, including the process of refining corn into ethanol.

Inside Back Page Photo(s):

Upper left – Historic Transfer House and Fountain in Central Park. The Transfer House was built in 1895 on Lincoln Square with prominent location in the center of the original town.

Lower left – Children's Museum of Illinois, adjacent to Scovill Zoo and playground, is a hands-on, interactive museum for children ages 3 to 12, offering exhibits and activities enhancing children's educational opportunities, particularly in the arts and sciences.

Middle right – Decatur Area Arts Council located in downtown Decatur. DAAC introduces and promotes the arts and enhances arts educational opportunities.

All photographs contained herein are courtesy of the City of Decatur archives and the Decatur Area Convention & Visitors Bureau.

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I Introductory Section



City of Decatur City Officials

Office	Official	Term of Office	
Mayor	Michael T. McElroy	05-01-2015 to 07-17-2015	elected
	Julie Moore Wolfe	07-18-2015 to 08-16-2015	pro-tempore
	Julie Moore Wolfe	08-17-2015 to 04-30-2017	acting mayor
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	Julie Moore-Wolfe	05-01-2013 to 08-16-2015	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	Christopher Funk	09-21-2015 to 04-30-2017	appointed
at large	Dr. Dana Ray	05-01-2015 to 04-30-2019	elected
at large	Lisa Gregory	05-01-2015 to 04-30-2019	elected
at large	Bill Faber	05-01-2015 to 04-30-2019	elected
City Manager	Tim Gleason	03-23-2015 per contract	contractual
Interim City Manager	Gregg D. Zientara	12-28-2014 to 03-22-2015	contractual
City Treasurer	Gregg D. Zientara	03-23-2015 to 04-30-2019	appointed
Interim City Treasurer	Melinda Hawbaker	12-28-2014 to 03-22-2015	appointed
City Clerk	Linda Swartz	05-07-2012 to 04-30-2015	appointed
City Clerk	Debra Bright	05-01-2015 to 04-30-2019	appointed

Note: Mayor Michael McElroy served as Mayor of the City of Decatur from May 1, 2011 until his passing on July 17, 2015. McElroy was elected to a 2nd term in office effective May 1, 2015. Council member Julie Moore Wolfe served in the capacity as Mayor Pro-Tempore following the passing of Mayor McElroy until her election by the Council to serve as Acting Mayor until the next scheduled municipal election in April 2017. Mayor Julie Moore Wolfe's vacant council seat was filled by Christopher Funk effective September 21, 2017.

Tim Gleason became City Manager effective March 23, 2015, replacing Ryan McCrady who resigned the position of City Manager on December 27, 2014. City Treasurer Gregg Zientara served as Interim City Manager during the period from the McCrady resignation until the appointment of Gleason. Melinda Hawbaker, City Comptroller served as Interim City Treasurer during the transitional period.



CITY OF DECATUR ILLINOIS

1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

July 21, 2016

Honorable Mayor Julie Moore Wolfe,
Members of the City of Decatur City Council,
Residents of the City of Decatur,
Stakeholders of the City of Decatur, and
Interested Parties:

This Comprehensive Annual Financial Report (“CAFR”), for the City of Decatur, Illinois (“City”) for the Twelve (12) month fiscal period ended December 31, 2015 is hereby submitted.

By Ordinance 2013-26 of the City Council, presented and adopted on April 15, 2013, the City elected to change the fiscal year end from April 30 to December 31 to coincide with a calendar year basis, effective January 1, 2014, whereby the fiscal year of the City shall be January 1 to December 31. This CAFR presents the financial position of the City for the twelve (12) month fiscal period commencing January 1, 2015 and ending December 31, 2015, and is hereby referenced in this report as the “twelve (12) month fiscal period ending December 31 2015”, with comparative financial data for the twelve (12) month fiscal period ending December 31, 2014, whereby this CAFR financial report restores comparative data between fiscal periods to be on the same twelve (12) month measurement.

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

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

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

This letter of transmittal is intended to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found in Section II of this CAFR, immediately following the independent auditors’ report, as performed by CliftonLarsonAllen, LLP, which renders opinion on the financial statements 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, and Uniform Grant Guidance.

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 report on 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, sewer, and storm water utility services to commercial, industrial and residential properties within the city,
- public 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

The Decatur City Council, legislative body of the municipal city government, includes seven (7) voting members, including the Mayor as 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.

The City of Decatur fiscal year, as defined by Council Ordinance, commences on January 1 of each year and ends on December 31.

All elected officials serve four (4) year terms. The Mayor and three (3) Council seats are elected every four (4) years, with the remaining three (3) Council seats elected two (2) years hence. Mayoral 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, in accordance with State of Illinois statutes governing municipal elections.

The City operates with a number of Boards and Commissions, serving as community oversight to 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 presented to the City Council by the City Manager. The City Council maintains legislative oversight authority over the various Boards and Commissions.

During the April, 2015 municipal elections, the incumbent Mayor Michael T. McElroy was elected to serve a second four (4) year term as Mayor of the City of Decatur. The Council election resulted in the reelection of Dr. Dana Ray to serve a second four (4) term as a Council member, and the election of William Faber and Lisa Gregory, elected for the first time as members of the Decatur City Council, replacing Larry Foster and Patrick Laegeler, who elected to not seek reelection after several years of distinguished Council service. The Mayor and the three (3) elected Council Members terms in office expire April 30, 2019. Three (3) Council members term in office expire April 30, 2017; Jerry Dawson, Patrick McDaniel and Julie Moore Wolfe. The City Treasurer and City Clerk terms in office expire April 30, 2019.

Mayor Michael T. McElroy passed away on July 17, 2015.

Mayor McElroy served on the council since 2003 and as mayor since 2009, when he was elected to fill the vacancy created by the resignation of the incumbent mayor at that time. In 2011, he was elected to a four year term as mayor and was reelected to another four year term in the April 2015 municipal elections. Mayor McElroy was known for his outgoing approach to citizens, his friendliness to citizens and city stakeholders alike, and his vision about the future of Decatur.

Illinois Governor Bruce Rauner described McElroy as a champion for the city, as well as a friend to the Governor and his wife. "Tuna" was a strong advocate for Decatur who was always excited and honored to show off his wonderful community to anyone who would visited", Rauner said in a written. "His passion for the community was infectious – he loved working for the people of Decatur."

Council member Julie Moore Wolfe served in the capacity as Mayor Pro-Tempore following the passing of Mayor McElroy until her election by the Council to serve as Acting Mayor until the next scheduled municipal election in April 2017. Mayor Julie Moore Wolfe's vacant council seat was filled by Christopher Funk effective September 21, 2017.

The City Manager is appointed by the Mayor and City Council for a contractual period of time and is responsible for the administration and operation of city government. Tim Gleason was appointed City Manager effective March 23, 2015, replacing Ryan McCrady, who resigned the position of City Manager on December 27, 2014. City Treasurer Gregg Zientara served as Interim City Manager during the period from the McCrady resignation until the appointment of Mr. Gleason, who previously served as City Administrator for the City of Washington, Illinois.

The City Manager's duties include the enforcement of laws and ordinances as enacted by the City Council, directing the operation and delivery of City provided services to taxpayers and stakeholders, hiring authority for all employees of the City, reporting to the Mayor and City Council on all matters concerning the operation and delivery of services, and making operational and legislative recommendations to the City Council.

City fiscal affairs are the responsibility of the City Treasurer and Director of Finance, reporting to and under the direction of the City Manager. The City Treasurer and Director of Finance is responsible for the annual independent audit, accounting and controlling of all financial activities, debt management, investment of funds management, risk management, procurement activities, licensing, and utility customer service including billing and collection. Mr. Zientara has served as City Treasurer and Director of Finance since May of 2012, having previously served as Controller and Chief Financial Officer for the City of South Bend, Indiana.

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 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 City of Decatur current population is reported at 74,111, according to Esri forecast estimation.

The population demographics of the City of Decatur 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%	49.3%
	Female	53.0%	50.9%	50.7%
Age	0 – 24 years of age	31.9%	33.0%	32.8%
	25 – 44	23.9%	26.8%	26.2%
	45 – 64	25.7%	26.1%	26.3%
	65 +	18.5%	14.1%	14.7%
	Median age (in years)	39.6	37.4	37.9
Race	White alone	69.5%	70.4%	70.9%
	Black alone	24.7%	14.3%	12.8%
	American Indian alone	0.2%	0.3%	1.0%
	Asian alone	1.1%	5.2%	5.2%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (multiracial)	4.5%	9.8%	9.9%
	Hispanic origin	2.5%	17.0%	17.6%
Marital status	Never married	34%	35%	33%
	Married	44%	49%	50%
	Widowed	7%	6%	6%
	Divorced	15%	10%	11%

Data source: Esri 2015 demographic and income profile market report

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

		City of Decatur	State	National
Households	Total number	31,776	4,896,983	120,746,349
Families	Total number	18,516	3,191,455	79,691,683
	Avg. household	2.84	3.20	3.14
Home ownership	Owner occupied	19,370	3,191,110	76,007,884
	Renter occupied	12,406	1,705,873	44,738,465

Data source: Esri 2015 demographic and income profile market 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 profile for population age 25 and older.

	City of Decatur	State	National
Less than Grade 9	3.8%	5.3%	5.6%
Grade 9 – 12, no diploma	8.9%	6.4%	7.5%
High school graduate	35.2%	27.1%	27.7%
Some college, no degree	24.3%	21.0%	21.0%
Associates degree	6.8%	7.6%	8.2%
Bachelors degree	13.4%	20.0%	18.6%
Graduate degree	7.6%	12.6%	11.4%

Data source: Esri 2015 demographic and income profile market 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.

Millikin University is a private American co-educational, comprehensive four-year university with traditional undergraduate programs in arts and sciences, business, fine arts, and professional studies, as well as non-traditional, adult degree-completion programs (PACE) and graduate programs in business administration and nursing, founded in 1901 with a student enrollment of approximately 2,400 students.

Richland Community College District No. 537 (“Richland Community College”) was founded in 1972 and offers course study in baccalaureate, occupational, development and public service programs to an enrollment of approximately 3,500 students.

Employment

The total resident labor force in the City of Decatur according to the Esri 2015 analysis was reported as 29,662 resident workers for employed population 16 years and older.

The employment profile for the City of Decatur is comprised of 56.9% service industries, 21.9% other industries and 21.2% manufacturing and construction industries. Service sector is the largest employment category with 13,452 workers or 46.1% of the workforce population. Other significant employment sectors include manufacturing with 4,902 workers or 16.8% of the workforce, followed by retail trade at 3,327 workers or 11.4%, transportation / utilities at 2,043 workers or 7.0%, finance / insurance / real estate at 1,342 or 4.6% and construction at 1,285 or 4.4%. The remaining categories employ 2,830 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	474	1.6%
Construction	1,424	4.8%
Manufacturing	5,043	17.0%
Wholesale trade	652	2.2%
Retail trade	3,500	11.8%
Transportation/utilities	2,017	6.8%
Information	564	1.9%
Finance/insurance/real estate	1,364	4.6%
Services	13,378	45.1%
Public administration	1,246	4.2%
Total	29,662	100.0%

Data source: Esri 2015 demographic and income profile market 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	15,840	53.4%
Services	6,348	21.4%
Blue Collar	7,474	25.2%
Total	29,662	100.0%

Data source: Esri 2015 demographic and income profile market report

The ten (10) largest employers in the City of Decatur are represented in the following chart. Five (5) of the top ten employers are classified in the manufacturing sector, three (3) are classified in the service sector, and two (2) are classified in the education sector. The top ten employers account for 13,871 workers representing approximately 47% of the labor workforce.

Employer	Employees
Archer Daniels Midland	4,159
Decatur Memorial Hospital	2,141
Caterpillar, Inc.	1,985
Decatur Public School Corporation	1,625
St. Mary's Hospital	1,025
Millikin University	615
Kelly Construction	600
Tate & Lyle (fka AE Staley Co.)	580
Akorn Pharmaceutical	580
Ameren (aka Illinois Power Company)	561
Total	13,871

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

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 is the North American Headquarters of Archer Daniels Midland Company (“ADM”), a leading multi-national agricultural product processor; the global manufacturing center for the mining heavy-equipment business unit of Caterpillar, Inc. (“CAT”), a world leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel electric locomotives; the headquarters of Tate & Lyle Ingredients Americas, Inc. (“Tate & Lyle”) a multi-national leader in the agricultural food additives industry; is a primary manufacturing center for Akorn Pharmaceuticals, a niche product multi-national pharmaceutical enterprise; and is home to the Mueller Company, the largest supplier of innovative potable water distribution products in North America.

Unemployment

Unemployment statistics as reported by the U.S. Bureau of Labor Statistics reflects an unemployment rate of 7.1% in the City of Decatur for the composite 2015 calendar year. The seasonally adjusted unemployment rate for the City of Decatur was reported as 7.9% as of March, 2016. The reported unemployment rate is above the State of Illinois and National levels.

The Decatur unemployment situation has improved substantially from 2013 to the present time.

Locale	Unemployment % 2013	Unemployment % 2014	Unemployment % 2015	Unemployment % March, 2016
City of Decatur	11.5%	8.7%	7.1%	7.9%
Bloomington / Normal	6.8%	5.6%	4.9%	6.0%
Champaign / Urbana	7.5%	6.0%	5.2%	5.8%
Peoria	9.1%	7.2%	6.5%	7.7%
Springfield	7.4%	6.0%	5.2%	6.0%
State of Illinois	9.1%	7.1%	5.9%	6.6%
National	7.4%	6.2%	5.3%	5.1%

Data source: United States Bureau of Labor Statistics annual average rate in percent

Unemployment levels have declined in 2015 in the City of Decatur as well as in comparable cities in Central Illinois, the State of Illinois and at the United States national level, thus, signaling improvement in the overall economy and in economic conditions specific to the City of Decatur.

Personal Income

The City of Decatur presently has an estimated 31,776 households with an average per capita personal income of \$23,058 according to the Esri 2015 analysis, which compares to the State of Illinois average per capita income of \$30,165 and the United States per capita income of \$28,597. Median household and average household income levels for the City of Decatur are below both the state and national levels.

\$ whole	Decatur	State	National
Per capita income	23,058	30,165	28,597
Median household income	37,478	56,107	53,217
Average household income	52,522	78,861	74,699

Data source: Esri 2015 demographic and income profile market report

Cost of Living

The City of Decatur maintains an affordable cost of living currently ranked 9% 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	91%
Bloomington / Normal, IL	96%
Champaign / Urbana, IL	97%
Danville, IL	91%
Peoria, IL	96%
Rockford, IL	92%
Springfield, IL	86%
Indianapolis, IN	87%
St. Louis, MO	90%
Chicago, IL	117%
New York, NY	217%

Data source: Infoplease cost of living report circa 2010

The housing costs in Decatur are below the state and national averages. Per a report compiled by Esri for median home values in year 2015, the median home value for a single family home in the City of Decatur statistical area was \$98,493 as compared to a median home value in the State of Illinois of \$199,064. The national median home value is \$200,006.

Economic Condition and Position

Located in the heart of Illinois, in the great Midwest, within 200 miles of the metropolitan areas of Chicago, Indianapolis and St. Louis, with more than 95 million population located within a 500-mile radius, Decatur is well positioned geographically as a manufacturing, distribution and logistics center.

The City has a robust infrastructure of roads, utility service structure, quick and easy access to Interstate highways (I-72, I-55, I-57, and I-74) and the convergence of three (3) Class I railroads (Norfolk Southern, Canadian Northern, CSX) directly connected by a privately owned intermodal ramp as a part of the Midwest Inland Port.

This unique, intermodal facility provides direct access to ports on both coasts, domestically and through Canada, as well as access to the Gulf of Mexico and Mexico. The Norfolk Southern Decatur rail yard is one of the nation's largest. The Decatur Airport, with runways of 8,500 feet in length and 150 feet wide is capable of handling large freight carrying aircraft.

The Midwest Inland Port is served by a Foreign Trade Zone and provides local Customs Clearing.

Together, this transportation infrastructure, consisting of highway, rail and air, and customs clearing, provides access to suppliers and customers, both domestically and worldwide.

The City of 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 short-term 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.

Financial Affairs

The City of Decatur financial structure contains fifty-one (51) funds including the General Fund, thirty-two (32) Special Revenue Funds, three (3) Debt Service and Capital Funds, seven (7) Enterprise Funds, five (5) Internal Service Funds, two (2) Trust and Agency Funds, and one (1) Blended Component Unit Fund.

The 2016 Budget approved by the City Council on December 7, 2015, and appropriated with Council Ordinance 2016-10 on March 7, 2016 provided budgetary approval in the amount of \$200.3 million for all operating funds of City operations.

Key elements of the 2016 budget include:

- A General Fund expenditure budget of \$65.5 million (cash basis budget) with surplus versus revenue of \$1.25 million
- Final spend down of the proceeds of the 2010 Construction Bond (\$0.4 million – Downtown streetscape)
- Spend down of the loan proceeds for the Automated Water Meter and Energy Savings project (\$1.2 million)
- Spend down of certain accumulated Motor Fuel Tax Revenues on certain IDOT approved projects
- Spend down of the 2015 bond proceeds financing phase 2 of the Lake Decatur dredging initiative

2016 Council Approved Budget	\$ (000)
General Fund	65,500
Special Revenue Funds	17,475
TIF Redevelopment Funds	1,885
Debt Service and Capital Project Funds	14,115
Enterprise Funds	69,794
Internal Service Funds	16,195
Trust and Agency Funds	15,345
Total Budget	200,309
Less: Interfund Transfers	(40,115)
Net City Budget	160,194

Data Source: 2016 Council approved cash basis budget amended with annual appropriation ordinance

The City of Decatur will continue its budgetary philosophy to “live within its means”.

Financial Affairs for the Fiscal Period Ending December 31, 2015

Commentary presented in this Letter of Transmittal will focus on the City General Fund. The financial affairs and condition of the City’s other funds is presented in the financial statements and MD&A, found elsewhere in the CAFR report.

General Fund financial results for the fiscal period ending December 31, 2015 are as follows:

\$ (whole)	Original Budget 12 Months Ending Dec 31, 2015	Final Budget 12 Months Ending Dec 31, 2015	Actual Budgetary Basis 12 Months Ending Dec 31, 2015	Variance Pos (Neg)
Revenue	63,200,000	63,460,000	62,051,771	(1,408,229)
Expenditures	64,750,000	65,010,000	63,256,522	(1,753,478)
Surplus (deficit)	(1,550,000)	(1,550,000)	(1,204,751)	

Source: City of Decatur cash basis accounting information for the General Fund

The City General Fund actual performance for the fiscal period ending December 31, 2015, resulted in a deficit spending position of \$1.2 million. The original cash basis budget contemplated a deficit position of \$1.55 million due solely to the occurrence of a 27th payroll which occurred on December 31. City payroll is affected on a bi-weekly cycle, with normal in year occurrence of 26 payrolls, however, under the bi-weekly cycle, a 27th payroll will occur, approximately every 10-11 years, considering leap years. The in year cash basis deficit achieved of \$1.2 million represented an improvement versus the original budgetary expectation.

The deficit improvement result was achieved through the control of expense levels designed to offset the reduced revenue stream attributed to lower revenue receipts of certain “economically sensitive” revenues.

General Fund Development

The City has exhibited sound fiscal control behavior in the recent periods evidenced in the following chart, which depicts the cash basis General Fund revenue and expense, and resultant surplus or deficit, during the fiscal periods presented.

Fiscal Year \$	Revenue	Expense	Surplus(Deficit)
2011	52,486,107	50,889,268	1,596,839
2012	54,003,247	53,364,592	638,655
2013	56,394,869	56,816,566	(421,697)
2013 Stub	40,613,257	41,966,807	(1,353,550)
2014	59,897,040	58,982,087	914,953
2015	62,051,771	63,256,522	(1,204,751)

Data source: City of Decatur cash basis accounting records. 2013 stub period is the fiscal transition period from the April 30 year end to a December 31 fiscal year end. 2014 and 2015 reflect calendar year fiscal periods.

The City remains committed to managing the financial affairs from a posture of fiscal conservatism, whereby the city lives within its means.

The City General Fund is funded primarily with tax revenue, driven primarily by economically sensitive revenue streams, including sales tax, income tax, food & beverage tax, and hotel use tax, with additional revenues streams supporting General Fund revenue.

The economically sensitive revenue streams described above comprise the primary revenue streams funding General Fund operations, as evidenced in the following chart. These revenue streams have come under significant pressure in recent years placing challenges on the overall revenue stream.

Fiscal Year \$	Total General Fund Revenue	Econ Sensitive Revenue	% Share of Total
2011	52,486,107	31,762,103	61%
2012	54,003,247	31,543,928	58%
2013	56,394,869	34,748,148	62%
2013 Stub	40,613,257	22,103,892	54%
2014	59,897,040	34,093,583	57%
2015	62,051,771	33,514,020	54%

Data source: City of Decatur cash basis accounting records.

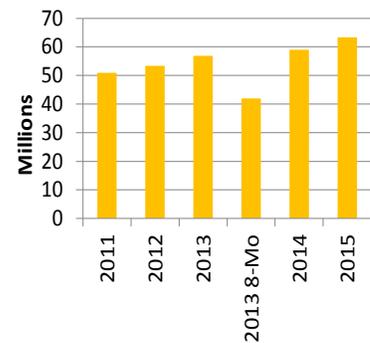
General Fund Expense

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

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

The following chart identifies the expense control exhibited by City Administration in management of General Fund expenditures over the five (5) year period from fiscal 2011 to fiscal 2015 and includes the eight (8) month transition fiscal period of May 1, 2013 to December 31, 2013.

Year \$	General Fund Expenditure	Change from Prior Year	% Change
2011 fiscal year actual	50,889,268	(459,682)	(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 8-month actual	41,966,807		
2014 fiscal year actual	58,982,087		
2015 fiscal year actual	63,256,522	4,274,435	7.2%
2015 vs. 2011	12,367,254		24.3%



Data source: City of Decatur cash basis accounting records. Fiscal years 2011 to 2013 reflect the old fiscal year of May 1 to April 30. 2013 8-month transition period bridging fiscal year change. 2014 is the first fiscal year on a calendar year basis – January 1 to December 31

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 services; community development activities of the planning and neighborhood development operations; and general government operations including, legislative, city management, legal, finance and administration, city information technology, and certain other general service functions of City operations.

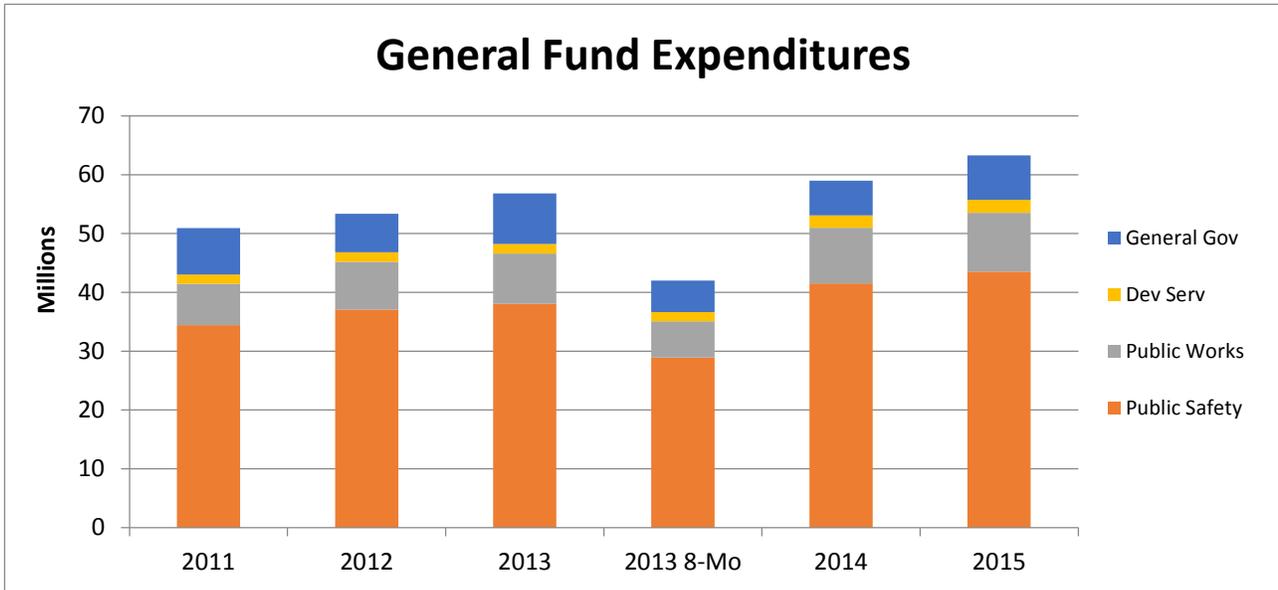
The following chart presents General Fund expense by organizational category over the period from 2011 to the present.

Fiscal Year \$	Public Safety	Public Works	Development Services	General Government	Total Expense
2011 actual	34,422,066	7,044,028	1,573,282	7,849,892	50,889,268
% of total 2011 actual	66%	17%	4%	13%	100%
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 actual 8-month transition	28,915,170	6,189,016	1,563,424	5,299,197	41,966,807
2014 actual	41,509,705	9,432,470	2,150,193	5,889,719	58,982,087
2015 actual	43,490,044	10,029,495	2,195,024	7,541,959	63,256,522
2015 vs. 2011	9,067,978	2,985,467	621,742	(307,933)	12,367,254
% change 2015 vs. 2011	26.3%	42.4%	39.5%	(3.9)%	24.3%
% of total 2015 actual	69%	16%	3%	12%	100.0%

Data source: City of Decatur cash basis accounting records. Fiscal years 2009 to 2013 reflect the old fiscal year of May 1 to April 30. 2013 8-month transition period bridging fiscal year change. 2014 is the first fiscal year on a calendar year basis – January 1 to December 31

The City consolidated the Information Technology operating expenses into the General Fund in fiscal 2015, adding an expense base of \$1.4 million to the General Fund, formally included in Internal Service Funds of the City.

Public Safety expense continues to grow as a percentage of overall General Fund expense, due primarily to the continued increase in pension obligations for public safety employees. The public safety pension contribution has increased from \$6.3 million in fiscal year 2011 to \$8.5 million in fiscal 2015. Public safety pension contribution as a percentage of total public safety expense has increased from 18% in 2011 to 20% in 2015.



Public Safety continues as the principal component of the General Fund expense with 69% of total spending, followed by Public Works 16%, General Government 12% and Development Services 3%, as reported in the fiscal period ending December 31, 2015.

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.

The City continues to demonstrate the ability to manage staffing levels and expenses within the constraints of available financial resources.

Staffing Levels

The following chart presents the fiscal year end staffing levels for the City over the period from fiscal year 2011 to the present, as of December 31, 2015.

	FY 2011	FY 2012	FY 2013	2013 8-month Transition	FY 2014	FY 2015
General Government	44	46	48	46	45	46
Public Safety	303	305	313	297	287	303
Public Works	53	56	54	51	48	48
Development Service	28	29	24	21	19	20
General Fund Staffing	428	436	439	415	399	417
Internal Service	19	19	19	19	19	19
Water Management	47	43	42	38	43	45
Total Staffing	494	498	500	472	461	481

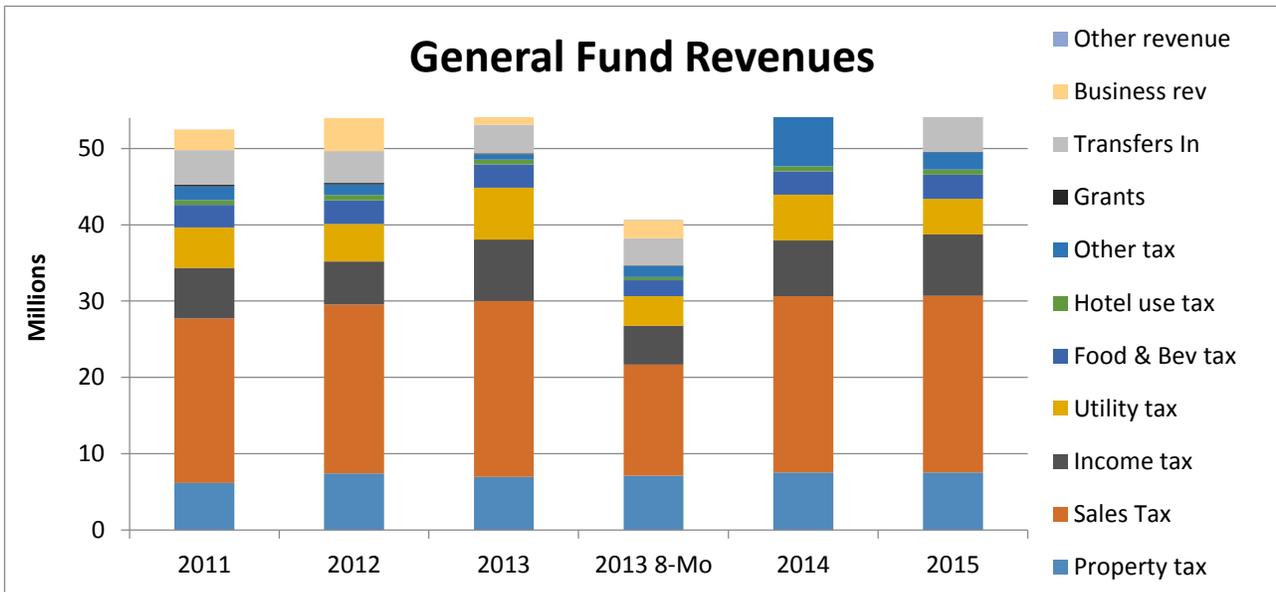
Source: City actual staffing headcount as of the end of the relevant fiscal period

General Fund Revenue

The following chart identifies the revenue sources funding the City General Fund over the six (6) year period from fiscal 2009 to fiscal 2014 and includes the eight (8) month transition fiscal period of May 1, 2013 to December 31, 2013.

Fiscal Period \$	2015 Fiscal Year	2014 Fiscal Year	2013 Transition	2013 Fiscal Year	2012 Fiscal Year	2011 Fiscal Year
Property tax	7,556,780	7,543,025	7,149,597	6,973,393	7,432,691	6,175,061
Sales tax	23,144,225	23,104,675	14,540,813	23,065,733	22,120,709	21,551,003
Income tax	8,039,696	7,286,357	5,068,148	8,022,579	5,621,265	6,621,569
Utility tax	4,650,998	5,996,139	3,905,094	6,790,093	4,938,899	5,281,231
Food & beverage tax	3,160,768	3,052,764	2,050,618	3,060,400	3,085,818	2,987,815
Hotel use tax	675,211	649,787	444,313	599,436	716,136	601,716
Other tax	2,274,117	2,020,323	1,391,136	725,695	1,378,015	1,795,123
Grants	54,419	67,233	77,108	126,189	174,378	203,671
Internal service	7,260,160	6,245,654	3,585,299	3,748,337	4,171,814	4,564,180
Business revenue	4,589,597	3,897,065	2,386,343	3,025,692	4,363,522	2,704,738
Other revenue	645,800	34,018	14,788	257,322	-	-
Total	62,051,771	59,897,040	40,613,257	56,394,869	54,003,247	52,486,107

Data source: City of Decatur cash basis accounting records. 2013 actual 8 month transition period - bridging fiscal year change.



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.

As such, the City is heavily dependent upon certain economically sensitive tax revenues to fund the General Fund expenses of the City. This includes state distributed and locally imposed sales tax, state distributed income tax, state and locally imposed utility tax, and locally imposed food and beverage and hotel use tax.

The tax revenue from these sources is reliant upon the economic conditions impacting the State as well as with the local economy.

The City continues to seek new revenue sources and continues to investigate the potential of expansion of locally imposed tax streams, including a local motor fuel tax and an increase in the utility tax.

In addition, the City continues to review and increase business revenues through the increase in the fee structure for permits and licenses required by City Code.

Other Financial Management Matters

The City remains confident in its ability to continue to manage expense requirements for delivery of required services within the constraints of the revenue stream to the General Fund.

The City bond rating is A1, upper medium quality rating, as rated by Moody's Investor Services, and A, upper medium quality rating, as rated by Standard & Poor's, for all 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.

Recent Awards and Recognitions

Forbes Magazine recently ranked the City of Decatur, IL as "**second in the country**" for having a thriving agricultural economy, whereas, the average agribusiness worker in Decatur earns \$85,900 per year, three times the amount compared to top ranked Madera, California.

Business Facilities Magazine ranked the Decatur area 3rd for logistics hubs in the nation. Nearly \$1 billion of capital investment is currently planned or underway in the region.

City of Decatur ranked 9th on the list of *Best Illinois Cities for Families* based on housing costs, school quality, child friendliness and safety by **Apartment List Magazine**, a leading, award-winning housing search magazine.

Decatur Recently Ranked in Top 25 of American Cities for Global Trade by Global Trade Magazine – According to the story, "*Equidistant from Chicago, Indianapolis and St. Louis, Decatur is poised to warehouse and export goods, bypassing its larger Midwest neighbors.*"

Decatur, IL Rules the Heartland by Business Facilities Magazine (May 14, 2014). According to the story, *“Decatur is becoming a leading transportation and logistics hub.....Its centralized location connected by a robust network of Interstate highways.....providing uncongested toll-free access to locations and markets to the north, east, south and west.....Three Class I railroads (Norfolk Southern, Canadian Northern, and CSX) serve Decatur and are directly interconnected through a privately owned intermodal ramp as part of the Midwest Inland Port.....The Midwest Inland Port is served by a Foreign Trade Zone and provides local Customs Clearing.....”*
<http://businessfacilities.com/logistics-and-infrastructure-in-transition/>

Economic Development and 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:

Economic Development and Quality of Life initiatives

Holiday Inn & Suites / Burger Theory – A \$9 million hotel and restaurant project has commenced with ground breaking in 2015 that will include 114 room hotel facility with conference space and a gourmet restaurant.

Hampton Inn – A new \$7 million hotel project.

Sonic Restaurant – \$1.6 million investment with the first Sonic entry into the Decatur market. This particular restaurant chain was actively pursued to fulfill consumer demand for this chain in Decatur.

Solsa American Burrito Company – new fast food casual restaurant providing multiple options for creating individual selection entrée's.

Decatur Brew Works – microbrewery established in the central downtown footprint.

Busey Bank FirsTech Renovation – Back office payment processing service provider subsidiary of Busey Bank has commenced a \$3.5 million investment initiative in the downtown footprint renovating the current facility. The investment is a collaboration of private / public funding and secures continued operation of an important employer in the City of Decatur.

Westfield Industries / ShurCo expansion – \$3.6 million facility investment by manufacturer of farm equipment, subsidiary of AG Growth International.

National FoodWorks Services – New \$2 million state of the art food incubator with business focus to provide food processing, packaging and development services for food businesses and food entrepreneurs. The longer term vision of this enterprise is to provide educational components for entrepreneurship in the food processing industry. This start-up enterprise has received funding support from multi-national ArcherDanielsMidland.

Akorn Pharmaceutical – A significant Decatur enterprise and employer has begun an \$18 million plant expansion facilitated in part through use of City brown-field grant and planning and zoning adjustments. This multi-year capital improvement plan will add local employment. Company will add 40,000 square feet to accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations.

Crossing Healthcare – New \$6 million state of art medical center in Wabash Crossing redevelopment area opened in 2015 serving the Decatur community, allowing for expansion of medical staff and service to an increased number of patients.

Ongoing or Recently Completed Initiatives

Police Department Law Enforcement Center – Decatur Police moved into a new facility at 707 Southside Drive on June 1, 2014. The City had been searching for more than a decade for adequate space to house the Police Headquarters. The state-of-art, 46,000 square foot renovated facility provides the Police Department and staff the space and tools needed to effectively and efficiently manage the police protection affairs of the City of Decatur. Working with a local developer, who purchased and renovated the building, this project returned a vacated industrial site to productive community use, and has positioned further commercial and economic development opportunities in the adjacent area.

Downtown Revitalization – The City’s Downtown Streetscape project, completed in 2015, was 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 increase in activity. The project 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. 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 implemented sweeping changes to its downtown parking system 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.

Lakeshore Landing 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 envisioned including a water park, additional boat docks, new restaurant and recreation amenities, and lake view condominium housing.

Ashley Furniture / Mound Center Development – Ashley Furniture opened for business in 2015 with a 35,000 square foot commercial building bringing needed furniture shopping opportunities to residents. Ashley Furniture stores consistently rank among the largest home furnishing retailers in the country.

New County Market Store – Grand opening occurred in January, 2015 for the new \$15 million County Market grocery store in Decatur at the intersection of IL 48 and Grand Avenue. A redevelopment agreement with Niemann Holdings, LLC allowed for the construction of the 38,000 square foot store on the near north side of the City. This investment provides further strength and stability to the redevelopment of this core City area.

Jackson Ford Development Agreement – The Decatur City Council approved a redevelopment agreement with Jackson Ford and Jackson Family Limited Partnership to allow for the construction of a new dealership on the site previously occupied by its Ford dealership on East Pershing Road. This \$4.1 million project was completed in early 2014.

St. Mary’s / Decatur Memorial Hospital Expansion – St. Mary’s completed a \$31 million facility expansion in 2014 including new lobby, emergency care department, laboratory rooms and hospital façade. Decatur Memorial Hospital completed its \$39 million facility expansion in 2014 adding hospital rooms, a new tower, cafeteria and other amenities, and recently opened a new, state-of-art Cancer Care Center.

Parke & Son, Inc., Parke Warehouse Expansion – 140,000 square foot expansion of the existing warehouse and distribution facility on East Mound Road, in the Midwest Inland Port corridor, to meet current and anticipated business growth. The investment included facility expansion and equipment approaching \$6 million.

Union Iron consolidation and expansion – new \$11 million facility on East Mound Road to consolidate operations and accommodate expected business growth. Expectation for additional employees to be added to the labor force as the enterprise expands its production operations. The City expanded the Enterprise Zone and provided rezoning to facilitate the project.

Administrative Court – The City commenced operation of a new City Administrative Court in 2012, 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. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results.

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 signed up to participate in the program and the amount of recycled material continues to increase as residents become accustomed to the program. This program continues to gain further acceptance in the community and further contributes to the “greening” of the City of Decatur.

Archer Daniels Midland (“ADM”) Local Investment and Expansion

ADM 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.

ADM Carbon Sequestration Project – Landmark project initiative to reduce greenhouse gas by capturing and storing carbon dioxide emissions from the ethanol plant in the underground rock structure below the earth's surface. This \$208 million investment is recognized nationally for its innovation and success.

ADM Local Expansion – \$6.5 million facility within the ADM Decatur footprint for processing and refining of crude vegetable oil.

ADM Community Investment – \$2.5 million commitment to fund local civic and educational organizations in the City of Decatur community.

Midwest Inland Port / Intermodal Ramp – Opened in 2014 and now operational, this Intermodal Transportation hub connects rail and road with the ability to service 95 million customers within a one day drive from Decatur, Illinois. This shipping and receiving complex offers direct access to 3 Class I railroads and four interstate highways. The Midwest Inland Port is a “game changer” for the City of Decatur and Central Illinois as it positions Decatur as the premier transportation hub in the Midwest.

Infrastructure Improvement Projects

Water System Improvement Initiative – 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, and 2.5% increases effective each May 1 into the future, providing the capital resources for the \$90 million investment currently underway, the largest investment in the City water system since Lake Decatur was created in 1922. The rate increases fund a series of lake dredging initiatives that will increase the capacity of the lake, thereby increasing the retained water levels of the lake by 30%. The rate increases will also fund further investment to secure secondary water supply, as a safeguard in times of drought, as well as a series of investments in replacing aging above and below ground water infrastructure. The dredging initiative is presently entering the second summer of activity with completion expected in 2019.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment completed in 2013 was critical in 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 completed in 2014 included 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 was funded by user fees paid by City utility water customers.

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 was funded by a loan from the State of Illinois EPA ("IEPA"). This project replaced aging sewer infrastructure in an important residential and medical service corridor of the City. The project was completed in 2014.

Union Street Sewer Improvement – In early spring 2014, the Decatur City Council approved the project to refurbish and replace certain components of the Union Street sewer line. This \$2.6 million project was funded by a loan from the State of Illinois EPA ("IEPA"). This project replaced aging sewer infrastructure in an important residential and commercial corridor of the City. The project was completed in early 2015.

Storm Water Utility – In 2014, the City Council approved the creation of a new Storm Water Utility in the City of Decatur to operate as the city utility responsible for the maintenance and operation of the storm water sewer system within the City of Decatur. The Storm Water Utility commenced in Q4 2015. This project includes an initial investment of \$60 million, to be expended over the succeeding 5 years addressing the most critical storm water system issues facing the City.

Franklin Street Water Tower – The City completed construction of a 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 \$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 with no obligation 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 / East Belt Parkway – 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 industrial city corridor. As well, the City, in co-operation with Macon County is pursuing federal funding support to create the East Belt Parkway connecting roadways in support of anticipated economic development opportunities in this industrial sector of the city footprint.

Johnson Controls Energy Initiative – In 2015, the City completed the \$17.2 million project initiative to install automated water meter reading equipment (“AMR”) throughout the city residential, commercial and industrial footprint. In addition, this project included energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative was the primary investment with \$14.5 million devoted to the installation of state of art electronically read water meters. The remaining investment of \$2.7 million was 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.

Education Investments

Decatur Public School Corporation – \$76 million, 3 year project, for renovation and expansion of Eisenhower and MacArthur High School buildings, the two public high schools in the City of Decatur. The Eisenhower renovation was completed and commissioned in early 2014, whereas the MacArthur facility renovation was completed and commissioned in early 2015. This project demonstrates the School Corporation and community commitment to a strong educational system in the City.

St. Teresa Catholic High School - \$4.8 million project including state-of-art athletic facilities, building upgrades and expansion and improvements to the public facilities, with money raised through a school capital campaign. The successful campaign further demonstrates the community commitment to a strong educational component in the community.

Richland Community College - \$16 million investment for the Workforce Development Institute, a new 45,000 square foot facility to be used for specific local employer workforce training to ensure the trained labor candidate pipeline is available to meet the employment demand anticipated in the future. Campus expansion also included a new culinary-arts dining facility and other facility renovations.

Millikin University – \$1.4 million renovation to the athletic complex including artificial turf, lighting, running track and a new scoreboard in the stadium complex. Millikin University continues to place among the top universities for student academic success, return on education investment and student satisfaction, as rated by U.S. News & World Report, Forbes and the Princeton Review, among other notable publications.

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.

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 at fund level for both the General Fund and 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 and Future Vision for the City of Decatur

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

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

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

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

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

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

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

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

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

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

A Diversified Economy. Quality of life is tied to the strength of the local economy. A more diversified economy is more stable and creates a wider range of employment choices. As the City of Decatur and Macon County enters the 21st Century, it is the midst of a fundamental transition from an industrial economy. The regional role as a provider of retail and healthcare services continues to grow. It is, however, the image and identity of our leading agricultural industry that positions us to become the center of technological innovation and research in agri-business, healthcare and other regionally significant industries. We commit to a plan which prioritizes the land use, transportation and infrastructure changes that are necessary to ensure that this transition is successful.

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

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

Key Goals and Objectives for 2016 and Near Term Beyond

The City goal and objective document is a living, breathing document, with ongoing discussion, progress review and update between the Mayor, City Council and City Administration. As goals and objectives are achieved, they are removed with new priorities added upon goal identification and legislative commitment.

The current City goals and objectives are as follows:

Goal 1 – Strengthen and Improve the Quality of Life for Our Residents

- Improve existing housing stock through consistent code enforcement and prosecution via the City Administrative Court
- Provide financial incentives for rehabilitation of older housing stock
- Encourage adaptive reuse of open space in the city central core
- Continue collaboration efforts with neighbor organizations
- Provide a safe community for residents
- Expand housing choices available to meet needs of changing population and varying income levels
- Provide high quality resource conservation programs to secure a sustainable and attractive community
- Strengthen the network of centers of activity and corridors linking the centers throughout the community
- Implement community design for safe, walkable, diverse and attractive neighborhoods

Goal 2 – Advance a Diversified Economy

- Continue support of global economic development strategy to cultivate new industries and entrepreneurship in emerging technologies and support industries
- Continue next steps in the revitalization of Downtown Decatur with increase in residential choice in the downtown core are in order to expand the local customer base and vitality to visitors
- Continue the expansion of retail services available by recruiting new retailers into the Decatur market
- Continue expansion efforts of existing and potential new business park environments in co-operation with the Decatur Economic Development Corporation (“EDC”)

- Assist the marketing effort of the Decatur Airport Business Park and expansion of the existing U.S. Customs and Foreign Trade Zone currently in operation
- Continue the expansion of the City fiber optic network providing high-speed communications to additional private and public users

Goal 3 – Foster a Sense of Pride in Place

- In conjunction with the EDC, facilitate and co-ordinate a community branding initiative
- Establish streetscape guidelines and beautification programs in conjunction with Beautify Decatur

Goal 4 – Sustainable and Balanced Land Development

- Commence five year Lake Decatur Dredging project in 2019
- Acquire Lake Tokorozawa water rights
- Provide adequate public utilities to residential, commercial and industrial users
- Shift new housing development from scattered and isolated development to managed annexation
- Seek new revenue streams for street pavement and capital equipment replacement programs
- Develop a long range financial plan to enhance long-term City planning

Goal 5 – Provide an Accessible and Connected City

- Achieve the next steps in the Brush College Road industrial corridor traffic improvement project
- Support the Southeast Beltway roadway plan
- Encourage the expansion of U.S. Route 51 to the south of Decatur
- Support the Midwest Inland Port initiative and the development of surrounding areas

Recent Goal and Objective Accomplishments

- Creation and implementation of the City Administrative Court with continued refinement as necessary
- New Decatur Police Department Headquarter facility commissioned May 30, 2014
- New garbage and recycling collection programs targeted for green environment solutions
- Reroute truck traffic off of Business U.S. 51 in the central downtown corridor
- Create and implement the Master Development Plan for the central downtown business district
- Demolish the Barnes Garage structure in downtown Decatur improving aesthetics and safety
- Complete the development of the Mound Center commercial property through an agreement with Ashley Furniture to construct and occupy the remaining parcel
- Secure new water utility rate pricing structure that will provide the financial resources to fund the lake Decatur Dredging project and enable water system infrastructure capital maintenance
- Establish Storm and Sanitary Sewer master plans
- Secure storm and sanitary user fee pricing rate structure that will provide the financial resources to fund the master plan capital maintenance
- Creation of the Storm Water Utility effective Q4 2014 to provide revenue source to fund storm water master plan projects
- Deployment of the Water Utility Automated Meter Reading (“AMR”) initiative, replacing old outdated water meters with new technology allowing remote read thereby improving customer service and cost efficiency
- Creation of funding source to facilitate rehabilitation of Fire Station Facilities
- Creation of funding source to facilitate resurfacing of local streets and roads in the city footprint

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 Uniform Grant Guidance.

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-four (24) years consecutively 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 December 31, 2014.

This represents the forty-third (43rd) 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 Julie Moore Wolfe, 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 period ended December 31, 2015.



Gregg D. Zientara
City Treasurer & Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

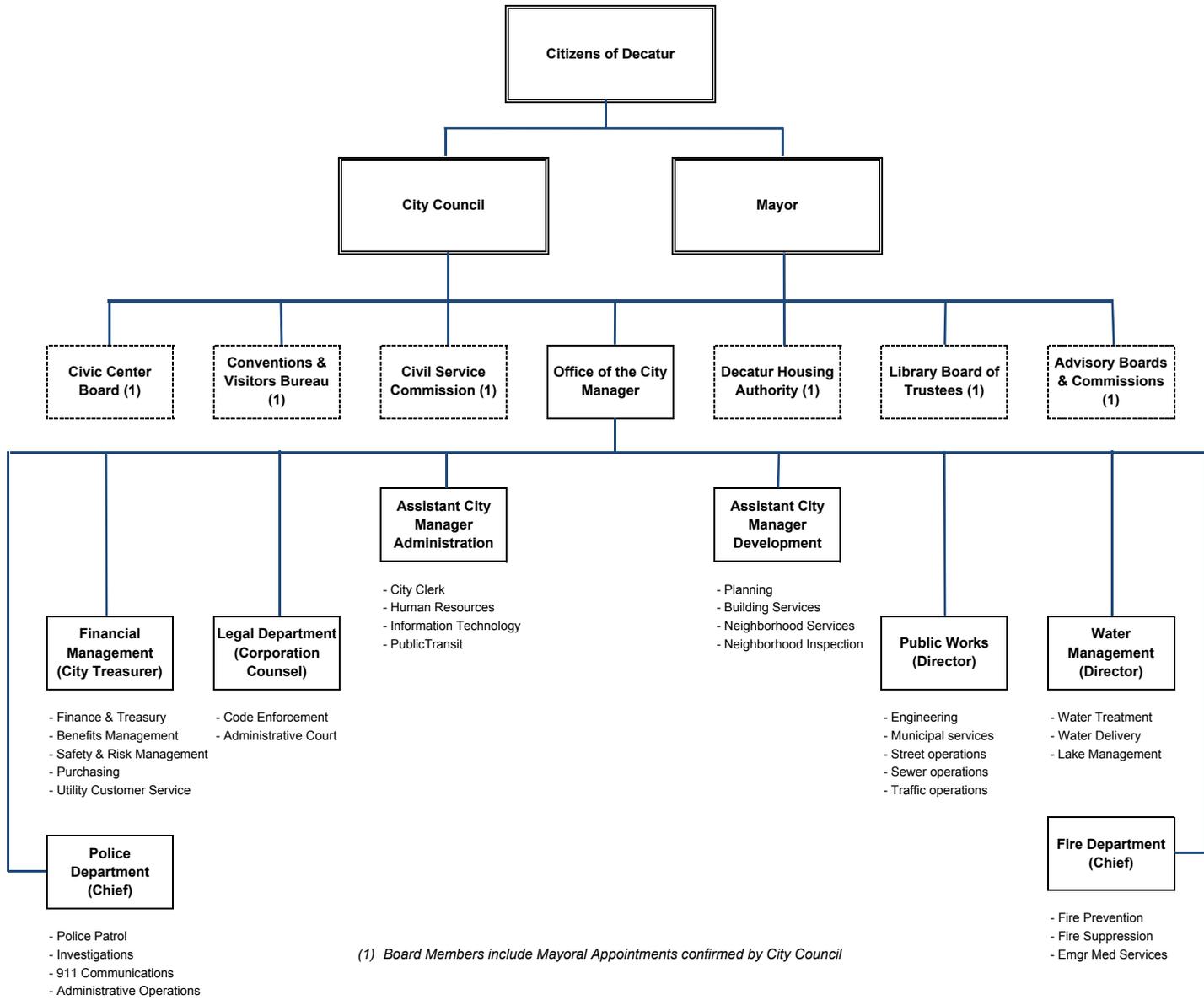
**City of Decatur
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Decatur, Illinois Organizational Chart



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



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 December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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 December 31, 2015, 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.

Emphasis - of – Matter

Change in Accounting Principle

During fiscal year ended December 31, 2015, City of Decatur, Illinois, adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As a result of the implementation of this standard, City of Decatur, Illinois, reported a restatement for the change in accounting principle (see Note 18). Our opinion is not modified with respect to this matter.

Correction of an Error

Also, beginning net position from previously issued financial statements for the period ended December 31, 2015 have been restated to record certain notes payable as business-type activities debt rather than governmental activities debt. See Note 18 which explains this restatement. Our opinion is not modified with respect to this matter.

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, schedules of employer contributions, schedule of funding progress, and schedule of changes in net position liability and related ratios, 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'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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we 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 July 21, 2016 on our consideration of the City'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's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Champaign, Illinois
July 21, 2016

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2015

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 December 31, 2015.

By Ordinance 2013-26 of the City Council, presented and adopted on April 15, 2013, the City elected to change the fiscal year end from April 30 to December 31 to coincide with a calendar year basis, effective January 1, 2014, whereby the fiscal year of the City shall be January 1 to December 31. This MD&A presents the financial position of the City for the twelve (12) month fiscal period commencing January 1, 2015 and ending December 31, 2015, and is hereby referenced in this report as the “twelve (12) month fiscal period ending December 31, 2015”, with comparative financial data for the twelve (12) month fiscal period ending December 31, 2014, whereby this MD&A financial report restores comparative data between fiscal periods to be on the same twelve (12) month measurement.

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.

City of Decatur, Illinois

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 one-hundred (100) 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.

Management Discussion and Analysis
 City of Decatur, Illinois
 December 31, 2015

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, sewer and storm water utility services to commercial, industrial and residential properties within the city,
- public 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.

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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2015

The City of Decatur fiscal year, as defined by Council Ordinance, commences on January 1 of each year and ends on December 31.

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. Mayoral 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 Boards 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.

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014
Total Assets	140,941,287	141,753,726	146,687,585	116,893,151	287,628,872	258,646,877
Deferred Outflow	17,198,181	2,752,356	1,428,126	645,614	18,626,307	3,397,970
Total Liabilities	177,184,823	159,239,295	130,424,200	105,985,409	307,609,023	265,224,704
Deferred Inflows	15,080,157	13,754,506	64,616	120,071	15,144,773	13,874,577
Net Position						
Capital assets net	61,778,472	62,584,346	6,161,938	3,198,630	67,940,410	65,782,976
Restricted	9,386,456	10,059,536	-	-	9,386,456	10,059,536
Unrestricted	(105,290,440)	(101,131,601)	11,464,957	8,234,655	(93,825,483)	(92,896,946)
Total net position (1)	(34,125,512)	(28,487,719)	17,626,895	11,433,285	(16,498,617)	(17,054,434)
Change vs. pr year	(5,637,793)	na	6,193,610	na	555,817	na
Expenses	82,476,235	72,533,594	31,498,304	29,066,881	113,974,539	101,600,475
Revenues	74,184,833	73,515,098	40,345,523	32,963,514	114,530,356	106,478,612

1 Net position at December 31, 2014 includes restatement of \$105,240,983 of net position decrease in governmental activities including implementation of GASB 68 liability of \$106,528,982, adjustment for beginning deferred inflows and outflows for pension of \$2,240,474, and reclassification of debt from business activity to government activity in the amount of \$952,475. Business activity restatement of \$260,917 resulting in net position increase including debt reclassification of \$952,475, implementation of GASB 68 liability of \$1,217,101 and adjustment for beginning deferred inflows and outflows of \$525,543.

- Government wide net position (total assets and deferred outflow less total liabilities and deferred inflows) as of December 31, 2015 is a deficit position of \$16,498,617.

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- Government wide net position increased by \$555,817 or 3.3% during the fiscal year ending December 31, 2015. Governmental activity net position decreased by \$5,637,793 or 19.8%, and business activity net position increased by \$6,193,610 or 54.2% during the fiscal year.
- Total assets as of December 31, 2015 of \$287,628,872 increased \$28,981,995 or 11.2% as compared to total assets as of December 31, 2014.
- Total liabilities as of December 31, 2015 of \$307,609,023 increased \$42,384,319 or 16.0% as compared to total liabilities as of December 31, 2014.
- Government wide net position of \$67,940,410 are invested in capital assets net and are therefore, not available for spending. \$9,386,456 is classified as restricted primarily for debt service and capital outlay. A negative \$93,825,483 is classified as unrestricted net position, of which \$132,677,453 is net long term pension liability, resulting in an unrestricted net position net of long term pension liability of \$38,851,970.
- Government wide revenue achieved in the 12-month fiscal year ending December 31, 2015 amounted to \$114,530,356, versus government wide revenue of \$106,478,612 achieved in the 12-month fiscal period ending December 31, 2014. Governmental activity revenue achieved in the 12-month fiscal year ending December 31, 2015 amounted to \$74,184,833, versus governmental activity revenue of \$73,515,098 achieved in the 12-month fiscal period ending December 31, 2014. Business activity revenue achieved in the 12-month fiscal year ending December 31, 2015 amounted to \$40,345,523, versus business activity revenue of \$32,963,514 achieved in the 12-month fiscal period ending December 31, 2014.
- Government wide program expense in the 12-month fiscal year ending December 31, 2015 amounted to \$113,974,539, versus government wide program expense of \$101,600,475 in the 12-month fiscal period ending December 31, 2014. Governmental activity program expense in the 12-month fiscal year ending December 31, 2015 amounted to \$82,476,235, versus governmental activity program expense of \$72,533,594 in the 12-month fiscal period ending December 31, 2014. Business activity program expense in the 12-month fiscal year ending December 31, 2015 amounted to \$31,498,304, versus business activity program expense of \$29,066,881 in the 12-month fiscal period ending December 31, 2014.
- Explanatory commentary concerning the changes in assets, liabilities, deferred outflows & inflows, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

The City of Decatur's financial statements are comprised of four (4) components: 1) government wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. 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.

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- **Statement of net position**

This statement reports all assets, deferred outflows, liabilities, and deferred inflows of the City of Decatur as of December 31, 2015. The difference between total assets, deferred inflows, total liabilities, and deferred inflows 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 twelve months ended December 31, 2015. 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 education & culture through the public library. The major business-type activities of the City include the water utility, sewer utility and public transit operations.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s short-term financing requirements. Governmental funds use modified accrual accounting method. The City maintains five (5) major governmental funds (General, Library, Debt Service, TIF Redevelopment and Motor Fuel Tax) and thirty-one (31) non-major governmental funds.

Proprietary Funds

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

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Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (3 funds), Sewer (1 fund), and Public Transit (1 fund) which are considered major enterprise funds. Data from the other two (2) non-major enterprise funds (Recycling and Storm Water Utility) 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 property, workers compensation and liability insurance, self-funded employee health benefit programs, fleet maintenance and equipment replacement programs, and information technology operations (which fund was closed with balances transferred to the City General Fund during 2015).

Because these services predominantly benefit governmental activities rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

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

Notes to the financial statements

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

Other information

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

Government wide financial statements

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

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Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Assets						
Current & other	43,696,745	43,528,638	38,421,512	29,341,558	82,118,287	72,870,196
Capital assets (net)	97,244,542	98,225,088	108,266,043	87,551,593	205,510,585	185,776,681
Total Assets	140,941,287	141,753,726	146,687,585	116,893,151	287,628,872	258,646,877
Deferred Outflows						
Pension liability	17,198,181	2,752,356	1,428,126	645,614	18,626,307	3,397,970
Liabilities						
Current	11,205,796	13,464,785	14,621,433	11,644,471	25,827,229	25,109,256
Long term	165,979,027	145,774,510	115,802,767	94,340,938	281,781,794	240,115,448
Total Liabilities	177,184,823	159,239,295	130,424,200	105,985,409	307,609,023	265,224,704
Deferred Inflows						
Future property tax	14,309,450	13,242,624	-	-	14,309,450	13,242,624
Pension liability	770,707	511,882	64,616	120,071	835,323	631,953
Total Deferred Inflow	15,080,157	13,754,506	64,616	120,071	15,144,773	13,874,577
Net position (1)						
Investment in capital assets net	61,778,472	62,584,346	6,161,938	3,198,630	67,940,410	65,782,976
Restricted	9,386,456	10,059,536	-	-	9,386,456	10,059,536
Unrestricted	(105,290,440)	(101,131,601)	11,464,957	8,234,655	(93,825,483)	(92,896,946)
Total net position	(34,125,512)	(28,487,719)	17,626,895	11,433,285	(16,498,617)	(17,054,434)

¹ Net position at December 31, 2014 includes restatement of \$105,240,983 of net position decrease in governmental activities including implementation of GASB 68 liability of \$106,528,982, adjustment for beginning deferred inflows and outflows for pension of \$2,240,474, and reclassification of debt from business activity to government activity in the amount of \$952,475. Business activity restatement of \$260,917 resulting in net position increase including debt reclassification of \$952,475, implementation of GASB 68 liability of \$1,217,101 and adjustment for beginning deferred inflows and outflows of \$525,543.

Effective with the fiscal year ending December 31, 2015, the City of Decatur adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statements 27 and 50, related to pension plans administered through trusts and equivalent arrangements.

As of December 31, 2015, City liabilities and deferred inflows exceeded assets and deferred outflows by \$16,498,617, an improvement of \$555,817 from the net position as of December 31, 2014.

Governmental net position of a negative \$34,125,512 declined from the negative net position of \$28,487,719 as of December 31, 2014, representing a decline in net position of \$5,637,793, or 19.8%. Business net position of \$17,626,895 increased by \$6,193,610 versus the level at December 31, 2014, an increase of 54.2%.

The increase in net position of the City results from an increase in asset position of \$28,981,995 combined with an increase in deferred outflow position of \$15,228,337, offset by an increase in liability position of \$42,384,319 and deferred inflow of resources increase of \$1,270,196.

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Total assets increased \$28,981,995 or 11.2% as compared to the asset level of December 31, 2014. The increase in assets is attributed to an increase in cash and investments of \$5,595,942, an increase in capital assets net of \$19,733,904, and an increase in receivable and other assets of \$3,652,149.

The increase in cash and investments can be attributed to a \$7,615,688 increase in business activities offset by a decrease of \$2,019,746 in governmental activities. The business activity cash and investment increase is the result of cash flow from operations of \$13,168,075, unspent 2015 bond proceeds of \$17,209,080, investment income of \$296,344, offset by debt service payments of \$8,925,585 and capital outlay of \$14,132,226. The governmental activity cash decrease is the result of in period spend down of certain governmental fund balances including motor fuel tax, 2010 Bond financed capital projects, public safety drug enforcement fund, and cash reduction in the general fund the result of the occurrence of a 27th payroll occurring on December 31, where the payroll transaction affected cash and accrued liabilities in the period.

Deferred outflow of resources representing the deferred pension liability for the police pension plan, firefighter pension plan, both administered by the City, and the municipal workers pension plan (IMRF) administered by the State of Illinois was \$18,626,307 at December 31, 2015 and represents an increase from the position of \$3,397,970 as of the prior year end.

Total liabilities increased \$42,384,319 or 16.0% as compared to the liability level as of December 31, 2014, with a \$17,945,528 increase in governmental activity liabilities and a \$24,438,791 increase in business activity liabilities.

Governmental activity liability increase results from a \$21,587,304 increase in net pension liability, offset by a reduction in current and long-term debt of \$709,957 and a reduction of \$2,931,819 in other current liabilities. Business activity liability increase results primarily from the incurrence of new general obligation bond debt of \$24,378,300 to finance the lake Decatur dredging initiative, certain other debt issuance amounting to \$2,050,808 for sewer rehabilitation projects and other debt financed project continued in the fiscal period, an increase in operating payables of \$1,605,347, an increase in pension liability of \$1,250,252, and an increase in other current payables of \$25,578, offset by \$4,871,494 debt retirement of current debt issues,

Deferred inflows of resources amounted to \$15,144,773, an increase of \$1,270,196 or 9.2% as compared to the position as of the prior year end; and represents, the 2015 property tax levy receivable of \$14,309,450, billed and collectible in 2016 and deferred pension income of \$835,323.

Government wide net position of \$67,940,410 is invested in capital assets net and is therefore, not available for spending. \$9,386,456 is classified as restricted primarily for debt service and capital outlay. The unrestricted net position is a negative \$93,825,483, including the impact of the adoption of GASB 68 in the amount of \$107,746,083.

Investment in capital assets net of \$67,940,410 represents an increase of \$2,157,434 from the level as of December 31, 2014. Restricted net position decreased \$673,080 as compared to the level as of December 31, 2014. Unrestricted net position decreased \$928,537 as compared to the level as of December 31, 2014

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Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2014
Revenue						
Program Revenue						
Charge for services	9,529,473	8,840,110	34,078,084	26,715,999	43,607,557	35,556,109
Operating grants	4,900,481	6,043,783	6,197,601	6,033,830	11,098,082	12,077,613
General Revenue						
Property tax	13,512,949	13,545,241	-	-	13,512,949	13,545,241
Local sales & use	11,950,201	12,004,083	-	-	11,950,201	12,004,083
State sales & income	20,862,321	18,831,655	-	-	20,862,321	18,831,655
Other tax	11,571,280	11,071,046	-	-	11,571,280	11,071,046
Investment earnings	6,923	110,413	297,922	209,608	304,845	320,021
Other revenue	1,851,205	3,068,767	(228,084)	4,077	1,623,121	3,072,844
Total Revenue	74,184,833	73,515,098	40,345,523	32,963,514	114,530,356	106,478,612
Expenses						
General government	12,850,651	12,159,290	-	-	12,850,651	12,159,290
Public safety	49,909,807	40,664,492	-	-	49,909,807	40,664,492
Public works	14,575,459	14,579,926	-	-	14,575,459	14,579,926
Culture	295,433	286,764	-	-	295,433	286,764
Education	3,294,285	3,595,829	-	-	3,294,285	3,595,829
Interest on debt	1,550,600	1,247,293	-	-	1,550,600	1,247,293
Water utility	-	-	20,365,069	18,504,972	20,365,069	18,504,972
Public transit	-	-	6,717,111	6,790,731	6,717,111	6,790,731
Waste removal	-	-	600,997	640,461	600,997	640,461
Sewer	-	-	3,361,311	3,111,645	3,361,311	3,111,645
Storm Water	-	-	453,816	19,072	453,816	19,072
Total Expense	82,476,235	72,533,594	31,498,304	29,066,881	113,974,539	101,600,475
Change in net position						
Excess (deficiency)	(8,291,402)	981,504	8,847,219	3,896,633	555,817	4,878,137
Transfers	2,653,609	1,862,197	(2,653,609)	(1,862,197)	-	-
Change in net position	(5,637,793)	2,843,701	6,193,610	2,034,436	555,817	4,878,137
Beginning net position	(28,487,719)	73,909,563	11,433,285	9,137,932	(17,054,438)	83,047,495
Restatement		(105,240,983)		260,917		(104,980,066)
Ending net position	(34,125,512)	(28,487,719)	18,730,738	11,433,285	(16,498,617)	(17,054,434)

¹ Net position at December 31, 2014 includes restatement of \$105,240,983 of net position decrease in governmental activities including implementation of GASB 68 liability of \$106,528,982, adjustment for beginning deferred inflows and outflows for pension of \$2,240,474, and reclassification of debt from business activity to government activity in the amount of \$952,475. Business activity restatement of \$260,917 resulting in net position increase including debt reclassification of \$952,475, implementation of GASB 68 liability of \$1,217,101 and adjustment for beginning deferred inflows and outflows of \$525,543.

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Governmental Activities

Revenue achieved in the fiscal period ending December 31, 2015 amounted to \$74,184,833 and represents an increase of \$669,735 or 0.9% versus the revenue achieved in the prior fiscal period.

Expenditures incurred during the fiscal period ending December 31, 2015 amounted to \$82,476,235 and represents an increase of \$9,942,641 or 13.7% when compared to the prior fiscal period.

The moderate revenue gain versus the prior fiscal period resulted from increased charges for services of \$689,363 or 7.8%, increased state distributed sales and income tax of \$421,318 or 2.2%, increased other miscellaneous imposed local taxes of \$2,109,582 or 19.1%, offset by revenue reduction in operating grants and contributions of \$1,143,302 or 18.9%, and other miscellaneous revenue reduction of \$1,407,226.

The expenditure increase of \$9,942,641 was fueled primarily by the adoption of GASB 68 whereby the governmental activity expenditures were impacted by \$7,400,303, representing the increased amount of pension expense incurred in the fiscal period.

General government expense of \$12,850,651 increased \$691,361 or 5.7%. Public Works expense of \$14,575,459 remained flat to the prior fiscal year. Culture and education expense of \$3,589,718 decreased \$292,875 or 7.5%. Interest and other charges of \$1,550,600 increased \$303,307 or 24.3%. Public safety expense, excluding the pension related expenditure, of \$42,509,504 increased \$1,845,012 or 4.5%.

The government activity change in net position during the fiscal period ending December 31, 2015 resulted in a decline in net position of \$5,637,793, including the \$7,400,303 impact of the GASB 68 adoption. In addition, a restatement of \$105,240,983 was reflected to include adoption of GASB 68 in the amount of \$106,528,982, adjustment of beginning deferred inflows and outflows for pension of \$2,240,474, and reclassification of debt from business activity to government activity in the amount of \$952,475.

Business Activities

Revenue achieved in the fiscal period ending December 31, 2015 amounted to \$40,345,523 and represents an increase of \$7,382,009 or 22.4% versus the revenue achieved in the prior fiscal period.

Expenditures incurred during the fiscal period ending December 31, 2015 amounted to \$31,498,304 and represents an increase of \$2,431,423 or 8.4% when compared to the prior fiscal period.

The revenue gain versus the prior fiscal period resulted primarily from increased charges for services in the amount of \$7,362,085 or 27.6%, with additional miscellaneous revenue increase of \$19,924.

The revenue gain was driven by increased water utility revenues of \$5,395,931 or a 25.3% increase versus the prior year, increased sewer utility revenue of \$877,742, a 22.6% increase, increased storm-water utility revenue of \$1,126,432 as the utility reached its first full year of operation following start-up in the 4th quarter of 2014, operating grant revenue increase of \$163,771 primarily driven by the public transit system, offset by a \$181,867 miscellaneous revenue reduction principally related to a loss on the sale of capital assets.

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Business activity expenditure increase of \$2,431,423 was driven primarily by operating expense increases in the water utility of \$1,860,097 or 10.1% representing expense increase in support of the revenue gains, increase of \$249,666 or 8.0% in sewer utility in support of continued sewer rehabilitation initiatives, \$434,744 increase in storm-water utility operating expense as the utility reached its first full year of operation following start-up in the 4th quarter of 2014, other operating expense changes included a reduction of \$113,084 in public transit and waste removal resulting from expense control in day to day operations.

The business activity change in net position during the fiscal period ending December 31, 2015 resulted in an increase in net position of \$6,193,610 or 54.2%. The increase in net position resulted primarily from the in period operating surplus of \$8,847,219, offset by transfer of expense from governmental activity to business activity of \$2,653,609. In addition, a prior year restatement of \$260,917 for reclassification of debt from business activity to governmental activity offset by the effect of GASB 68 implementation improved the net position of business activity operations.

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
For the Twelve Months ending December 31, 2015**

\$ (whole)	General	Library	Debt Service	TIF	Motor Fuel Tax	Non-Major	Total
Total assets	20,388,259	4,122,863	6,159,529	2,605,358	1,816,385	3,446,653	38,539,047
Total liabilities	1,115,102	65,422	750	1,009,034	55,042	414,336	2,659,686
Deferred Inflows	11,599,454	2,790,150	2,188,101	1,738,763	-	262,391	18,578,859
Fund Balance							
Non spendable	27,165	-	-	-	-	-	27,165
Restricted	-	1,267,291	3,970,678	-	1,761,343	2,255,306	9,254,618
Committed	-	-	-	-	-	518,273	518,273
Unassigned	7,646,538	-	-	(142,439)	-	(3,653)	7,500,446
Total Fund Balance	7,673,703	1,267,291	3,970,678	(142,439)	1,761,343	2,769,926	17,300,502
Liability/deferred inflows & fund balance	20,388,259	4,122,863	6,159,529	2,605,358	1,816,385	3,446,653	38,539,047
Revenues	59,928,812	3,260,718	1,729,974	1,952,732	1,921,265	3,047,888	71,841,389
Expenditures	61,883,399	3,280,785	3,523,023	1,017,564	2,785,795	3,063,430	75,553,996
In year surplus (deficit)	(1,954,587)	(20,067)	(1,793,049)	935,168	(864,530)	(15,542)	(3,712,607)
Other sources (uses)	2,399,180	208,219	2,326,543	(1,013,099)	-	(124,716)	3,796,127
Change in fund balance	444,593	188,152	533,494	(77,931)	(864,530)	(140,258)	83,520
Beginning fund balance	7,229,110	1,079,139	3,437,184	(64,508)	2,625,873	2,910,184	17,216,982
Ending fund balance	7,673,703	1,267,291	3,970,678	(142,439)	1,761,343	2,769,926	17,300,502

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As of December 31, 2015, the City governmental funds reported a combined ending fund balance of \$17,300,502.

Non spendable fund balance of \$27,165 is sequestered for prepaid items and inventory and is therefore not available for spending.

Restricted fund balance of \$9,254,618 is sequestered for spending on specific projects or specific types of expenditures whereby constraints have been placed on the use of these resources, including debt service fund (\$3,970,678), transportation & highway motor fuel tax fund (\$1,761,343), public library fund (\$1,267,291), and non-major governmental funds (\$2,255,306).

Committed fund balance of \$518,273 is sequestered for spending on economic development initiatives and capital outlay.

Unassigned fund balance of \$7,500,446, or 43%, is available for spending at the City's discretion, with \$7,646,538 available in the City General Fund.

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 & education expenses, certain community development expenses and certain debt service obligations.

As of December 31, 2015, the General Funds balance of \$7,673,703 represents an increase of \$444,593 or 6.2% from the General Fund balance as of December 31, 2014.

The increase in General Fund balance is attributed to an in-period surplus spending result of \$444,593 for the period from January 1, 2015 to December 31, 2015, including other financing sources, primarily transfers in and loan proceeds of an aggregate amount totaling \$2,399,180.

A primary tax funding City operations is the State of Illinois distribution of Income Tax, which as of December 31, 2015, is two (2) months in arrears for distribution to the City of Decatur. The amount of income tax receivable as of December 31, 2015 is \$912,626, which was subsequently distributed to the City in early 2016.

Although the City of Decatur has no control over the timing of the State distribution of the income tax due the local municipality, the City anticipates that the distributions will remain in the two (2) month arrearage position for the foreseeable future. Any slippage from this arrearage position could place a funding strain on the City's General Fund cash flow.

As of December 31, 2015, the General Fund unassigned balance of \$7,646,538 is 13% of in-period fiscal year General Fund Revenue of \$59,928,812.

The General Fund unassigned fund balance has been traditionally used by the City to fund certain 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 in the event of delayed distributions. The General Fund unassigned balance will provide sufficient cash flow resources to cover City General Fund operating obligations without incurring tax anticipation loans or other potential cash flow borrowings 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.

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The City's unassigned general fund balance of \$7,646,538 as of December 31, 2015 represents 11% of expected 2016 General Fund Revenue (\$66.750 million) and 1.4 months coverage of expected 2016 General Fund Expense (\$66.500 million).

The Public Library experienced an increase in fund balance of \$188,152 during the fiscal period ending December 31, 2015. The increase in fund balance is the result of the in-period surplus. As of December 31, 2015, the Library fund balance of \$1,267,291 is 35% of expected 2016 Library Fund Revenue (\$3,572,640) and 4.3 months coverage of expected 2016 Library Fund expense.

The Debt Service fund experienced an increase in fund balance of \$533,494, ending the year with fund balance of \$3,970,678. The debt service fund is used to sequester monies to pay certain general obligation bond debt service and other note payable debt instruments, both of which were used to finance certain improvement projects benefiting the City. The current fund balance and planned future period receipts are sufficient to cover 2016 debt service obligations of the City.

Tax Increment Financing ("TIF") Redevelopment Fund is comprised of seven (7) individual funds and reported in the aggregate in the financial statements. As of December 31, 2015, the TIF Fund balance is a deficit of \$142,439 versus the prior period fund balance deficit of \$64,508. The primary revenue source funding the TIF fund is incremental property tax within the TIF districts. TIF funds have been negatively impacted by recent declining EAV in the City of Decatur and resultant shortfall of incremental tax revenues flowing into the TIF funds. The City is currently reviewing the revenue flow with expectation to secure the fund balance during fiscal 2016.

The Motor Fuel Tax ("MFT") Fund ended the year with a fund balance of \$1,761,343, a decline of fund balance of \$864,530 versus the prior year end balance. The fund balance decline is the result of the timing of expenditures spending down fund balance versus current period revenue receipts. The MFT primary revenue source is the state imposed motor fuel tax, distributed on a per capita basis to the City of Decatur. Monies collected in the MFT fund are used to pay for repair, maintenance and reconstruction of streets and roads within the City of Decatur footprint.

As of December 31, 2015, the Non-Major Governmental Fund balance of \$2,769,926 represents a decrease of \$140,258 or 4.8% from the Non-Major Governmental Fund balance as of December 31, 2014. The decline in fund balance is the result of spend down of fund balance positions of certain special revenue funds primarily for capital project outlay.

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.

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Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the 12-month fiscal year ended December 31, 2015, versus the 12-month fiscal period ending December 31, 2014.

Governmental Fund Revenue

\$ (whole)	12 months Ending Dec 31, 2015	% of Total	12 months Ending Dec 31, 2014	% of Total
Tax Based				
Property tax	13,512,949	18.8%	13,545,241	18.7%
Local sales tax	10,269,205	14.3%	10,542,288	14.6%
Utility	4,684,705	6.5%	4,814,468	6.7%
Food & beverage	3,209,143	4.5%	3,026,151	4.2%
Hotel/motel	666,384	0.9%	640,697	0.9%
Local Use	1,680,996	2.3%	1,461,795	2.0%
Other	906,339	1.3%	588,171	0.8%
Total Tax	34,929,721	48.6%	34,618,811	47.9%
Intergovernmental				
Operating Grants				
General government	1,452,669	2.0%	2,677,091	3.7%
Public safety	282,013	0.4%	83,393	0.1%
Public works	2,043,030	2.9%	2,004,082	2.8%
Culture	105,753	0.1%	139,095	0.2%
Total Operating Grants	3,883,465	5.4%	4,903,661	6.8%
Tax Based				
Income tax	8,099,624	11.3%	7,288,212	10.1%
State sales tax	11,622,770	16.2%	11,529,017	15.9%
Replacement tax	1,494,953	2.1%	1,374,042	1.9%
Other tax	609,756	0.8%	627,517	0.8%
Total Tax Based	21,827,103	30.4%	20,818,788	28.7%
Total Intergovernmental	25,710,568	35.8%	25,722,449	35.5%
Non Tax Based				
Charge for services	6,817,347	9.5%	5,882,463	8.1%
Fines & fees	1,854,952	2.6%	2,219,963	3.1%
Interest income	5,419	0.0%	108,684	0.2%
Licenses and permits	857,174	1.2%	737,684	1.0%
Other revenue	1,666,208	2.3%	3,068,767	4.2%
Total non tax based	11,201,100	15.6%	12,017,561	16.6%
Total Revenue	71,841,389	100.0%	72,358,821	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 December 31, 2015, tax revenues accounted for 79.0% of the total revenue stream funding governmental operations, versus 76.6% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution accounted for 5.4% in the current fiscal period, versus 6.8% in the prior fiscal period. The non tax based revenue stream in the current fiscal period accounted for 15.6% of the total revenue, versus 16.6% in the prior fiscal period.

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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, intergovernmental operating grants, fines and fees, and licenses and permits.

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

Government Fund Expenditures

The City accounts for government fund expenditures in six categories as follows: 1) general government, 2) public safety, 3) culture, 4) public works, 5) education, and 6) debt service.

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended December 31, 2015, versus the fiscal period ended December 31, 2014.

Government Fund Expenditures

\$ (whole)	12 months Ending Dec 31, 2015	% of Total	12 months Ending Dec 31, 2014	% of Total
General government	11,226,048	14.9%	10,858,506	14.1%
Public safety	43,052,390	57.0%	43,908,692	57.1%
Culture	89,252	0.1%	79,679	0.1%
Public works	13,986,745	18.5%	14,305,973	18.6%
Education	3,332,483	4.4%	3,590,771	4.7%
Debt service	3,867,078	5.1%	4,177,258	5.4%
Total Expenditures	75,553,996	100.0%	76,920,879	100.0%

Government fund expenditures in the fiscal year ending December 31, 2015, amounted to \$75,553,996, versus government fund expenditures of \$76,920,879 in the fiscal period ending December 31, 2014, representing a decrease in government fund expenditures of \$1,366,883 of 1.8%.

The profile of governmental expense remains consistent to the prior year, whereby, public safety expense represents the largest element of expense, followed by public works, general government and the remaining expense categories.

General government expenditures of \$11,226,048 increased \$367,542 or 3.4% versus the prior year, primarily the result of the inclusion of Information Technology expense of \$1,230,517, recorded in the prior year as an internal service fund expense now included in the General Fund, general spending increase of \$176,641, introduction of the major moves program with in-period spending of \$147,657, offset by a reduction in federal program HOME and CDBG spending of \$1,187,273. Year on year general government spending increase of \$176,641 is a 1.6% increase versus the prior year.

Public safety expenditures of \$43,052,390 decreased \$856,302 or 2.0% versus the prior year, primarily the result of non recurrence of prior period one-time capital expense in the amount of \$1,459,399 for the outfitting of the Police Headquarter facility commissioned in 2014. Public safety year on year comparable spending in 2015 versus the prior year increased \$603,097 or 1.4%.

Public works expenditures of \$13,986,745 decreased \$319,228 or 2.2% versus the prior year, primarily the result of prior year spend down of capital and bond-proceed money in the amount of \$853,037 in governmental fund balances. Year on year public works expenditures increased \$533,809 or 4.0%.

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Education and debt service expenditures decreased versus the prior year with lower debt related principal and interest payments and non recurrence of capital outlay.

Proprietary Funds

**Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Net Position
For the Twelve Months ending December 31, 2015**

\$ (whole)	Water Utility	Public Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	121,662,796	4,533,175	20,214,920	1,131,156	147,542,049	6,847,327
Deferred outflow	1,428,126	-	-	-	1,428,126	-
Total liabilities	119,537,167	916,709	9,985,425	238,899	130,679,200	3,606,072
Deferred inflow	64,616	-	-	-	64,616	-
Net position						
Net capital assets	(1,560,392)	2,844,365	4,770,095	107,870	6,161,938	1,589,703
Unrestricted	5,048,533	772,101	5,549,400	784,387	12,064,421	1,651,552
Total net position	3,488,141	3,616,466	10,229,495	892,257	18,226,359	3,241,255
Operating revenues	26,726,719	643,953	4,754,949	1,952,463	34,078,084	15,324,492
Operating expenses	15,990,199	6,823,062	3,163,751	1,054,813	27,031,825	14,469,627
Operating income (loss)	10,736,520	(6,179,109)	1,591,198	897,650	7,046,259	854,865
Non operating rev (exp)	(4,123,768)	5,913,704	82,007	253	1,872,196	(131,546)
Income (loss) before transfers	6,612,752	(265,405)	1,673,205	897,903	8,918,455	723,319
Transfers						
Transfers in	-	147,864	-	-	147,864	728,430
Transfers out	(2,663,489)	-	(137,984)	-	(2,801,473)	(453,450)
Change in net position	3,949,263	(117,541)	1,535,221	897,903	6,264,846	998,299
Net position beginning	(461,122)	3,881,250	8,964,274	(5,646)	11,961,513	2,968,308
Restatement	408,160	(147,243)	-	-	260,917	(725,352)
Net position ending	3,488,141	3,616,466	10,229,495	892,257	18,226,359	3,241,255

Restatement result of reclassification of debt from business activity to governmental activity and implementation of GASB 68.

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

The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (3 funds), Public Transit (1 fund), and Sewer (1 fund), which are considered major enterprise funds. Data from the other two (2) non-major enterprise funds (Recycling, and Storm Water Utility) 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.

Management Discussion and Analysis
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The City maintains five (5) internal service funds. The City of Decatur uses internal service funds to account for its self-insured liability insurance program, self-funded employee health benefit programs, information technology operations program, fleet maintenance and equipment replacement programs. Because these services predominantly benefit governmental activities rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

As of December 31, 2015, City enterprise funds reported a net position of \$18,226,359, an increase of \$6,264,846 or 52% versus the level as of December 31, 2014.

The net position as of December 31, 2015 includes capital assets net of \$6,161,938, with unrestricted net position of \$12,064,421.

Water Utility operating revenues achieved during the fiscal year ending December 31, 2015 amounted to \$26,726,719, versus water utility operating revenues of \$21,330,788 in the fiscal period ending December 31, 2014, an increase of 25.3% versus the prior year.

Water Utility rates were increased 25% effective May 1, 2015 per Council Ordinance 2013-20 enacted on April 2, 2013, as the third step in securing the revenue stream to fund the five-year Lake Decatur Dredging project and capital infrastructure investment to secure the water system. The first rate increase of 35% was effective May 1, 2013, followed by the second rate increase of 30% effective May 1, 2014. The same Council Ordinance approved Water Utility rate increases of a minimum 2.5% effective May 1, 2016 and each year thereafter.

Water Utility operating expense amounted to \$15,990,199 in the current fiscal year versus \$14,315,246 in the prior fiscal period, an increase of 11.7%. Operating expense increases were across the board in all reported expense categories, where personnel expenses increased 16.7%, contractual services increased 9.2%, operating supplies increased 22.4%, other charges increased 28.0% and depreciation expense increased 0.9%. The operating expense increases in the period were in line with expectations and in support of the 25.3% increase in water utility revenue.

Non-operating and transfer expense, primarily representing interest financing costs of long term debt and PILOT transfer to other funds amounted to \$6,787,257 during the fiscal year, versus \$5,149,336 in the prior fiscal year. The increase resulted primarily from higher interest expense on debt and increased PILOT transfer to other city funds.

Water Utility reported a favorable change in net position of \$4,361,548 during the current fiscal year, net of the prior year restatement of debt from the water utility to other business activity enterprise and governmental activity funds, and can be attributed to the revenue improvement resulting from the water rate increases implemented coupled with the continued control of water utility operating expense.

With the continued increase in net position of the Water Utility during the fiscal period, the Water Utility is well positioned with the approved rate increases to generate positive cash flow and resultant fund balance increases in the near term future periods to fund the capital investments and provide adequate fund balance reserves.

Public Transit net position of \$3,616,466 decreased \$117,541 or 3.1% versus the net position as of December 31, 2014, including restatement of the prior year net position for reclassification of debt between City enterprise funds.

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Operating revenue representing passenger fares amounted to \$643,953 in the current fiscal year versus \$720,265 in the prior fiscal period, a decline in operating revenue of \$76,312 or 10.6%. The revenue decline is attributed to lower passenger volume in the period as the Decatur School District completed its long awaited renovations of the two public system secondary school facilities which eliminated certain secondary school age children ridership, which was supported by funding from the school district.

Current fiscal period operating expense amounted to \$6,823,062, versus \$6,795,236 in the prior fiscal period, an increase of 0.4%. Public Transit operations exhibited sound fiscal expense control holding expense increases to the minimum, despite ongoing wage increases and the impact of reduced revenue flow.

Public Transit operations are funded primarily by operating and capital grants from the federal and state governmental units. Intergovernmental revenue of \$5,928,045 received in the current fiscal year ending December 31, 2015, represented a grant funding level approximating 87% of in-period operating expense, an increase compared to the 75% grant funding level occurring in the prior fiscal period.

Public Transit operations recorded a reduction in net position of \$117,541 during the current fiscal period versus a reduction in net position of \$955,113 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 \$10,229,495 experienced an increase in net position of \$1,535,221 or 18% versus the net position as of December 31, 2014.

Sewer operating revenues achieved during the current fiscal year amounted to \$4,754,949, versus \$3,877,207 in the prior fiscal period, an increase of \$877,742 or 22.6%. Sewer utility rates are coupled to water rates and therefore as water revenue increases, a spillover effect provides benefit to the sewer utility revenue stream. In addition, the sewer rate increase approved by the City Council in 2011 included a 14.6% sewer rate increase effective May 1, 2015. This rate increase is the last sewer utility rate increase approved by the City Council until additional action is taken.

Sewer operating expense amounted to \$3,163,751 in the current fiscal year, versus \$3,102,775 in the prior year fiscal period, representing a 2.0% increase in operating expense, in line with inflation during the period.

As of December 31, 2015, City internal service funds reported a net position of \$3,241,255, an increase of \$998,299 or 45%, net of the prior year restatement of debt from the water utility enterprise fund, versus the level as of December 31, 2014.

The current period net position includes net capital assets of \$1,589,703, a decrease of \$505,611 as compared to December 31, 2014. Unrestricted net position as of December 31, 2015 is \$1,651,552, an increase from the unrestricted net position of \$872,994 as of December 31, 2014.

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.

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\$ (whole)	Pension Trust Dec 31, 2015	Pension Trust Dec 31, 2014
Total assets	161,122,567	164,438,453
Total liabilities	52,511	3,831
Net position held in trust	161,070,056	164,434,622

As of December 31, 2015, the net position in the pension trust funds decreased \$3,364,566 or 2% versus the level of net position as of December 31, 2014.

The Pension Trust fund asset decrease is attributed to investment loss 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 December 31st of each year, proceeding the budget period. Prior to the end of the 1st quarter of the fiscal year, the City submits an appropriation ordinance to the City Council, which upon passage and adoption, provides the City with the legal authority to encumber and spend monies defraying the expenses of the city government operation.

The general fund budget applicable for the fiscal year ending December 31, 2015 is reported as follows:

\$ (whole)	Original Budget 12 months Ending Dec 31, 2015	Final Budget 12 months Ending Dec 31, 2015	Actual Budgetary Basis 12 months Ending Dec 31, 2015	Variance Favorable (Unfavorable)
Revenue	61,971,416	61,971,416	60,377,298	(1,594,118)
Expenditures	64,846,600	64,919,950	63,246,596	1,673,354
Other financing net	1,115,516	1,115,516	1,674,508	558,992
Surplus (deficit)	(1,759,668)	(1,833,018)	(1,194,790)	638,228

Source: City of Decatur cash basis (non-GAAP) accounting information for the General Fund

The 2015 budget for the 12-month fiscal year was presented to the Decatur City Council in December, 2014. 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 12-month fiscal year (ending December 31, 2015) annual appropriation ordinance to the Decatur City Council in March, 2015, in accordance with State of Illinois statutes.

The City General Fund revenue was originally approved at \$61,971,416 for the 12-month fiscal period with Council adoption of the 2015 fiscal period annual appropriation in March, 2015.

General Fund expenditures were originally appropriated at \$64,846,600 for the current 12-month fiscal period with Council adoption of the 2015 fiscal period annual appropriation in March, 2015. A revision was made to the fiscal period General Fund budget, increasing expenditures to \$64,919,950.

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The General Fund budget approved included other financing in the amount of \$1,115,516, including payment in lieu of taxes and transfers from other funds.

Fiscal period General Fund revenues achieved of \$60,377,298 was below the approved budget by \$1,594,118, primarily due to lower tax revenues received in the period.

Fiscal period General Fund expenses of \$63,246,596 were below the appropriated budget by \$1,673,354.

Other financing net achieved of \$1,674,508 exceeded the approved budget by \$558,992 due primarily to loan proceeds for certain general government financing.

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 handled administratively at year-end, as required to adjust the budget as necessary to prevent any budget overruns in any departments and divisions.

Capital Assets and Debt Administration

Capital assets

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Assets not depreciated						
Land	8,424,239	8,361,299	4,450,066	4,450,066	12,874,305	12,811,365
Construction in progress	1,845,935	1,968,372	8,207,377	31,018,758	10,053,312	32,987,130
Total	10,270,174	10,329,671	12,657,443	35,468,824	22,927,617	45,798,495
Assets depreciated						
Infrastructure	120,214,941	117,878,214	39,317,749	36,405,677	159,532,690	154,283,891
Building & improvement	46,973,249	46,535,927	125,172,101	96,953,063	172,145,350	143,488,990
Vehicles	15,119,344	14,276,824	7,985,289	7,985,289	23,104,633	22,262,113
Office equipment	4,176,107	4,064,446	104,848	96,336	4,280,955	4,160,782
Other equipment	11,774,027	10,296,635	17,979,474	1,591,853	29,753,501	11,888,488
Total Cost	198,257,668	193,052,046	190,559,461	143,032,218	388,817,129	336,084,264
Accumulated depreciation						
Infrastructure	63,145,159	59,659,606	15,968,291	14,956,636	79,113,450	74,616,242
Building & improvement	24,057,393	22,624,565	70,903,438	68,371,226	94,960,831	90,995,791
Vehicles	11,951,435	11,199,645	6,414,434	6,082,765	18,365,869	17,282,410
Office equipment	2,647,075	2,428,059	88,710	76,486	2,735,785	2,504,545
Other equipment	9,482,238	9,244,754	1,575,988	1,462,336	11,058,226	10,707,090
Total Depreciation	111,283,300	105,156,629	94,950,861	90,949,449	206,234,161	196,106,078
Net Depreciated Assets	86,974,368	87,895,417	95,608,600	52,082,769	182,582,968	139,978,186
Capital Assets, net	97,244,542	98,225,088	108,266,043	87,551,593	205,510,585	185,776,681

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City investment in capital assets for governmental and business type activities was \$205,510,585, net of depreciation, as of December 31, 2015, and represents an increase in net capital assets of \$19,733,904.

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

Major Capital Asset Construction in Progress at December 31, 2015

Primary Government		\$	
	Brush College Subway	1,472,186	Continued project
	Decatur Corridor	70,830	Continued project
	NE Drainage Ditch	55,266	Continued project
	Nelson Park Storm Sewer	48,668	Continued project
	Mound Road Bridge	99,466	New project
	Local History Museum	46,616	New project
	T2 Parking software	19,480	New project
	Midwest Inland Port	6,293	New project
	Fire facility rehabilitation	27,130	New project
Total		1,845,935	
Business Activities			
	Lake Decatur Dredging Basins 1-4	7,863,578	Continued project
	Star Crest Pump Station	50,171	Continued project
	7 th Ward sewer	230,633	Continued project
	Drainage improvement	19,800	New project
	Baltimore Road reconstruction	29,245	New project
	Nelson Park sewer	13,950	New project
Total		8,207,377	

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2015 of \$205,510,585 increased by \$19,733,904 or 11% when compared to the level as of December 31, 2014. Construction in progress capital assets and land decreased \$22,870,878, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, increased by \$42,604,782 when compared to December 31, 2014.

The cost of capital assets not being depreciated decreased from \$45,798,495 at December 31, 2014 to \$22,927,617 at December 31, 2015, a decrease of \$22,870,878, primarily due to the decrease in construction in progress as enterprise fund capital projects were capitalized during the 12-month fiscal year.

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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 \$10,128,083.

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 December 31, 2015 is \$158,903,678, an increase of \$20,753,978 or 15% as compared to the outstanding debt issue as of December 31, 2014. City outstanding debt includes bond issues, notes & loans payable, compensated absences, pension obligations, and other post employment benefits (“OPEB”).

\$ (whole)	Debt as of Dec 31, 2014	Debt Additions	Debt Retirements	Debt as of Dec 31, 2015	Due within One Year
GO bonds	96,263,756	24,378,300	5,148,949	115,493,107	6,362,616
Notes & loans	37,245,701	3,438,363	2,176,981	38,507,083	2,629,263
Total interest bearing debt	133,509,457	27,816,663	7,325,930	154,000,190	8,991,879
Compensated absences	4,640,243	2,733,332	2,470,087	4,903,488	2,328,679
Total Debt	138,149,700	30,549,995	9,796,017	158,903,678	11,320,558

Source: Notes to Financial Statements, Note 8 Long-Term Debt.

New interest bearing debt instruments issued in the fiscal period include as follows:

General Obligation Series 2015 – The City issued \$23,305,000 Series 2015 General Obligation Bonds dated September 3, 2015 due March 1, 2035. The bond proceeds will be used to finance phase 2 of the five year \$90 million project to dredge Lake Decatur basins 1-4. The bonds have an interest rate of 2.00% to 5.00% with principal and interest serviced by the annual tax levy and planned to be abated each year with debt service payable from the revenues of the water system.

Soy Capital Bank & Trust Promissory Note Series 2014 – The City authorized the issuance of a maximum \$1,000,000 dated September 30, 2014 to finance the costs related to the acquisition of a replacement public works radio communications system. The radio system deployment was completed in 2015. The term of the loan is 7 years at a fixed interest rate of 2.8%. The City has drawn \$986,826 on this loan as of December 31, 2015. Principal and interest payments will commence in 2016 with quarterly payment frequency.

Illinois Environmental Protection Agency Sewer Loan 2014 - The City authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for a maximum of \$2,534,034 of which \$275,000 is forgivable, to finance the costs related to the rehabilitation of certain main line sewer infrastructure within the City on September 13, 2014. The project commenced on November 1, 2014. The City has drawn down \$2,401,122 including interest as of December 31, 2015 yielding an outstanding principal obligation of \$2,126,122 net of the forgivable amount. The term of the loan is for 20 years with a fixed interest rate of 1.995%. Loan repayment principal and interest amounts are subject to determination of the final loan principal amount determined upon project completion.

Management Discussion and Analysis
City of Decatur, Illinois
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Busey Bank Fire Apparatus Pierce Impel Pumper Loan 2015 - \$439,940 loan dated May 4, 2015 to finance the costs related to the acquisition of Fire Apparatus Pierce Impel Pumper. The term of the loan is 7 years with a fixed interest rate of 2.3% with annual principal and interest payments due May of each year commencing in 2016 and ending in 2022.

Busey Bank Police Interceptor Vehicles Loan 2015 - \$287,732 loan dated September 22, 2015 to finance the costs related to the acquisition of ten (10) police interceptor vehicles. The term of the loan is 2 years with a fixed interest rate of 1.5% with quarterly principal and interest payments commencing on December 22, 2015 with final payment September 22, 2017.

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 Position in the amount of \$4,903,488, as of December 31, 2015.

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 except for IMRF.

As of December 31, 2015, the net pension obligation of the City to the three pension plans is \$132,677,453. Effective with the fiscal year ending December 31, 2015, the City of Decatur adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statements 27 and 50, related to pension plans administered through trusts and equivalent arrangements.

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 December 31, 2015, the net OPEB obligation of the City to the Retiree Healthcare program is \$1,006,046.

Additional information on debt can be found in the notes to the financial statements in statement note 8 Long-Term Debt; statement note 9 Pension Plans; and statement note 16 Other Post-Employment Benefits.

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

The City bond rating is A1, upper medium quality rating, as rated by Moody's Investor Services (rating date July 29, 2015), and A, upper medium quality rating, as rated by Standard & Poor's (rating date February 27, 2014), for all general obligation debt currently outstanding.

Management Discussion and Analysis
City of Decatur, Illinois
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Outstanding Lease Debt

The City has entered into various lease arrangements as lessee for the financing of certain City fleet vehicles. All leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum future lease payments as of the date of acquisition.

Outstanding capital lease debt as of December 31, 2015 is \$886,988, a decrease of \$68,589 or 7% as compared to the outstanding lease debt as of December 31, 2014.

\$ (whole)	Debt as of Dec 31, 2014	Debt Additions	Debt Retirements	Debt as of Dec 31, 2015	Due within One Year
Capital lease debt					
Primary Government	665,690	287,499	281,104	672,085	295,256
Business Activities	289,887	-	74,984	214,903	76,556
Total Lease Debt	955,577	287,499	356,088	886,988	371,812

Source: Notes to Financial Statements, Note 17 Capital Leases

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 general corporate purpose, 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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2015

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.

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 continues engagement in certain reengineering projects targeted to create efficiency and cost improvements within City operations. These reengineering efforts include back office process improvements for customer service operations in the city utilities 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.

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:

Economic Development and Quality of Life initiatives

Holiday Inn & Suites / Burger Theory – A \$9 million hotel and restaurant project has commenced with ground breaking in 2015 that will include 114 room hotel facility with conference space and a gourmet restaurant.

Hampton Inn – A new \$7 million hotel project.

Sonic Restaurant – \$1.6 million investment with the first Sonic entry into the Decatur market. This particular restaurant chain was actively pursued to fulfill consumer demand for this chain in Decatur.

Salsa American Burrito Company – new fast food casual restaurant providing multiple options for creating individual selection entrée's.

Decatur Brew Works – microbrewery established in the central downtown footprint.

Management Discussion and Analysis
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Busey Bank FirstTech Renovation – Back office payment processing service provider subsidiary of Busey Bank has commenced a \$3.5 million investment initiative in the downtown footprint renovating the current facility. The investment is a collaboration of private / public funding and secures continued operation of an important employer in the City of Decatur.

Westfield Industries / ShurCo expansion – \$3.6 million facility investment by manufacturer of farm equipment, subsidiary of AG Growth International.

National FoodWorks Services – New \$2 million state of the art food incubator with business focus to provide food processing, packaging and development services for food businesses and food entrepreneurs. The longer term vision of this enterprise is to provide educational components for entrepreneurship in the food processing industry. This start-up enterprise has received funding support from multi-national ArcherDanielsMidland.

Akorn Pharmaceutical – A significant Decatur enterprise and employer has begun an \$18 million plant expansion facilitated in part through use of City brown-field grant and planning and zoning adjustments. This multi-year capital improvement plan will add local employment. Company will add 40,000 square feet to accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations.

Crossing Healthcare – New \$6 million state of art medical center in Wabash Crossing redevelopment area opened in 2015 serving the Decatur community, allowing for expansion of medical staff and service to an increased number of patients.

Ongoing or Recently Completed Initiatives

Police Department Law Enforcement Center – Decatur Police moved into a new facility at 707 Southside Drive on June 1, 2014. The City had been searching for more than a decade for adequate space to house the Police Headquarters. The state-of-art, 46,000 square foot renovated facility provides the Police Department and staff the space and tools needed to effectively and efficiently manage the police protection affairs of the City of Decatur. Working with a local developer, who purchased and renovated the building, this project returned a vacated industrial site to productive community use, and has positioned further commercial and economic development opportunities in the adjacent area.

Downtown Revitalization – The City's Downtown Streetscape project, completed in 2015, was 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 increase in activity. The project 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. 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 implemented sweeping changes to its downtown parking system 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.

Lakeshore Landing 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 envisioned including a water park, additional boat docks, new restaurant and recreation amenities, and lake view condominium housing.

Ashley Furniture / Mound Center Development – Ashley Furniture opened for business in 2015 with a 35,000 square foot commercial building bringing needed furniture shopping opportunities to residents. Ashley Furniture stores consistently rank among the largest home furnishing retailers in the country.

New County Market Store – Grand opening occurred in January, 2015 for the new \$15 million County Market grocery store in Decatur at the intersection of IL 48 and Grand Avenue. A redevelopment agreement with Niemann Holdings, LLC allowed for the construction of the 38,000 square foot store on the near north side of the City. This investment provides further strength and stability to the redevelopment of this core City area.

Jackson Ford Development Agreement – The Decatur City Council approved a redevelopment agreement with Jackson Ford and Jackson Family Limited Partnership to allow for the construction of a new dealership on the site previously occupied by its Ford dealership on East Pershing Road. This \$4.1 million project was completed in early 2014.

St. Mary's / Decatur Memorial Hospital Expansion – St. Mary's completed a \$31 million facility expansion in 2014 including new lobby, emergency care department, laboratory rooms and hospital façade. Decatur Memorial Hospital completed its \$39 million facility expansion in 2014 adding hospital rooms, a new tower, cafeteria and other amenities, and recently opened a new, state-of-art Cancer Care Center.

Parke & Son, Inc., Parke Warehouse Expansion – 140,000 square foot expansion of the existing warehouse and distribution facility on East Mound Road, in the Midwest Inland Port corridor, to meet current and anticipated business growth. The investment included facility expansion and equipment approaching \$6 million.

Union Iron consolidation and expansion – new \$11 million facility on East Mound Road to consolidate operations and accommodate expected business growth. Expectation for additional employees to be added to the labor force as the enterprise expands its production operations. The City expanded the Enterprise Zone and provided rezoning to facilitate the project.

Administrative Court – The City commenced operation of a new City Administrative Court in 2012, 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. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results.

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 signed up to participate in the program and the amount of recycled material continues to increase as residents become accustomed to the program. This program continues to gain further acceptance in the community and further contributes to the "greening" of the City of Decatur.

Archer Daniels Midland (“ADM”) Local Investment and Expansion

ADM 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.

ADM Carbon Sequestration Project – Landmark project initiative to reduce greenhouse gas by capturing and storing carbon dioxide emissions from the ethanol plant in the underground rock structure below the earth’s surface. This \$208 million investment is recognized nationally for its innovation and success.

ADM Local Expansion – \$6.5 million facility within the ADM Decatur footprint for processing and refining of crude vegetable oil.

ADM Community Investment – \$2.5 million commitment to fund local civic and educational organizations in the City of Decatur community.

Midwest Inland Port / Intermodal Ramp – Opened in 2014 and now operational, this Intermodal Transportation hub connects rail and road with the ability to service 95 million customers within a one day drive from Decatur, Illinois. This shipping and receiving complex offers direct access to 3 Class I railroads and four interstate highways. The Midwest Inland Port is a “game changer” for the City of Decatur and Central Illinois as it positions Decatur as the premier transportation hub in the Midwest.

Infrastructure Improvement Projects

Water System Improvement Initiative – 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, and 2.5% increases effective each May 1 into the future, providing the capital resources for the \$90 million investment currently underway, the largest investment in the City water system since Lake Decatur was created in 1922. The rate increases fund a series of lake dredging initiatives that will increase the capacity of the lake, thereby increasing the retained water levels of the lake by 30%. The rate increases will also fund further investment to secure secondary water supply, as a safeguard in times of drought, as well as a series of investments in replacing aging above and below ground water infrastructure. The dredging initiative is presently entering the second summer of activity with completion expected in 2019.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment completed in 2013 was critical in 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 completed in 2014 included 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 was funded by user fees paid by City utility water customers.

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 was funded by a loan from the State of Illinois EPA (“IEPA”). This project replaced aging sewer infrastructure in an important residential and medical service corridor of the City. The project was completed in 2014.

Union Street Sewer Improvement – In early spring 2014, the Decatur City Council approved the project to refurbish and replace certain components of the Union Street sewer line. This \$2.6 million project was funded by a loan from the State of Illinois EPA (“IEPA”). This project replaced aging sewer infrastructure in an important residential and commercial corridor of the City. The project was completed in early 2015.

Storm Water Utility – In 2014, the City Council approved the creation of a new Storm Water Utility in the City of Decatur to operate as the city utility responsible for the maintenance and operation of the storm water sewer system within the City of Decatur. The Storm Water Utility commenced in Q4 2015. This project includes an initial investment of \$60 million, to be expended over the succeeding 5 years addressing the most critical storm water system issues facing the City.

Franklin Street Water Tower – The City completed construction of a 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 \$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 with no obligation 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 / East Belt Parkway – 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 industrial city corridor. As well, the City, in co-operation with Macon County is pursuing federal funding support to create the East Belt Parkway connecting roadways in support of anticipated economic development opportunities in this industrial sector of the city footprint.

Johnson Controls Energy Initiative – In 2015, the City completed the \$17.2 million project initiative to install automated water meter reading equipment (“AMR”) throughout the city residential, commercial and industrial footprint. In addition, this project included energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative was the primary investment with \$14.5 million devoted to the installation of state of art electronically read water meters. The remaining investment of \$2.7 million was 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.

Education Investments

Decatur Public School Corporation – \$76 million, 3 year project, for renovation and expansion of Eisenhower and MacArthur High School buildings, the two public high schools in the City of Decatur. The Eisenhower renovation was completed and commissioned in early 2014, whereas the MacArthur facility renovation was completed and commissioned in early 2015. This project demonstrates the School Corporation and community commitment to a strong educational system in the City.

St. Teresa Catholic High School - \$4.8 million project including state-of-art athletic facilities, building upgrades and expansion and improvements to the public facilities, with money raised through a school capital campaign. The successful campaign further demonstrates the community commitment to a strong educational component in the community.

Richland Community College - \$16 million investment for the Workforce Development Institute, a new 45,000 square foot facility to be used for specific local employer workforce training to ensure the trained labor candidate pipeline is available to meet the employment demand anticipated in the future. Campus expansion also included a new culinary-arts dining facility and other facility renovations.

Millikin University – \$1.4 million renovation to the athletic complex including artificial turf, lighting, running track and a new scoreboard in the stadium complex. Millikin University continues to place among the top universities for student academic success, return on education investment and student satisfaction, as rated by U.S. News & World Report, Forbes and the Princeton Review, among other notable publications.

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 December 31, 2015 and for the twelve-month period then ended. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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City of Decatur

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City of Decatur, Illinois
July 21, 2016

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 16,345,529	\$ 17,835,072	\$ 34,180,601	\$ 145,630
Investments	-	15,897,351	15,897,351	-
Receivables:				
Property taxes, net	14,979,544	-	14,979,544	-
Illinois municipal sales tax	6,388,001	-	6,388,001	-
Other taxes	3,395,466	-	3,395,466	-
Due from other governments	769,106	-	769,106	-
Accounts receivable	141,903	4,654,616	4,796,519	44,503
Notes receivable	581,466	-	581,466	-
Other	16,170	29,292	45,462	-
Internal balances	599,464	(599,464)	-	-
Prepaid items	195,978	100,000	295,978	-
Inventories	284,118	504,675	788,793	6,415
Capital assets not being depreciated	10,270,174	12,657,443	22,927,617	3,130,762
Capital assets being depreciated, net	86,974,368	95,608,600	182,582,968	2,251,587
TOTAL ASSETS	140,941,287	146,687,585	287,628,872	5,578,897
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount related to pension liability	17,198,181	1,428,126	18,626,307	-
LIABILITIES				
Accounts payable	1,688,346	2,078,822	3,767,168	48,515
Contracts payable	1,339	4,724,060	4,725,399	-
Interest payable	167,622	1,042,851	1,210,473	-
Claims payable	2,870,893	-	2,870,893	-
Other accrued liabilities	895,928	558,168	1,454,096	41,341
Unearned revenue	106,829	-	106,829	-
Long-term obligations, due within one year:				
Bonds payable	2,027,588	4,335,028	6,362,616	-
Capital leases	295,257	76,556	371,813	-
Notes payable	823,315	1,805,948	2,629,263	-
Compensated absences	2,328,679	-	2,328,679	13,356
Long-term obligations, due in more than one year:				
Bonds payable	27,807,841	81,322,650	109,130,491	-
Capital leases	376,828	138,347	515,175	-
Notes payable	4,003,403	31,874,417	35,877,820	-
Net pension liability	130,210,100	2,467,353	132,677,453	-
Other post-employment benefits	1,006,046	-	1,006,046	-
Compensated absences	2,574,809	-	2,574,809	-
Total liabilities	177,184,823	130,424,200	307,609,023	103,212
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	14,309,450	-	14,309,450	-
Deferred amount related to pension liability	770,707	64,616	835,323	-
Deferred operating contribution receipts	-	-	-	100,000
Total deferred inflows of resources	15,080,157	64,616	15,144,773	100,000
NET POSITION				
Net investment in capital assets	61,778,472	6,161,938	67,940,410	5,382,349
Restricted for capital projects	703,832	-	703,832	-
Restricted for general government	1,030,834	-	1,030,834	-
Restricted for transportation and highway	1,761,343	-	1,761,343	-
Restricted for education	1,412,467	-	1,412,467	-
Restricted for culture	23,919	-	23,919	-
Restricted for public safety	483,383	-	483,383	-
Restricted for debt service	3,970,678	-	3,970,678	-
Unrestricted net position	(105,290,440)	11,464,957	(93,825,483)	(6,664)
TOTAL NET POSITION	\$ (34,125,512)	\$ 17,626,895	\$ (16,498,617)	\$ 5,375,685

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2015

	Major Governmental Funds					Nonmajor Governmental Funds	Total
	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund		
ASSETS							
Cash and investments	\$ 2,251,316	\$ 1,289,366	\$ 765,645	\$ 1,423,956	\$ 3,970,994	\$ 2,539,444	\$ 12,240,721
Receivables:							
Property taxes, net	8,198,895	2,790,150	1,738,763	-	2,188,101	63,635	14,979,544
Illinois municipal sales tax	6,388,001	-	-	-	-	-	6,388,001
Other taxes	3,226,300	43,347	100,950	-	-	24,869	3,395,466
Due from other governments	160,924	-	-	392,429	-	215,753	769,106
Accounts receivable	131,754	-	-	-	-	9,654	141,408
Notes receivable	-	-	-	-	-	581,466	581,466
Other	3,904	-	-	-	434	11,832	16,170
Prepaid items	10,978	-	-	-	-	-	10,978
Inventories	16,187	-	-	-	-	-	16,187
TOTAL ASSETS	\$ 20,388,259	\$ 4,122,863	\$ 2,605,358	\$ 1,816,385	\$ 6,159,529	\$ 3,446,653	\$ 38,539,047
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 585,012	\$ 31,177	\$ 975,384	\$ 6,864	\$ 750	\$ 75,295	\$ 1,674,482
Contracts payable	1,339	-	-	-	-	-	1,339
Other accrued liabilities	504,245	34,245	-	-	-	339,041	877,531
Unearned revenue	24,506	-	33,650	48,178	-	-	106,334
Total liabilities	1,115,102	65,422	1,009,034	55,042	750	414,336	2,659,686
Deferred Inflows of Resources:							
Subsequent year's property taxes	7,528,801	2,790,150	1,738,763	-	2,188,101	63,635	14,309,450
Unavailable taxes and grants	4,070,653	-	-	-	-	198,756	4,269,409
Total deferred inflows of resources	11,599,454	2,790,150	1,738,763	-	2,188,101	262,391	18,578,859
Fund Balances:							
Nonspendable:							
Prepaid items	10,978	-	-	-	-	-	10,978
Inventories	16,187	-	-	-	-	-	16,187
Restricted:							
Transportation and highway	-	-	-	1,761,343	-	-	1,761,343
General government	-	-	-	-	-	1,030,834	1,030,834
Culture	-	-	-	-	-	23,919	23,919
Public safety	-	-	-	-	-	483,383	483,383
Education	-	1,267,291	-	-	-	145,176	1,412,467
Capital projects	-	-	-	-	-	571,994	571,994
Debt service	-	-	-	-	3,970,678	-	3,970,678
Committed:							
Economic development	-	-	-	-	-	254,200	254,200
Capital projects	-	-	-	-	-	264,073	264,073
Unassigned	7,646,538	-	(142,439)	-	-	(3,653)	7,500,446
Total fund balances	7,673,703	1,267,291	(142,439)	1,761,343	3,970,678	2,769,926	17,300,502
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,388,259	\$ 4,122,863	\$ 2,605,358	\$ 1,816,385	\$ 6,159,529	\$ 3,446,653	\$ 38,539,047

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
December 31, 2015

Total fund balances - governmental funds		\$ 17,300,502
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p style="padding-left: 20px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>		
Capital assets	208,527,842	
Accumulated depreciation	<u>(111,283,300)</u>	
Net capital assets		97,244,542
<p>Deferred inflows of resources related to taxes and grants receivable are not available until future periods; therefore, they are not reported in the funds.</p>		
Receivables		4,269,409
<p>Net deferred inflows and outflows of resources related to pensions are applicable to future periods; therefore, they are not reported in the funds.</p>		
		16,427,474
<p>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.</p>		
		2,251,016
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.</p>		
		(164,589)
<p>Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:</p>		
Compensated absences payable	(4,903,488)	
Net pension obligation	(130,210,100)	
Post-employment benefits	(1,006,046)	
Capital leases	(672,085)	
Bonds payable	(29,835,429)	
Notes payable	<u>(4,826,718)</u>	
Total long-term liabilities		<u>(171,453,866)</u>
Net position of governmental activities		<u>\$ (34,125,512)</u>

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 December 31, 2015

	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	\$ 27,296,026	\$ 2,729,592	\$ 1,773,458	\$ 1,846,765	\$ 1,261,568	\$ 209,337	\$ 35,116,746
Charges for service	6,817,347	-	-	-	-	-	6,817,347
Investment income and net increase in fair value of investments	1,225	489	249	962	1,520	974	5,419
Intergovernmental	23,105,219	437,685	179,025	47,866	-	1,753,748	25,523,543
Licenses and permits	857,174	-	-	-	-	-	857,174
Fines and fees	1,439,024	56,438	-	-	-	359,490	1,854,952
Other revenue	412,797	36,514	-	25,672	466,886	724,339	1,666,208
Total revenues	<u>59,928,812</u>	<u>3,260,718</u>	<u>1,952,732</u>	<u>1,921,265</u>	<u>1,729,974</u>	<u>3,047,888</u>	<u>71,841,389</u>
EXPENDITURES							
Current:							
General government	9,569,278	-	-	-	24,278	1,632,492	11,226,048
Public safety	42,003,157	-	-	-	-	1,049,233	43,052,390
Culture	-	-	-	-	-	89,252	89,252
Public works	9,942,631	-	1,017,564	2,785,795	-	240,755	13,986,745
Education	-	3,280,785	-	-	-	51,698	3,332,483
Debt service:							
Principal retirement	335,138	-	-	-	2,049,350	-	2,384,488
Interest and other charges	33,195	-	-	-	1,449,395	-	1,482,590
Total expenditures	<u>61,883,399</u>	<u>3,280,785</u>	<u>1,017,564</u>	<u>2,785,795</u>	<u>3,523,023</u>	<u>3,063,430</u>	<u>75,553,996</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,954,587)</u>	<u>(20,067)</u>	<u>935,168</u>	<u>(864,530)</u>	<u>(1,793,049)</u>	<u>(15,542)</u>	<u>(3,712,607)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	2,440	-	-	-	-	45,781	48,221
Loan proceeds	1,369,277	-	-	-	-	-	1,369,277
Transfers in	1,027,463	208,219	-	-	2,326,543	4,503	3,566,728
Transfers out	-	-	(1,013,099)	-	-	(175,000)	(1,188,099)
Total other financing sources (uses)	<u>2,399,180</u>	<u>208,219</u>	<u>(1,013,099)</u>	<u>-</u>	<u>2,326,543</u>	<u>(124,716)</u>	<u>3,796,127</u>
Net change in fund balances	444,593	188,152	(77,931)	(864,530)	533,494	(140,258)	83,520
FUND BALANCES, BEGINNING OF YEAR							
	<u>7,229,110</u>	<u>1,079,139</u>	<u>(64,508)</u>	<u>2,625,873</u>	<u>3,437,184</u>	<u>2,910,184</u>	<u>17,216,982</u>
FUND BALANCES, END OF YEAR							
	<u>\$ 7,673,703</u>	<u>\$ 1,267,291</u>	<u>\$ (142,439)</u>	<u>\$ 1,761,343</u>	<u>\$ 3,970,678</u>	<u>\$ 2,769,926</u>	<u>\$ 17,300,502</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
December 31, 2015

Net change in total fund balance	\$	83,520
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p style="padding-left: 20px;">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.</p>		
Taxes and grants received		1,139,927
<p>Some expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds.</p>		
Increase in long-term compensated absences	\$ (263,245)	
Increase in capital lease liability	(6,395)	
Increase in accrued interest on debt	<u>(40,141)</u>	
		(309,781)
<p>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.</p>		
Capital expenditures	4,365,926	
Depreciation	<u>(6,518,003)</u>	
		(2,152,077)
<p>The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) which do not affect change in fund balance.</p>		
Capital contribution	1,299,409	
Proceeds from sale of capital assets	(48,221)	
Loss on sale of capital assets	<u>(79,657)</u>	
		1,171,531
<p>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.</p>		
		875,037
<p>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.</p>		
		2,384,488

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
December 31, 2015

Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statements of Activities.	\$ (87,285)
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term debt in the Statement of Net Position.	(1,387,555)
Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred inflows and outflows of resources related to pensions, and the investment experience.	(7,400,303)
Bonds premiums/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 premium and loss on refunding	<u>44,705</u>
Change in net position of governmental activities	<u>\$ (5,637,793)</u>

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

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2015**

	Business-type Activities					Governmental Activities- Internal Service Funds
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 11,470,539	\$ 5,574,404	\$ 3,895	\$ 786,234	\$ 17,835,072	\$ 4,104,808
Investments	15,897,351	-	-	-	15,897,351	-
Receivables:						
Accounts receivable	2,970,239	281,066	1,166,259	237,052	4,654,616	495
Other	29,292	-	-	-	29,292	-
Due from other funds	255,000	-	-	-	255,000	-
Inventories	326,593	-	178,082	-	504,675	267,931
Prepaid expenses	100,000	-	-	-	100,000	185,000
Total current assets	31,049,014	5,855,470	1,348,236	1,023,286	39,276,006	4,558,234
Property, plant, and equipment:						
Land	3,550,667	-	899,399	-	4,450,066	-
Construction in progress	7,863,578	280,802	-	62,997	8,207,377	-
Buildings	47,576,844	-	4,215,413	45,250	51,837,507	-
Improvements other than buildings	90,867,621	21,890,641	216,076	-	112,974,338	-
Machinery and equipment	18,292,210	72,281	7,383,125	-	25,747,616	9,480,172
	168,150,920	22,243,724	12,714,013	108,247	203,216,904	9,480,172
Less accumulated depreciation	77,537,136	7,884,274	9,529,074	377	94,950,861	7,191,079
Total property, plant, and equipment	90,613,784	14,359,450	3,184,939	107,870	108,266,043	2,289,093
Total noncurrent assets	90,613,784	14,359,450	3,184,939	107,870	108,266,043	2,289,093
TOTAL ASSETS	121,662,798	20,214,920	4,533,175	1,131,156	147,542,049	6,847,327
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount related to pension	1,428,126	-	-	-	1,428,126	-
LIABILITIES						
Current liabilities:						
Accounts payable	1,524,688	337,254	85,209	131,671	2,078,822	13,864
Contracts payable	4,703,290	13,542	-	7,228	4,724,060	-
Claims payable	-	-	-	-	-	2,870,893
Interest payable	992,342	45,274	5,235	-	1,042,851	3,033
Other accrued liabilities	227,477	-	330,691	-	558,168	18,397
Unearned revenue	-	-	-	-	-	495
Capital lease payable	11,867	64,689	-	-	76,556	-
Note payable	1,370,227	402,468	33,253	-	1,805,948	27,308
Bonds payable	4,335,028	-	-	-	4,335,028	-
Due to other funds	-	-	155,000	100,000	255,000	-
Total current liabilities	13,164,919	863,227	609,388	238,899	14,876,433	2,933,990
Noncurrent liabilities:						
Net pension liability	2,467,353	-	-	-	2,467,353	-
Capital lease payable	22,157	116,190	-	-	138,347	-
Note payable	22,561,088	9,006,008	307,321	-	31,874,417	672,082
Bonds payable	81,322,650	-	-	-	81,322,650	-
Total noncurrent liabilities	106,373,248	9,122,198	307,321	-	115,802,767	672,082
Total liabilities	119,538,167	9,985,425	916,709	238,899	130,679,200	3,606,072
DEFERRED INFLOWS OF RESOURCES						
Deferred amount related to pension	64,616	-	-	-	64,616	-
NET POSITION						
Net investment in capital assets	(1,560,392)	4,770,095	2,844,365	107,870	6,161,938	1,589,703
Unrestricted	5,048,533	5,459,400	772,101	784,387	12,064,421	1,651,552
Total net position	\$ 3,488,141	\$ 10,229,495	\$ 3,616,466	\$ 892,257	18,226,359	\$ 3,241,255

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

(599,464)

NET POSITION OF BUSINESS-TYPE ACTIVITIES

\$ 17,626,895

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

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2015**

	Business-type Activities					Governmental Activities- Internal Service Funds
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from charges for services	\$ 26,142,645	\$ 5,574,459	\$ (513,144)	\$ 1,818,180	\$ 33,022,140	\$ 15,325,182
Cash paid to suppliers for goods and services	(8,864,432)	(3,296,087)	(1,727,299)	(1,082,411)	(14,970,229)	(13,808,156)
Cash paid to employees	(3,757,547)	-	(4,670,281)	-	(8,427,828)	(627,697)
Net cash provided by (used in) operating activities	<u>13,520,666</u>	<u>2,278,372</u>	<u>(6,910,724)</u>	<u>735,769</u>	<u>9,624,083</u>	<u>889,329</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds for close out	-	-	-	-	-	7,367
Intergovernmental revenue	-	269,556	5,928,045	-	6,197,601	-
Cash transfers from other funds	-	-	147,864	-	147,864	-
Cash transfers to other funds	(2,663,489)	(137,984)	-	-	(2,801,473)	(453,450)
Net cash provided by (used in) noncapital financing activities	<u>(2,663,489)</u>	<u>131,572</u>	<u>6,075,909</u>	<u>-</u>	<u>3,543,992</u>	<u>(446,083)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant, and equipment	(20,480,146)	(1,973,157)	(453,963)	(108,247)	(23,015,513)	(834,942)
Proceeds from the acquisition of debt	24,378,300	1,531,961	184,755	-	26,095,016	729,775
Principal payment on debt	(4,570,553)	(370,669)	(5,254)	-	(4,946,476)	(27,307)
Interest payments and other charges	(3,824,544)	(144,970)	(9,595)	-	(3,979,109)	(24,836)
Net cash used in capital and related financing activities	<u>(4,496,943)</u>	<u>(956,835)</u>	<u>(284,057)</u>	<u>(108,247)</u>	<u>(5,846,082)</u>	<u>(157,310)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(20,000,000)	-	-	-	(20,000,000)	-
Transfer of investments	4,100,000	-	-	-	4,100,000	-
Investment income	293,432	2,170	489	253	296,344	1,504
Net cash provided by (used in) investing activities	<u>(15,606,568)</u>	<u>2,170</u>	<u>489</u>	<u>253</u>	<u>(15,603,656)</u>	<u>1,504</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,246,334)</u>	<u>1,455,279</u>	<u>(1,118,383)</u>	<u>627,775</u>	<u>(8,281,663)</u>	<u>287,440</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,716,873</u>	<u>4,119,125</u>	<u>1,122,278</u>	<u>158,459</u>	<u>26,116,735</u>	<u>3,817,368</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,470,539</u>	<u>\$ 5,574,404</u>	<u>\$ 3,895</u>	<u>\$ 786,234</u>	<u>\$ 17,835,072</u>	<u>\$ 4,104,808</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 10,736,520	\$ 1,591,198	\$ (6,179,109)	\$ 897,650	\$ 7,046,259	\$ 854,865
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,017,092	503,068	487,113	377	4,007,650	528,615
Gain on sale of assets	-	-	-	-	-	-
Net loss on investments	4,227	-	-	-	4,227	-
Effects of changes in operating assets and liabilities:						
Receivables	(504,009)	819,510	(1,157,097)	(71,999)	(913,595)	2,481
Other receivable	(29,292)	-	-	-	(29,292)	-
Inventories	(142,865)	-	(15,689)	-	(158,554)	(18,249)
Prepaid items	(100,000)	-	-	-	(100,000)	-
Due from other funds	(55,000)	-	-	-	(55,000)	-
Accounts payable	253,245	(499,449)	(70,335)	64,797	(251,742)	(67,184)
Contracts payable	51,145	(135,955)	-	7,228	(77,582)	-
Other liabilities	(122,682)	-	(130,607)	-	(253,289)	(409,408)
Net pension liability, deferred inflows and outflows	412,285	-	-	-	412,285	-
Due to other funds	-	-	155,000	(100,000)	55,000	(1,791)
Unearned revenue	-	-	-	(62,284)	(62,284)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 13,520,666</u>	<u>\$ 2,278,372</u>	<u>\$ (6,910,724)</u>	<u>\$ 735,769</u>	<u>\$ 9,624,083</u>	<u>\$ 889,329</u>

Noncash transactions: Property and equipment purchases in the Sewer Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$32,803.

Property and equipment purchases in the Sewer Fund for prior year which the cash had not been disbursed but rather was in accounts payable amounted to \$451,073, which was reversed out in the current year.

Additionally, the Sewer Fund has a receivable from IEPA of \$19,686 at year end, which is also included in notes payable, but is a noncash transaction.

Property and equipment purchases in Water Fund for prior year which the cash had not been disbursed but rather was in accounts payable amounted to \$2,428,376, which was reversed out in the current year.

Property and equipment purchases in the Water Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$702,501.

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

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2015**

	Pension Trust Funds
ASSETS	
Cash and short-term investments	\$ 10,381,410
Accrued interest	327,908
Investments, at fair value:	
U.S. Government obligations	32,116,656
Mutual funds	47,850,760
Common stock	48,339,444
Annuities	132,654
International stock	1,615,865
International bonds	203,498
Municipal bonds	2,770,880
Corporate bonds	17,383,492
Total investments	150,413,249
TOTAL ASSETS	\$ 161,122,567
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 52,511
Net Position	
Held in trust for pension benefits	161,070,056
TOTAL LIABILITIES AND NET POSITION	\$ 161,122,567

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 December 31, 2015**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 8,494,589
Plan member	2,085,435
Miscellaneous revenue	<u>3,147</u>
Total contributions	<u>10,583,171</u>
Investment earnings:	
Interest and dividends	1,823,241
Net decrease in the fair value of investments	<u>(1,410,435)</u>
Total investment income	412,806
Less investment expense	<u>346,426</u>
Net investment income	<u>66,380</u>
Total additions	<u>10,649,551</u>
DEDUCTIONS	
Benefits and refunds	13,855,278
Administrative expense	<u>158,839</u>
Total deductions	<u>14,014,117</u>
Change in net position	(3,364,566)
NET POSITION, BEGINNING OF YEAR	<u>164,434,622</u>
NET POSITION, END OF YEAR	<u>\$ 161,070,056</u>

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, Illinois (the "City") 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, Illinois 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 a non-major special revenue 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
December 31, 2015

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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-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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, and deferred inflows of resources (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 position. 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.

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
December 31, 2015

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 revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue includes grant awards received but unearned because the fulfillment of expenditure provisions has not yet occurred.

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, as an example. 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 special revenue fund accounts for revenues designated to finance the City's Public Library and expenditures of such fund. The Library's primary source of revenue is property taxes.

TIF Fund - This special revenue fund accounts for the tax increment financing districts for capital improvements in declining areas.

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

Debt Service Fund – This debt service 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, and the acquisition of equipment used to deliver services to city stakeholders.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 sanitary sewer collection 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
December 31, 2015

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 to other departments or agencies of the government, on a cost-reimbursement basis. Such goods and services include maintenance of City vehicles, management information services (ceased at the end of 2015), 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
December 31, 2015

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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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
December 31, 2015

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. EQUITY CLASSIFICATIONS

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities, and deferred inflows of resources, is classified as follows in the City's financial statements:

Government-Wide Statements – Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets (net of any unspent debt proceeds). Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements – The following classifications describe the categories of fund balance on the fund financial statements 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. EQUITY CLASSIFICATIONS (Continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council. A commitment may only be rescinded by the same formal action of the City Council.

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. There were no assigned fund balances as of December 31, 2015.

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.

Use of Restricted Resources

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

J. PROPERTY TAXES

The City's property tax is levied each year by the second Tuesday of December on all taxable real property located in the City. A lien on all taxable real property is effective on January 1 of the tax year.

The City is a home rule community under the 1970 Illinois Constitution and, accordingly, does not have a statutory tax rate limit.

Property in Macon County, Illinois, 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. PROPERTY TAXES (Continued)

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 December 31, 2015 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 and deferred inflow of resources is recorded 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 and Library Fund.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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, liabilities, deferred inflows and outflows, 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. DEFERRED OUTFLOWS OF RESOURCES

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City has one type of deferred outflow of resources which occurs related to its pension plans. The City has deferred outflows related to pension expense to be recognized in future periods.

P. DEFERRED INFLOWS OF RESOURCES

The City's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has three types of items which occur related to revenue recognition. One occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year, as it is not available as of fiscal year end. The other occurs as various other receivables are recorded for which the revenue will be recorded next year, when available, in the fund statements. In addition, the third type of deferred inflow of resources relates to the pension liability and income that will be recognized in future periods.

Q. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 (including TIF redevelopment funds), debt service funds, capital project funds, enterprise funds, internal service funds, and pension trust funds.
2. The process is initiated in September of each year, with departmental requests presented in October to the Budget Review Committee comprised 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 November with a public hearing and final adoption taking place prior to December 31st of each year.
4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of March of each year, in accordance with State of Illinois statutory requirements. The Appropriation Ordinance may include changes from the approved budget and is adopted upon City Council passage 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 revenues funds.
6. The level of budgetary control is by Fund. Therefore, expenditures cannot legally exceed appropriations beyond this level.
7. 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No major funds had an excess of actual expenditures over legally enacted budget.

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.

At year end the carrying value of the City's deposits, including certificates of deposit, was \$25,237,402 and the respective bank balances totaled \$31,880,284, not including cash on hand of \$6,855.

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

44% of the Government's investments in U.S. Government agencies were rated Aaa by Moody's Investors Service, and ratings were not available for the remaining 56%. 32% of the government's investments in municipal bonds were rated Aaa by Moody's, 47% were rated Aa1, 8% were rated AA+, 3% were rated Baa1, and 10% were not rated. 5% of the government's investments in corporate bonds were rated Aaa by Moody's, 3% were rated Aa1, 2% were rated Aa2, 9% were rated Aa3, 13% were rated A1, 25% were rated A2, 17% were rated A3, 12% were rated Baa1, 10% were rated Baa2, 2% were rated Baa3, and 2% were not rated.

Custodial Credit Risk – the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the City. As of December 31, 2015, the City's bank deposits were fully collateralized.

As of December 31, 2015, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Cash and money market	\$ 9,635,103	\$ 9,635,103	\$ -	\$ -	\$ -
U.S. Government Agencies	20,739,573	427,143	3,094,986	3,948,690	13,268,754
Corporate bonds	17,383,492	1,711,874	9,480,592	4,905,177	1,285,849
Municipal bonds	2,873,895	237,230	979,442	759,479	897,744
U.S. Treasury bonds	26,626,107	17,677,976	7,856,368	-	1,091,763
U.S. Treasury notes	9,799,910	1,273,019	3,796,112	3,289,140	1,441,639
U.S. Treasury Inflation	428,053	-	-	428,053	-
Annuities	132,654	132,654	-	-	-
Mutual funds	47,850,760	47,850,760	-	-	-
Common stock	48,339,444	48,339,444	-	-	-
Foreign stock	1,615,865	1,615,865	-	-	-
Foreign bonds	203,498	-	203,498	-	-
Total	\$ 185,628,354	\$ 128,901,068	\$ 25,410,998	\$ 13,330,539	\$ 17,985,749

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 Position.

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 December 31, 2015, the City had \$62,045 in the Pool, which approximates fair value.

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

At December 31, 2015, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of \$1,723, bank deposits of \$15,043, and deposits with the Illinois Funds of \$128,864.

Below is a reconciliation of this footnote to the financial statements:

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 25,237,402
Cash on hand – per note above	6,855
Investments – per note above (including Illinois Funds)	<u>185,628,354</u>
Total	<u>\$ 210,872,611</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	<u>Primary Government</u>
Statement 1	
Cash and cash equivalents	\$ 34,180,601
Investments	15,897,351
Statement 10	
Cash and short-term investments	10,381,410
Long-term investments	<u>150,413,249</u>
Total	<u>\$ 210,872,611</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of December 31, 2015 are summarized below:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Water Fund	\$ 255,000	\$ -
Mass Transit	-	155,000
Nonmajor Enterprise Funds	<u>-</u>	<u>100,000</u>
Total interfunds	<u>\$ 255,000</u>	<u>\$ 255,000</u>

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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	\$ 1,027,463	\$ -
Library	208,219	-
TIF	-	1,013,099
Debt service	2,326,543	-
Nonmajor Governmental Funds	4,503	175,000
Major Enterprise Funds:		
Water	-	2,663,489
Mass Transit	147,864	-
Sewer	-	137,984
Internal Service Funds	<u>728,430</u>	<u>453,450</u>
Total	<u>\$ 4,443,022</u>	<u>\$ 4,443,022</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 or other funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Primary government

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,361,299	\$ 62,940	\$ -	\$ 8,424,239
Construction in progress	<u>1,968,372</u>	<u>306,868</u>	<u>429,305</u>	<u>1,845,935</u>
Subtotal	<u>10,329,671</u>	<u>369,808</u>	<u>429,305</u>	<u>10,270,174</u>
Capital assets being depreciated:				
Infrastructure	117,878,214	2,336,727	-	120,214,941
Buildings and improvements	46,535,927	437,322	-	46,973,249
Vehicles	14,276,824	968,422	125,902	15,119,344
Office equipment	4,064,446	216,303	104,642	4,176,107
Other equipment	<u>10,296,635</u>	<u>1,766,058</u>	<u>288,666</u>	<u>11,774,027</u>
Subtotal	<u>193,052,046</u>	<u>5,724,832</u>	<u>519,210</u>	<u>198,257,668</u>
Less accumulated depreciation for:				
Infrastructure	(59,659,606)	(3,485,553)	-	(63,145,159)
Buildings and improvements	(22,624,565)	(1,432,828)	-	(24,057,393)
Vehicles	(11,199,645)	(854,456)	(102,666)	(11,951,435)
Office equipment	(2,428,059)	(219,016)	-	(2,647,075)
Other equipment	<u>(9,244,754)</u>	<u>(526,150)</u>	<u>(288,666)</u>	<u>(9,482,238)</u>
Total accumulated depreciation	<u>(105,156,629)</u>	<u>(6,518,003)</u>	<u>(391,332)</u>	<u>(111,283,300)</u>
Total capital assets being depreciated, net	<u>87,895,417</u>	<u>(793,171)</u>	<u>127,878</u>	<u>86,974,368</u>
Total governmental activities capital assets, net	<u>\$ 98,225,088</u>	<u>\$ (423,363)</u>	<u>\$ 557,183</u>	<u>\$ 97,244,542</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,450,066	\$ -	\$ -	\$ 4,450,066
Construction in progress	<u>31,018,758</u>	<u>410,758</u>	<u>23,222,139</u>	<u>8,207,377</u>
Subtotal	<u>35,468,824</u>	<u>410,758</u>	<u>23,222,139</u>	<u>12,657,443</u>
Capital assets being depreciated:				
Infrastructure	36,405,677	2,912,072	-	39,317,749
Buildings and improvements	96,953,063	28,225,273	6,235	125,172,101
Vehicles	7,985,289	-	-	7,985,289
Office equipment	96,336	8,512	-	104,848
Other equipment	<u>1,591,853</u>	<u>16,387,621</u>	<u>-</u>	<u>17,979,474</u>
Subtotal	<u>143,032,218</u>	<u>47,533,478</u>	<u>6,235</u>	<u>190,559,461</u>
Less accumulated depreciation for:				
Infrastructure	(14,956,636)	(1,011,655)	-	(15,968,291)
Buildings and improvements	(68,371,226)	(2,538,450)	(6,238)	(70,903,438)
Vehicles	(6,082,765)	(331,669)	-	(6,414,434)
Office equipment	(76,486)	(12,224)	-	(88,710)
Other equipment	<u>(1,462,336)</u>	<u>(113,652)</u>	<u>-</u>	<u>(1,575,988)</u>
Total accumulated depreciation	<u>(90,949,449)</u>	<u>(4,007,650)</u>	<u>(6,238)</u>	<u>(94,950,861)</u>
Total capital assets being depreciated, net	<u>52,082,769</u>	<u>43,525,828</u>	<u>(3)</u>	<u>95,608,600</u>
Total business-type activities capital assets, net	<u>\$ 87,551,593</u>	<u>\$ 43,936,586</u>	<u>\$ 23,222,136</u>	<u>\$ 108,266,043</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

Depreciation expense of \$6,518,003 and \$4,007,650 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	\$ 1,768,278	Water	\$ 3,017,092
Public safety	750,887	Mass Transit	487,113
Public works	3,471,232	Sewer	503,068
Culture and recreation	<u>527,606</u>	Storm Water	<u>377</u>
Total	<u>\$ 6,518,003</u>	Total	<u>\$ 4,007,650</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended December 31, 2015 was as follows:

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Capital assets not being depreciated:				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	13,219,890	51,332	5,068	13,266,154
Less accumulated depreciation for:				
Buildings and equipment	<u>(10,738,231)</u>	<u>(281,404)</u>	<u>(5,068)</u>	<u>(11,014,567)</u>
Total capital assets being depreciated, net	<u>2,481,659</u>	<u>(230,072)</u>	<u>-</u>	<u>2,251,586</u>
Civic Center capital assets, net	<u>\$ 5,612,421</u>	<u>\$ (230,072)</u>	<u>\$ -</u>	<u>\$ 5,382,349</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - RECEIVABLES

The following is a summary of other taxes, due from other governments, accounts, notes, and other receivables by fund type at December 31, 2015, less the allowance for uncollectible accounts. Any other uncollectible amounts are 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	\$ 27,285	\$ -	\$ -	\$ -	\$ -	\$ 27,285
Food and beverage tax	335,013	-	-	-	-	335,013
Cable TV tax	268,796	-	-	-	-	268,796
Utility tax	725,949	-	-	-	-	725,949
State sales tax	-	70,919	-	-	-	70,919
Local sales tax	-	54,900	-	-	-	54,900
State route maintenance	58,387	-	-	-	-	58,387
State income tax	1,664,100	-	-	-	-	1,664,100
State replacement tax	<u>146,770</u>	<u>43,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,117</u>
Total other taxes	<u>\$ 3,226,300</u>	<u>\$ 169,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,395,466</u>
Due from other governments:						
Grants	\$ 160,924	\$ 197,713	\$ -	\$ 72,734	\$ -	\$ 431,371
Allotments	<u>-</u>	<u>337,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,735</u>
Total due from other governments	<u>\$ 160,924</u>	<u>\$ 535,448</u>	<u>\$ -</u>	<u>\$ 72,734</u>	<u>\$ -</u>	<u>\$ 769,106</u>
Accounts receivable:						
General billings	\$ 103,141	\$ -	\$ -	\$ 9,654	\$ 495	\$ 113,290
Outstanding parking tickets	86,411	-	-	-	-	86,411
Allowance for uncollectible portion	<u>(57,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,798)</u>
Total accounts receivable	<u>\$ 131,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,654</u>	<u>\$ 495</u>	<u>\$ 141,903</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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	\$ -	\$ 279,417	\$ -	\$ -	\$ -	\$ 279,417
Home program loans	-	371,493	-	-	-	371,493
Allowance for uncollectible notes	-	(69,444)	-	-	-	(69,444)
Total notes receivable	<u>\$ -</u>	<u>\$ 581,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,466</u>
Other:						
Investment income	\$ 3,904	\$ -	\$ 434	\$ -	\$ -	\$ 4,338
Other	-	-	-	11,832	-	11,832
Total other receivable	<u>\$ 3,904</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 11,832</u>	<u>\$ -</u>	<u>\$ 16,170</u>

Notes receivable include 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.

Business-Type Activities:

	<u>Enterprise</u>
Accounts receivable:	
Water billings	\$ 2,534,838
Watermain tapping	11,772
Sanitary District billings	423,629
Grants	1,185,945
Recycling fees	237,052
Sewer billings	261,380
Other	<u>29,292</u>
Total accounts receivable	<u>\$ 4,683,908</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT

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

	<u>Obligations Outstanding December 31, 2014, as Restated</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding December 31, 2015</u>	<u>Due Within One Year</u>
Governmental activities					
General Obligation Bonds:					
Series of 2008	\$ 3,849,120	\$ -	\$ 341,280	\$ 3,507,840	\$ 356,400
Series of 2010A	8,240,000	-	150,000	8,090,000	180,000
Series of 2010B	8,904,870	-	338,070	8,566,800	396,480
Series of 2010C	2,240,000	-	195,000	2,045,000	200,000
Series of 2010D	735,000	-	255,000	480,000	245,000
Series of 2012	7,310,000	-	595,000	6,715,000	605,000
(Less) plus deferred amounts:					
For issuance premiums	<u>475,494</u>	<u>-</u>	<u>44,705</u>	<u>430,789</u>	<u>44,708</u>
Total general obligation bonds	<u>31,754,484</u>	<u>-</u>	<u>1,919,055</u>	<u>29,835,429</u>	<u>2,027,588</u>
Notes payable:					
HUD Section 108, 2002-A	1,540,000	-	175,000	1,365,000	180,000
2013 Regions Note	952,474	-	34,087	918,387	35,854
2014 Busey Bank	1,356,712	-	291,155	1,065,557	296,910
2014 Soy Capital Bank	125,358	662,883	-	788,241	110,057
2015 Busey Fire Note	-	439,940	-	439,940	58,643
2015 Busey Police Note	<u>-</u>	<u>284,732</u>	<u>35,139</u>	<u>249,593</u>	<u>141,851</u>
Total notes payable	<u>3,974,544</u>	<u>1,387,555</u>	<u>535,381</u>	<u>4,826,718</u>	<u>823,315</u>
Compensated absences	<u>4,640,243</u>	<u>2,733,332</u>	<u>2,470,087</u>	<u>4,903,488</u>	<u>2,328,679</u>
Total governmental activities	<u>\$ 40,369,271</u>	<u>\$ 4,120,887</u>	<u>\$ 4,924,523</u>	<u>\$39,565,635</u>	<u>\$ 5,179,582</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	<u>Obligations Outstanding December 31, 2014, as Restated</u>	<u>Debt Additions</u>	<u>Debt Retirement</u>	<u>Obligations Outstanding December 31, 2015</u>	<u>Due Within One Year</u>
Business-Type activities:					
General Obligation Bonds:					
Series of 2008	\$ 5,060,880	\$ -	\$ 448,720	\$ 4,612,160	\$ 468,600
Series of 2010B	16,250,130	-	616,930	15,633,200	723,520
Series of 2013	15,755,000	-	1,175,000	14,580,000	1,205,000
Series of 2014	24,055,000	-	730,000	23,325,000	835,000
Series of 2015	-	23,305,000	-	23,305,000	790,000
(Less) plus deferred amounts:					
For issuance premiums	<u>3,388,262</u>	<u>1,073,300</u>	<u>259,244</u>	<u>4,202,318</u>	<u>312,908</u>
Total general obligation bonds	<u>64,509,272</u>	<u>24,378,300</u>	<u>3,229,894</u>	<u>85,657,678</u>	<u>4,335,028</u>
Notes Payable:					
2001 IEPA loan	3,146,527	-	395,805	2,750,722	407,387
IEPA Water Loan	6,148,571	-	361,681	5,786,890	361,681
2013 IEPA Sewer Loan	7,495,965	93,708	307,320	7,282,353	320,237
2013 Regions Note	16,112,487	-	576,794	15,535,693	606,684
2014 IEPA loan	353,777	1,772,345	-	2,126,122	82,231
2014 Soy Capital Bank	<u>13,830</u>	<u>184,755</u>	<u>-</u>	<u>198,585</u>	<u>27,728</u>
Total notes payable	<u>33,271,157</u>	<u>2,050,808</u>	<u>1,641,600</u>	<u>33,680,365</u>	<u>1,805,948</u>
Total business-type activities	<u>\$ 97,780,429</u>	<u>\$ 26,429,108</u>	<u>\$ 4,871,494</u>	<u>\$ 119,338,043</u>	<u>\$ 6,140,976</u>

The majority of compensated absences are liquidated by the General Fund.

Net pension obligation and other post-employment benefit obligation changes are disclosed in separate footnotes.

Long-term obligations outstanding at December 31, 2015 are comprised of the following:

A. General Obligation Bonds

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 825,000	\$ 349,113	\$ 1,174,113
2017	860,000	315,081	1,175,081
2018	895,000	278,531	1,173,531
2019	935,000	240,494	1,175,494
2020	975,000	200,756	1,175,756
2021-2024	<u>3,630,000</u>	<u>359,900</u>	<u>3,989,900</u>
Total	<u>\$ 8,120,000</u>	<u>\$ 1,743,875</u>	<u>\$ 9,863,875</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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 180,000	\$ 440,158	\$ 620,158
2017	205,000	432,958	637,958
2018	470,000	424,245	894,245
2019	495,000	403,095	898,095
2020	520,000	379,583	899,583
2021-2025	3,430,000	1,445,813	4,875,813
2026-2030	<u>2,790,000</u>	<u>487,700</u>	<u>3,277,700</u>
Total	<u>\$ 8,090,000</u>	<u>\$ 4,013,552</u>	<u>\$ 12,103,552</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

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 December 31, 2015, approximately \$372,000 of the proceeds remained unexpended.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Treasury Rebate</u>	<u>Total Debt Service</u>
2016	\$ 1,120,000	\$ 1,340,417	\$ (492,270)	\$ 1,968,147
2017	1,185,000	1,301,218	(478,551)	2,007,667
2018	1,250,000	1,256,780	(462,997)	2,043,783
2019	1,325,000	1,205,217	(444,950)	2,085,267
2020	1,405,000	1,147,249	(424,661)	2,127,588
2021-2025	8,265,000	4,592,725	(1,723,075)	11,134,650
2026-2030	<u>9,650,000</u>	<u>1,993,885</u>	<u>(791,759)</u>	<u>10,852,126</u>
Total	<u>\$24,200,000</u>	<u>\$12,837,491</u>	<u>\$ (4,818,263)</u>	<u>\$ 32,219,228</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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 200,000	\$ 77,750	\$ 277,750
2017	205,000	71,750	276,750
2018	210,000	65,600	275,600
2019	215,000	57,200	272,200
2020	225,000	48,600	273,600
2021-2024	<u>990,000</u>	<u>101,000</u>	<u>1,091,000</u>
Total	<u>\$ 2,045,000</u>	<u>\$ 421,900</u>	<u>\$ 2,466,900</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 245,000	\$ 16,750	\$ 261,750
2017	<u>235,000</u>	<u>9,400</u>	<u>244,400</u>
Total	<u>\$ 480,000</u>	<u>\$ 26,150</u>	<u>\$ 506,150</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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 605,000	\$ 141,731	\$ 746,731
2017	620,000	129,481	749,481
2018	630,000	116,981	746,981
2019	645,000	104,231	749,231
2020	655,000	90,822	745,822
2021-2025	<u>3,560,000</u>	<u>221,544</u>	<u>3,781,544</u>
Total	<u>\$ 6,715,000</u>	<u>\$ 804,790</u>	<u>\$ 7,519,790</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (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.

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2016	\$ 1,205,000	\$ 626,225	\$ 1,831,225
2017	1,250,000	589,400	1,839,400
2018	1,285,000	551,375	1,836,375
2019	1,325,000	498,975	1,823,975
2020	1,390,000	431,100	1,821,100
2021-2025	<u>8,125,000</u>	<u>1,037,925</u>	<u>9,162,925</u>
Total	<u>\$ 14,580,000</u>	<u>\$ 3,735,000</u>	<u>\$ 18,315,000</u>

General Obligation Bonds, Series 2014

\$24,055,000 Series 2014 General Obligation Bonds dated April 8, 2014 due March 1, 2034; interest of 3.00 to 5.00 percent (principal and interest to be serviced by annual tax levy) to finance phase 1 of six (6) year \$90.4 project to dredge Lake Decatur basins 1-4.

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2016	\$ 835,000	\$ 1,026,962	\$ 1,861,962
2017	860,000	1,001,538	1,861,538
2018	885,000	970,937	1,855,937
2019	920,000	934,838	1,854,838
2020	955,000	897,338	1,852,338
2021-2025	5,420,000	3,818,438	9,238,438
2026-2030	6,805,000	2,408,706	9,213,706
2031-2034	<u>6,645,000</u>	<u>684,875</u>	<u>7,329,875</u>
Total	<u>\$23,325,000</u>	<u>\$ 11,743,632</u>	<u>\$ 35,068,632</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

General Obligation Bonds, Series 2015

\$23,305,000 Series 2015 General Obligation Bonds dated September 3, 2015 due March 1, 2035; interest of 2.00 to 5.00 percent (principal and interest to be serviced by annual tax levy) to finance water construction projects. As of December 31, 2015, approximately \$17,208,256 of the proceeds remains unexpended.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 790,000	\$ 939,510	\$ 1,729,510
2017	815,000	920,750	1,735,750
2018	840,000	895,925	1,735,925
2019	865,000	870,350	1,735,350
2020	900,000	839,375	1,739,375
2021-2025	5,000,000	3,689,000	8,689,000
2026-2030	6,235,000	2,454,750	8,689,750
2031-2035	<u>7,860,000</u>	<u>827,138</u>	<u>8,687,138</u>
Total	<u>\$ 23,305,000</u>	<u>\$11,436,798</u>	<u>\$ 34,741,798</u>

B. Notes Payable

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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 180,000	\$ 80,854	\$ 260,854
2017	185,000	70,649	255,649
2018	190,000	59,974	249,974
2019	195,000	48,859	243,859
2020	200,000	37,296	237,296
2021-2022	<u>415,000</u>	<u>38,148</u>	<u>453,148</u>
Total	<u>\$ 1,365,000</u>	<u>\$ 335,780</u>	<u>\$ 1,700,780</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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 2.905%. The semi-annual repayment dates for both principal and interest are June 1 and December 1.

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 407,387	\$ 76,971	\$ 484,358
2017	419,307	65,051	484,358
2018	431,576	52,782	484,358
2019	444,205	40,153	484,358
2020	457,203	27,155	484,358
2021-2022	<u>591,044</u>	<u>15,527</u>	<u>606,571</u>
Total	<u>\$ 2,750,722</u>	<u>\$ 277,639</u>	<u>\$ 3,028,361</u>

Illinois Environmental Protection Agency Water Loan

\$9,444,709 loan with the Illinois Environmental Protection Agency (IEPA), of which \$2,451,381 is forgivable for net debt of \$6,993,328, to finance the costs relating to the construction of a new water main, water tower, and booster pump station. 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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 361,681	\$ -	\$ 361,681
2017	361,681	-	361,681
2018	361,681	-	361,681
2019	361,681	-	361,681
2020	361,681	-	361,681
2021-2025	1,808,403	-	1,808,403
2026-2030	1,808,403	-	1,808,403
2031	<u>361,679</u>	<u>-</u>	<u>361,679</u>
Total	<u>\$ 5,786,890</u>	<u>\$ -</u>	<u>\$5,786,890</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan - 2013

\$8,588,793 loan with the Illinois Environmental Protection Agency (IEPA), of which \$764,148 is immediately forgivable for net debt of \$7,824,645 to finance the costs related to the rehabilitation of certain main line sewer infrastructure. The term of the loan is for 20 years with a fixed interest rate of 1.93%. The semi-annual repayment dates are June 15 and December 15.

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 320,237	\$ 138,824	\$ 459,060
2017	326,896	132,799	459,696
2018	333,236	126,460	459,696
2019	339,698	119,997	459,696
2020	346,286	113,409	459,696
2021-2025	1,834,808	463,670	2,298,478
2026-2030	2,019,757	278,721	2,298,478
2031-2034	<u>1,761,435</u>	<u>77,345</u>	<u>1,838,780</u>
Total	<u>\$ 7,282,353</u>	<u>\$ 1,451,227</u>	<u>\$ 8,733,580</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Regions Capital Advantage Promissory Note Series 2013

\$17,212,394 loan with Regions Capital Advantage, Inc., dated August 15, 2013, to finance the investment in certain energy and cost saving initiatives under a Johnson Controls, Inc., guaranteed energy savings contract. The term of the loan is 15 years with a fixed interest rate of 3.47% and includes a final principal balloon payment of \$2,468,710. Quarterly repayment dates for principal and interest are February 15, May 15, August 15, and November 15.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2016	\$ 642,538	\$ 562,462	\$ 1,205,000
2017	664,591	540,659	1,205,250
2018	835,573	514,927	1,350,500
2019	903,444	485,056	1,388,500
2020	974,201	452,799	1,427,000
2021-2025	6,071,276	1,687,474	7,758,750
2026-2028	<u>6,362,457</u>	<u>425,915</u>	<u>6,788,376</u>
Total	<u>\$ 16,454,080</u>	<u>\$4,669,296</u>	<u>\$ 21,123,376</u>

Busey Bank – 2014

\$1,500,000 loan with Busey Bank dated March 4, 2014, to finance the costs related to the outfitting of the City of Decatur Police Headquarter Facility. The term of the loan is 5 years at a fixed interest rate of 2.0% with quarterly principal and interest payments due at March 4, June 4, September 4, and December 4 of each year with a maturity date of June 4, 2019.

Fiscal Year	Principal	Interest	Total Debt Service
2016	\$ 296,910	\$ 19,329	\$ 316,239
2017	303,135	13,104	316,239
2018	309,243	6,996	316,239
2019	<u>156,269</u>	<u>1,169</u>	<u>157,438</u>
Total	<u>\$ 1,065,557</u>	<u>\$ 40,598</u>	<u>\$ 1,106,155</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan – 2014

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for a maximum of \$2,534,034 of which \$275,000 is immediately forgivable to finance the costs related to the rehabilitation of certain main line sewer infrastructure within the City on September 13, 2014. The project commenced on November 1, 2014. The City has drawn down \$2,401,122 including interest as of December 31, 2015 yielding an outstanding principal obligation of \$2,126,122 net of the forgivable amount as of December 31, 2015. The term of the loan is 20 years for a fixed interest rate of 1.995% with semi-annual principal and interest payments. Loan repayment principal and interest amounts are subject to final determination of the final loan principal amount determined upon project completion.

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2016	\$ 82,231	\$ 37,073	\$ 119,305
2017	89,444	40,332	129,775
2018	91,237	38,538	129,775
2019	93,066	36,709	129,775
2020	94,932	34,843	129,775
2021-2025	503,985	144,892	648,877
2026-2030	556,575	92,302	648,877
2031-2035	<u>614,652</u>	<u>34,224</u>	<u>648,876</u>
Total	<u>\$ 2,126,122</u>	<u>\$ 458,913</u>	<u>\$ 2,585,035</u>

Soy Capital Bank & Trust – 2014

The City has authorized the issuance of a loan with Soy Capital Bank and Trust for a maximum of \$1,000,000 dated September 30, 2014, to finance the costs related to the acquisition of a replacement public works radio communications system. The radio system deployment will be completed in 2016. The term of the loan is 7 years at a fixed interest rate of 2.8%. The City has drawn \$986,826 on this loan as of December 31, 2015. Principal and interest payments will commence in 2016 post completion of the project with quarterly frequency.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Soy Capital Bank & Trust – 2014 (Continued)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2016	\$ 137,785	\$ 23,215	\$ 161,000
2017	137,227	23,773	161,000
2018	141,069	19,931	161,000
2019	145,019	15,981	161,000
2020	149,080	11,920	161,000
2021-2022	<u>276,646</u>	<u>11,201</u>	<u>287,847</u>
Total	<u>\$ 986,826</u>	<u>\$ 106,021</u>	<u>\$ 1,092,847</u>

Busey Bank Fire Apparatus Pierce Impel Pumper

\$439,940 loan with Busey Bank dated May 4, 2015, to finance the costs related to the acquisition of Fire Apparatus Pierce Impel Pumper. The term of the loan is for 7 years with a fixed interest rate of 2.3%. The annual repayment dates are May 4.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2016	\$ 58,643	\$ 10,119	\$ 68,762
2017	59,992	8,770	68,762
2018	61,372	7,390	68,762
2019	62,784	5,978	68,762
2020	64,228	4,534	68,762
2021-2022	<u>132,921</u>	<u>4,603</u>	<u>137,524</u>
Total	<u>\$ 439,940</u>	<u>\$ 41,394</u>	<u>\$ 481,334</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Busey Bank Police Interceptor Vehicles

\$284,732 loan with Busey Bank dated September 22, 2015, to finance the costs related to the acquisition of ten (10) police interceptor vehicles. The term of the loan is for 2 years with a fixed interest rate of 1.5%. Principal and interest payments commenced December 22, 2015 with quarterly payments thereafter. Final payment is September 22, 2017.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 141,851	\$ 2,928	\$ 144,779
2017	<u>107,743</u>	<u>809</u>	<u>108,552</u>
Total	<u>\$ 249,594</u>	<u>\$ 3,737</u>	<u>\$ 253,331</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 \$4,903,488. 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

D. Conduit Debt (Continued)

In 1996, the City issued City of Decatur, Macon County, Illinois Hospital Facility Revenue Bonds, Series 2010A, B, C and D on behalf of Decatur Memorial Hospital. The proceeds were used by Decatur Memorial Hospital to finance certain facility improvements. Subsequent refunding of the original debt issue occurred in 2010, 2012 and 2014. The original amount of the debt issue was \$30,500,000. The maturity date of the Bonds is December 22, 2020. The Bonds are limited obligations of the City, payable solely from payments made by Decatur Memorial Hospital under its Direct Note Obligations, payments from the Decatur Memorial Hospital under a Loan Agreement and certain other monies held by a trustee under a trust indenture for holders of the Bonds. The Bonds do not pledge the full faith and credit of the City and the issuance of the Bonds does not directly, indirectly, or contingently obligate the City to levy any form of taxation for the payment of the Bonds or to make any appropriation for their payment. Outstanding principal on the Bonds as of December 31, 2015 is \$9,180,000.

NOTE 9 - PENSION PLANS

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 except for IMRF.

A. IMRF

Plan Description

The City'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's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP), which is the only plan the City participates in. IMRF also offers the Sheriff's Law Enforcement Personnel (SLEP) plan for sheriffs, deputy sheriffs, and selected police chiefs, as well as Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	374
Inactive Plan Members entitled to but not yet receiving benefits	139
Active Plan Members	<u>251</u>
Total	<u><u>764</u></u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.50% 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 annual contribution rate for calendar year 2015 was 12.45%. For the fiscal year ended December 31, 2015, the City contributed \$1,787,566 to the plan.

The City 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.47%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Actuarial Assumptions (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 97,214,759	\$ 90,808,962	\$ 6,405,797
Changes for the year:			
Service Cost	1,484,366	-	1,484,366
Interest on the Total Pension Liability	7,126,789	-	7,126,789
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	896,106	-	896,106
Changes of Assumptions	225,465	-	225,465
Contributions - Employer	-	1,787,566	(1,787,566)
Contributions - Employees	-	717,309	(717,309)
Net Investment Income	-	753,618	(753,618)
Benefit Payments, including Refunds of Employee Contributions	(5,622,441)	(5,622,441)	-
Other	-	(106,040)	106,040
Net Changes	<u>4,110,285</u>	<u>2,469,988</u>	<u>6,580,273</u>
Balances at December 31, 2015	<u>\$101,325,044</u>	<u>\$88,338,974</u>	<u>\$12,986,070</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.47%)	Current Discount (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 25,517,189	\$ 12,986,070	\$ 3,207,907

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the City recognized pension expense of \$3,957,486. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual	\$ 609,545	\$ 340,085
Changes of assumptions	1,476,222	-
Net difference between projected and actual earnings on pension plan investments	<u>5,430,688</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>7,516,455</u>	<u>340,085</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$7,516,455</u>	<u>\$ 340,085</u>

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 2,618,508
2017	1,914,407
2018	1,461,996
2019	1,181,459
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 7,176,370</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans

The City has two (2) defined benefit single-employer pension plans: Police and Fire Pension Plans. The plans do not issue stand-alone financial reports and are not included in any other retirement systems or entities financial report. The City accounts for both plans as pension trusts funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with an economic resources measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

For financial statement purposes, plan assets are valued at fair value of the Police and Fire plans, as reported within the annual trustee statements. The plans do not issue stand-alone GAAP financial reports. Therefore, the individual financial reports are presented for each of the plans in this section.

	<u>Pension Trust Funds</u>		
	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 2,656,828	\$ 7,724,582	\$ 10,381,410
Accrued interest	218,728	109,180	327,908
Long-term investments, at fair value:			
U.S. Government obligations	19,383,537	12,733,119	32,116,656
Mutual funds	38,804,415	9,046,345	47,850,760
Common stock	16,506,268	31,833,176	48,339,444
Annuities	-	132,654	132,654
International stock	1,615,865	-	1,615,865
International bonds	203,498	-	203,498
Municipal bonds	1,703,075	1,067,805	2,770,880
Corporate bonds	<u>10,908,315</u>	<u>6,475,177</u>	<u>17,383,492</u>
Total long-term investments	<u>89,124,973</u>	<u>61,288,276</u>	<u>150,413,249</u>
TOTAL ASSETS	<u>\$92,000,529</u>	<u>\$69,122,038</u>	<u>\$ 161,122,567</u>
LIABILITIES AND NET POSITION			
Accounts payable	\$ 44,739	\$ 7,772	\$ 52,511
NET POSITION			
Held in trust for pension benefits	<u>91,955,790</u>	<u>69,114,266</u>	<u>161,070,056</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 92,000,529</u>	<u>\$ 69,122,038</u>	<u>\$161,122,567</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,229,151	\$ 4,265,438	\$ 8,495,134
Plan member	1,240,308	845,127	2,085,435
Miscellaneous revenue	<u>545</u>	<u>2,602</u>	<u>3,147</u>
Total contributions	<u>5,470,004</u>	<u>5,113,167</u>	<u>10,583,171</u>
Investment earnings:			
Interest and dividends	1,113,663	709,578	1,823,241
Net decrease in the fair value of investments	<u>(1,097,137)</u>	<u>(313,298)</u>	<u>(1,407,833)</u>
Total investment income	16,526	396,280	412,806
Less investment expense	<u>217,279</u>	<u>129,147</u>	<u>346,246</u>
Net investment income (loss)	<u>(200,753)</u>	<u>267,133</u>	<u>66,380</u>
Total additions	<u>5,269,251</u>	<u>5,380,300</u>	<u>10,649,551</u>
DEDUCTIONS			
Benefits and refunds	6,824,723	7,030,555	13,855,278
Administrative expense	<u>80,379</u>	<u>78,460</u>	<u>158,839</u>
Total deductions	<u>6,905,102</u>	<u>7,109,015</u>	<u>14,014,117</u>
Change in net position	(1,635,851)	(1,728,715)	(3,364,566)
NET POSITION, BEGINNING OF YEAR	<u>93,591,641</u>	<u>70,842,981</u>	<u>164,434,622</u>
NET POSITION, END OF YEAR	<u>\$91,955,790</u>	<u>\$69,114,266</u>	<u>\$ 161,070,056</u>

In addition to other disclosures, the GASB requires a schedule of changes in the net pension liability and related ratios; a schedule of contributions; and a schedule of investment returns that include historical trend information. These schedules are included as required supplementary information to the financial statements.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Police Pension Plan

Plan Description

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. The plan is administered by a Board of Trustees which acts as the administrator of the plan.

The Board for the Police Pension Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are members of the system who are elected by a majority of the Police Officers who are members of the system, and a fifth trustee who is elected by and from the beneficiaries of legal age of the fund. Each Trustee serves a two year term. Under Article 3 of the Illinois Pension Code, a Police Officer may become a Participant in the Plan upon written application within the first six months of his appointment as a sworn Police Officer.

At December 31, 2015 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	170
Current employees:	
Vested and nonvested	<u>161</u>
Total	<u>331</u>

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Police Pension Plan (Continued)

Plan Description (continued)

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

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 by the year 2040.

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of December 31, 2015 is as follows:

Total Pension Liability	\$ 145,916,865
Plan Fiduciary Net Position	<u>91,999,124</u>
Net Pension Liability	<u>\$ 53,917,741</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.05%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	1/1/2016
Inflation	2.5%
Projected Salary Increases	3.5%
Investment Rate of Return	7.5%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2016

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Police Pension Plan (Continued)

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3%	.64%
Core Fixed Income	35%	2.07%
Broad US Equities	62%	4.06%

Discount Rate:

The discount rate used to measure the total pension liability was 7.5% for Police Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 25 years from January 1, 2016. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Police Pension Plan (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension Plan calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	6.5%	7.5%	8.5%
Net Pension Liability	\$ 74,799,208	\$ 53,917,741	\$ 36,901,746

The following presents the changes in City's net pension liability for the Police Pension Plan:

Total Pension Liability		
Service Cost	\$	2,344,035
Interest		10,868,268
Difference in expected and actual experiences		-
Changes of assumptions/methods		-
Effect of liability gains or losses		(678,659)
Benefit payments, including refunds		<u>(6,824,723)</u>
Net Change in Total Pension Liability		5,708,921
Total Pension Liability - Beginning		<u>140,207,944</u>
Total Pension Liability - Ending (A)		<u>\$ 145,916,865</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$	4,229,151
Contributions - Employee		1,240,308
Net investment income		24,273
Benefit payments, including refunds		(6,824,723)
Administrative expense		(264,895)
Net Change in Plan Fiduciary Net Position		(1,595,886)
Plan Fiduciary Net Position - Beginning		<u>93,595,010</u>
Plan Fiduciary Net Position - Ending (B)		<u>\$ 91,999,124</u>
Net Pension Liability (A) - (B)		<u>\$ 53,917,741</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		63.05%
Covered Employee Payroll	\$	12,391,182
Net Pension Liability as a Percentage of Covered Employee Payroll		435%

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended December 31, 2015 the City will recognize a pension expense of \$6,480,640. On December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 495,238
Net difference between projected and actual earnings	<u>5,548,556</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 5,548,556</u>	<u>\$ 495,238</u>

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 1,203,718
2017	1,203,718
2018	1,258,743
2019	1,387,139
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 5,053,318</u>

Fire Pension Plan

Plan Description

The Fire 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. The plan is administered by a Board of Trustees which acts as the administrator of the plan.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Fire Pension Plan (Continued)

Plan Description (continued)

The Board for the Fire Pension Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are members of the system who are elected by a majority of the Firefighters who are members of the system, and a fifth trustee who is elected by and from the retired/disabled members of the fund. Each Trustee serves a three year term. Each person employed by the City Fire Department as a full-time Firefighter becomes a member of the Plan as a condition of his or her employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

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

At December 31, 2015 the Fire Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	130
Current employees:	
Vested and nonvested	<u>110</u>
Total	<u><u>240</u></u>

The Fire 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 9.45% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings.

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 by the year 2040.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Fire Pension Plan (continued)

Net Pension Liability

The components of the net pension liability of the Fire Pension Plan as of December 31, 2015 is as follows:

Total Pension Liability	\$ 134,895,684
Plan Fiduciary Net Position	<u>69,122,038</u>
Net Pension Liability	<u>\$ 65,773,646</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.24%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	1/1/2016
Inflation	2.5%
Projected Salary Increases	3.5%
Investment Rate of Return	7.0%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2016

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Fire Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	8%	.64%
Core Fixed Income	30%	2.07%
Broad US Equities	62%	4.06%

Discount Rate

The discount rate used to measure the total pension liability was 7.0% for Fire Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 25 years from January 1, 2016. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension Plan calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	6.0%	7.0%	8.0%
Net Pension Liability	\$ 83,006,826	\$ 65,773,646	\$ 51,514,587

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Fire Pension Plan (Continued)

The following presents the changes in City's net pension liability for Fire Pension Plan:

Total Pension Liability		
Service Cost	\$	2,051,437
Interest		9,344,391
Effect of plan changes		-
Effect of economic/demographic gain/loss		2,865,795
Benefit payments, including refunds		<u>(7,030,555)</u>
Net Change in Total Pension Liability		7,231,068
Total Pension Liability - Beginning		<u>127,664,616</u>
Total Pension Liability – Ending (A)	\$	<u>134,895,684</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$	4,265,438
Contributions - Employee		847,728
Net investment income		460,973
Benefit payments, including refunds		(7,030,555)
Administrative expense		(264,992)
Net Change in Plan Fiduciary Net Position		(1,721,405)
Plan Fiduciary Net Position - Beginning		<u>70,843,446</u>
Plan Fiduciary Net Position – Ending (B)	\$	<u>69,122,038</u>
Net Pension Liability (A) – (B)	\$	<u>65,773,646</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		51.24%
Covered Employee Payroll	\$	8,779,591
Net Pension Liability as a Percentage of Covered Employee Payroll		749.17%

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended December 31, 2015 the City will recognize a pension expense of \$7,656,618. On December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,022,914	\$ -
Net difference between projected and actual earnings	<u>3,538,382</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 5,561,296</u>	<u>\$ -</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans (Continued)

Fire Pension Plan (Continued)

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 1,727,476
2017	1,727,476
2018	1,221,747
2019	884,597
2020	-
Thereafter	-
Total	<u>\$ 5,561,296</u>

NOTE 10 - CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs, with primary programs being 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 December 31, 2015, 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 entered into a cost sharing agreement with three other parties and environmental remediation has occurred. No current claim by any State, Federal, or local agency has been filed against the City. The City and its legal counsel believe that primary liability for any future claim will rest with the prior owners. No estimate of a liability can be made at this time.

NOTE 11 - LITIGATION

There are several lawsuits pending against the City for various reasons. The outcome and eventual liability of the City, if any, in these cases are not known at this time and, accordingly, no specific provisions for these lawsuits are included in the financial statements. However, based upon past experience, management believes that the self-insurance funds and other insurance coverage maintained by the City are sufficient to cover any potential claims.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 12 - COMMITMENTS

The City has the following commitments:

- A. As a result of the City's involvement in the construction of the Decatur Civic Center building, the City and the Decatur Metropolitan Exposition Auditorium and Office Building Authority (Authority) entered into an intergovernmental cooperation agreement in 1977, as amended in 1980, 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 by the City within the building, 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 long-term debt. 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 pays an operating subsidy to the Authority at the beginning of each fiscal year, in such amount to fund operations anticipated in the fiscal year. The operating subsidy is adjusted each year by the change in the consumer price index.

- B. On June 7, 2014, as amended March 7, 2016, the City entered into a lease agreement with the Decatur Public Building Commission to occupy certain space within the Macon County Law Enforcement Center facility through December 31, 2016. The lease is for Current year expense was \$31,765. Future minimum rental payments are estimated as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ <u>32,718</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 12 - COMMITMENTS (CONTINUED)

C. On September 11, 2013, the City entered into a long term lease arrangement for space to house the City of Decatur Police Headquarters. Lease payments began upon facility occupancy on June 6, 2014. The lease is for twenty (20) years with option to extend the lease for four (4) additional five (5) year terms, or an additional twenty (20) years. Current year expense was \$505,841. Future minimum rental payments are estimated as follows.

<u>Year</u>	<u>Amount</u>
2016	\$ 505,841
2017	505,841
2018	505,841
2019	520,595
2020	531,133
2021-2025	2,697,713
2026-2030	2,832,599
2031-2034	<u>2,000,712</u>
Total	<u>\$ 10,100,275</u>

D. On July 8, 2014, the City entered a five (5) year agreement to lease a certain building facility adjacent to the City of Decatur Police Headquarters with the lease commencing on July 1, 2014 and ending July 31, 2019, with City ability to extend for an additional five (5) year period. Monthly lease payments were waived by the property owner for the period to October 31, 2014, with lease payments commencing effective November 1, 2014. Current year expense was \$38,400. Future minimum rental payments are estimated as follows:

<u>Year</u>	<u>Amount</u>
2016	38,400
2017	38,400
2018	38,784
2019	<u>22,848</u>
Total	<u>\$ 138,432</u>

E. Other Commitments:

At December 31, 2015, the City had contractual commitments of approximately \$60 million for capital improvement programs.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 \$11,442,960 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

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 \$2,852,229 at December 31, 2015 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 for years ended December 31, 2015 and 2014 were:

	<u>2015</u>	<u>2014</u>
Beginning of fiscal year liability	\$ 3,209,835	\$ 3,733,815
Current year claims and changes in estimates	8,397,360	8,694,306
Claims payments	<u>(8,754,966)</u>	<u>(9,218,286)</u>
Total	<u>\$ 2,852,229</u>	<u>\$ 3,209,835</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 2015, the City contributed \$405,803 to the Authority.

NOTE 15 - FUND EQUITY

The following funds had a deficit net position or deficit fund balance at December 31, 2015:

Employee Benefit Insurance Fund	\$ 2,136,342
Recycling Fund	\$ 15,389
Major Moves Fund	\$ 1,220
Fire Capital Fund	\$ 2,433
TIF Fund	\$ 142,439

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.

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 65 years of age, Medicare becomes the primary insurer and the retiree can choose to participate or not participate in the City's plan.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 January 1, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	138
Active employees	<u>488</u>
Total	<u><u>626</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.

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 January 1, 2015 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 December 31, 2015. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 757,052	88.47%	\$1,006,046
December 31, 2014	\$ 743,660	126.37%	\$ 918,760
December 31, 2013	\$ 426,279	144.39%	\$1,114,868

The net OPEB obligation as of December 31, 2015 (most recent information available), was calculated as follows:

Annual required contribution	\$ 783,200
Interest on net prior year OPEB obligation	27,563
Adjustment to annual required contribution	<u>(53,711)</u>
Annual OPEB cost	757,052
Contributions made	<u>669,766</u>
Increase in net OPEB obligation	87,286
Net OPEB obligation, beginning of year	<u>918,760</u>
Net OPEB obligation, end of year	<u>\$ 1,006,046</u>

F. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 8,917,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 8,917,600
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 35,402,944
UAAL as a percentage of covered payroll	25.2%

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. 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.

Information related to OPEB is as follows:

Employer cost or contribution is determined by the difference between the health care cost assumption and the amount of the retiree contribution. Employees contribute 100% toward cost plan.

Annual contribution	\$ 783,200
Contribution made	\$ 669,766
Actuarial valuation date	1/1/2015

Actuarial cost method	Projected unit credit cost method
Amortization method	Level % of pay method
Amortization period	25 years
Asset valuation method	N/A

Actuarial Assumptions:

Discount rate	3%
Projected salary increase	N/A
Healthcare trend rate	5.80% in 2015; 4.50% ultimate
Cost of living adjustment	N/A

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

NOTE 17 - CAPITAL LEASES

The City has entered into various lease agreements as lessee for financing of vehicles which included a fire truck, police patrol vehicles, a police SUV, a sewer truck, and a water truck. All seven 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 17 - CAPITAL LEASES (CONTINUED)

Assets

Fire truck	\$ 947,850
Police SUV	26,911
Water truck	33,988
Sewer truck	321,998
Water truck	25,150
Traffic truck	31,114
Police vehicles	287,499
Less accumulated depreciation	<u>(415,837)</u>
Total	<u>\$ 1,258,673</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

	<u>Future Minimum Lease Payments</u>				Total Governmental Activities
	<u>Fire Truck</u>	<u>Police SUV</u>	<u>Traffic Truck</u>	<u>Police Vehicles</u>	
2016	148,544	6,980	6,554	145,824	307,902
2017	148,544	3,469	6,554	72,912	231,479
2018	148,104	-	6,554	-	154,658
2019	<u>-</u>	<u>-</u>	<u>1,641</u>	<u>-</u>	<u>1,641</u>
Minimum lease payments	445,192	10,449	21,303	218,736	695,680
Less amount of interest	<u>(20,287)</u>	<u>(155)</u>	<u>(727)</u>	<u>(2,426)</u>	<u>(23,595)</u>
Total	<u>\$ 424,905</u>	<u>\$ 10,294</u>	<u>\$ 20,576</u>	<u>\$ 216,310</u>	<u>\$ 672,085</u>

	<u>Future Minimum Lease Payments</u>				Total
	<u>Sewer Truck</u>	<u>Water Truck</u>	<u>Water Truck</u>	<u>Enterprise Fund Activities</u>	
2016	67,795	7,145	5,298	80,238	388,140
2017	67,795	7,145	5,298	80,238	311,717
2018	50,710	3,547	5,298	59,555	214,213
2019	<u>-</u>	<u>-</u>	<u>1,336</u>	<u>1,336</u>	<u>2,977</u>
Minimum lease payments	186,300	17,837	17,230	221,367	917,047
Less amount of interest	<u>(5,422)</u>	<u>(454)</u>	<u>(588)</u>	<u>(6,464)</u>	<u>(30,059)</u>
Total	<u>\$ 180,878</u>	<u>\$ 17,383</u>	<u>\$ 16,642</u>	<u>\$ 214,903</u>	<u>\$ 886,988</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 18 - RESTATEMENTS OF NET POSITION/FUND BALANCE

Long-Term Debt

The City has restated a portion of a note payable that was previously reported in business-type activities into governmental activities and internal services funds. The portion that represents the restatement relates to debt that benefited and is being paid from a governmental fund and an internal service fund.

New Pension Standard

Also, the City adopted a new accounting standard to conform to generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the restatement of the December 31, 2014, net position of the governmental activities as shown below.

Net position has been restated as follows related to these changes:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Fund</u>	<u>Mass Transit Fund</u>
Net position, beginning of year, as previously reported	\$ 76,753,264	\$ 11,172,368	\$ (869,282)	\$ 3,881,250
Reclassification of long-term debt	(952,475)	952,475	1,099,718	(147,243)
Adjustment for beginning net pension liability	(106,528,982)	(1,217,101)	(1,217,101)	-
Adjustment for beginning deferred inflows and outflows for pension	<u>2,240,474</u>	<u>525,543</u>	<u>525,543</u>	<u>-</u>
Net position, beginning of year, as restated	<u>\$ (28,487,719)</u>	<u>\$ 11,433,285</u>	<u>\$ (461,122)</u>	<u>\$ 3,734,007</u>

	<u>Internal Service Funds</u>	<u>Fleet Maintenance/ERF Fund</u>
Net position, beginning of year, as previously reported	\$ 2,968,308	\$ 2,393,509
Reclassification of long-term debt	<u>(725,352)</u>	<u>(725,352)</u>
Net position, beginning of year, as restated	<u>\$ 2,242,956</u>	<u>\$ 1,668,157</u>

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



III Required Supplementary Information

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS – PENSION PLANS
(Unaudited)**

Last 10 Fiscal Years

IMRF

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,771,905	\$1,787,566	\$ (15,661)	\$14,232,171	12.56%
2014	1,695,313	1,633,605	61,708	13,307,066	12.28%

Police Pension Plan

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 4,026,184	\$ 4,229,151	\$ (202,967)	\$ 12,391,182	34.13%
2014	4,159,443	4,277,221	(117,778)	12,227,509	34.98%
2013	2,735,709	3,666,579	(930,870)	11,664,930	31.43%

Fire Pension Plan

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 4,565,589	\$ 4,265,438	\$ 300,151	\$ 8,779,591	48.58%
2014	4,174,530	4,232,824	(58,294)	8,250,783	51.30%
2013	2,774,140	3,806,762	(1,032,622)	8,451,621	45.04%

*Additional years will be added to this schedule annually until 10 years of data is presented

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB
(Unaudited)**

OTHER POST-EMPLOYMENT BENEFITS – RETIREE HEALTH INSURANCE

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
1/1/2015	\$ -	\$8,917,600	\$ 8,917,650	0%	\$35,402,944	25.2%
1/1/2014	-	9,143,999	9,143,999	0%	34,222,364	26.7%
5/1/2013	-	7,947,700	7,947,700	0%	34,448,698	23.1%

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS-
POLICE PENSION PLAN
(Unaudited)

The following presents the changes in employer's net pension liability for the **Police Pension Plan**:

Calendar Year Ended, December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 2,344,035	\$ 2,726,891
Interest	10,868,268	9,571,302
Difference in expected and actual experiences	-	57,370
Changes of assumptions/methods	-	6,068,547
Effect of liability gains or losses	(678,659)	-
Benefit payments, including refunds	<u>(6,824,723)</u>	<u>(6,102,938)</u>
Net Change in Total Pension Liability	5,708,921	12,321,172
Total Pension Liability - Beginning	<u>140,207,944</u>	<u>127,886,772</u>
Total Pension Liability – Ending (A)	<u>\$ 145,916,865</u>	<u>\$ 140,207,944</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 4,229,151	\$ 4,277,221
Contributions - Employee	1,240,308	1,186,391
Net investment income	24,273	5,790,077
Benefit payments, including refunds	(6,824,723)	(6,102,938)
Administrative expense	(264,895)	(64,986)
Net Change in Plan Fiduciary Net Position	(1,595,886)	5,085,765
Plan Fiduciary Net Position - Beginning	<u>93,595,010</u>	<u>88,509,245</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 91,999,124</u>	<u>\$ 93,595,010</u>
Net Pension Liability (A) – (B)	<u>\$ 53,917,741</u>	<u>\$ 46,612,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.05%	66.75%
Covered Employee Payroll	\$ 12,391,182	\$ 12,227,509
Net Pension Liability as a Percentage of Covered Employee Payroll	435%	381%

Additional years will be added to this schedule annually until 10 years of data is presented.

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTER'S PENSION PLAN
(Unaudited)**

The following presents the changes in employer's net pension liability for the **Firefighter Pension Plan**:

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 2,051,437	\$ 2,183,902
Interest	9,344,391	8,357,081
Difference in expected and actual experiences	-	2,180,908
Changes of assumptions/methods	-	9,131,603
Effect of liability gain or losses	2,865,795	-
Benefit payments, including refunds	<u>(7,030,555)</u>	<u>(6,743,544)</u>
Net Change in Total Pension Liability	7,231,068	15,109,950
Total Pension Liability - Beginning	127,664,616	112,554,666
Total Pension Liability – Ending (A)	<u>\$ 134,895,684</u>	<u>\$ 127,664,616</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 4,265,438	\$ 4,232,824
Contributions - Employee	847,728	809,470
Net investment income	460,973	4,671,711
Benefit payments, including refunds	(7,030,555)	(6,743,544)
Administrative expense	<u>(264,992)</u>	<u>(252,605)</u>
Net Change in Plan Fiduciary Net Position	(1,721,408)	2,717,856
Plan Fiduciary Net Position - Beginning	70,843,446	68,125,590
Plan Fiduciary Net Position – Ending (B)	<u>\$ 69,122,038</u>	<u>\$ 70,843,446</u>
Net Pension Liability (A) – (B)	<u>\$ 65,773,646</u>	<u>\$ 56,821,170</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.24%	55.49%
Covered Employee Payroll	\$ 8,779,591	\$ 8,250,783
Net Pension Liability as a Percentage of Covered Employee Payroll	749%	689%

Additional years will be added to this schedule annually until 10 years of data is presented.

**CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 POLICE AND FIREFIGHTER'S PENSION PLANS
 (Unaudited)**

The following presents the annual money-weighted rate of return, net of investment expenses:

<u>*Police Pension</u>	
Fiscal Year	
<u>Ended</u>	<u>Rate</u>
2015	0.02%

<u>*Firefighters' Pension</u>	
Fiscal Year	
<u>Ended</u>	<u>Rate</u>
2015	0.57%

*Additional years will be added to this schedule until 10 years of data is presented.

**CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT PLAN
(Unaudited)**

The following presents the changes in employer net pension liability for IMRF:

	<u>2015</u>
Calendar Year Ended December 31,	
Total Pension Liability	
Service cost	\$ 1,484,366
Interest on the total pension liability	7,126,789
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	896,106
Changes of assumptions	225,465
Benefit payments, including refunds	<u>(5,622,441)</u>
Net Change in Total Pension Liability	4,110,285
Total Pension Liability – Beginning	<u>97,214,759</u>
Total Pension Liability – Ending (A)	<u><u>\$ 101,325,044</u></u>
Plan Fiduciary Net Position	
Contributions – Employer	\$ 1,787,566
Contributions – Employees	717,309
Net investment income	753,618
Benefit payments, including refunds	(5,622,441)
Other (Net Transfer)	<u>(106,040)</u>
Net Change in Plan Fiduciary Net Position	(3,469,988)
Plan Fiduciary Net Position – Beginning	<u>90,808,962</u>
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 88,338,974</u></u>
Net Position Liability – Ending (A) - (B)	<u><u>\$ 12,986,070</u></u>
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	87.18%
Covered Valuation Payroll	\$ 14,232,171
Net Pension Liability as a Percentage of Covered Valuation Payroll	91.24%

Additional years will be added to the schedule annually until 10 years of data is presented.

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	17,227,301	17,227,301	17,115,938	\$ (111,363)
Charges for service	6,869,670	6,869,670	6,842,349	(27,321)
Investment income and net increase in fair value of investments	600	600	1,225	625
Intergovernmental	33,972,000	33,972,000	32,982,968	(989,032)
Licenses and permits	759,000	759,000	857,174	98,174
Fines and fees	1,919,000	1,919,000	1,440,175	(478,825)
Other revenue	1,223,845	1,223,845	1,137,469	(86,376)
Total revenues	<u>61,971,416</u>	<u>61,971,416</u>	<u>60,377,298</u>	<u>(1,594,118)</u>
EXPENDITURES				
Current:				
Legislative	50,497	50,497	48,337	2,160
Executive	603,696	603,696	653,077	(49,381)
Management services	2,002,382	2,002,382	1,901,794	100,588
Legal	1,040,647	1,040,647	969,034	71,613
Financial management	2,607,121	2,607,121	2,400,854	206,267
Police	27,536,505	27,536,505	26,645,706	890,799
Fire	17,110,079	17,110,079	16,833,223	276,856
Planning and neighborhood services	2,268,657	2,342,007	2,204,815	137,192
Public works	9,964,404	9,964,404	10,024,711	(60,307)
Other non-departmental charges	1,662,612	1,662,612	1,565,045	97,567
Total expenditures	<u>64,846,600</u>	<u>64,919,950</u>	<u>63,246,596</u>	<u>1,673,354</u>
Excess (deficiency) of revenues over expenditures	<u>(2,875,184)</u>	<u>(2,948,534)</u>	<u>(2,869,298)</u>	<u>79,236</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	644,605	644,605
Proceeds from sale of asset	-	-	2,440	2,440
Transfers in	1,274,016	1,274,016	1,027,463	(246,553)
Transfers out	(158,500)	(158,500)	-	158,500
Total other financing sources (uses)	<u>1,115,516</u>	<u>1,115,516</u>	<u>1,674,508</u>	<u>558,992</u>
Net change in fund balance	<u>\$ (1,759,668)</u>	<u>\$ (1,833,018)</u>	<u>(1,194,790)</u>	<u>\$ 638,228</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			<u>1,639,383</u>	
Net change in fund balance - GAAP basis			444,593	
FUND BALANCE, BEGINNING OF YEAR			<u>7,229,110</u>	
FUND BALANCE, END OF YEAR			<u>\$ 7,673,703</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 December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Taxes	2,719,500	2,729,592	\$ 10,092
Investment income and net increase in fair value of investments	70	489	419
Intergovernmental	417,000	429,594	12,594
Fines and fees	50,150	56,438	6,288
Other revenue	<u>28,107</u>	<u>36,514</u>	<u>8,407</u>
Total revenues	<u>3,214,827</u>	<u>3,252,627</u>	<u>37,800</u>
EXPENDITURES			
Current:			
Culture	<u>3,540,033</u>	<u>3,387,834</u>	<u>152,199</u>
Excess (deficiency) of revenues over expenditures	<u>(325,206)</u>	<u>(135,207)</u>	<u>189,999</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	243,219	208,219	35,000
Transfers out	<u>(35,000)</u>	<u>-</u>	<u>(35,000)</u>
Total other financing sources (uses)	<u>208,219</u>	<u>208,219</u>	<u>-</u>
	<u>\$ (116,987)</u>	73,012	<u>\$ 189,999</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			
		<u>115,140</u>	
Net change in fund balance - GAAP basis		188,152	
FUND BALANCE, BEGINNING OF YEAR		<u>1,079,139</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,267,291</u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
TIF DISTRICT FUND
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,693,700	\$ 1,554,093	\$ (139,607)
Intergovernmental	306,500	383,290	76,790
Investment income	<u>-</u>	<u>249</u>	<u>249</u>
Total revenues	<u>2,000,200</u>	<u>1,937,632</u>	<u>(62,568)</u>
EXPENDITURES			
General Government:			
Economic and urban development	<u>864,600</u>	<u>840,487</u>	<u>24,113</u>
Excess of revenues over expenditures before other financing uses	<u>1,135,600</u>	<u>1,097,145</u>	<u>(38,455)</u>
OTHER FINANCING USES			
Transfers out	<u>(1,173,807)</u>	<u>(1,013,099)</u>	<u>160,708</u>
	<u>\$ (38,207)</u>	84,046	<u>\$ 122,253</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP			
		<u>(161,977)</u>	
Net change in fund balance (deficit) - GAAP basis		(77,931)	
FUND DEFICIT, BEGINNING OF YEAR		<u>(64,508)</u>	
FUND DEFICIT, END OF YEAR		<u>\$ (142,439)</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
MOTOR FUEL TAX FUND
Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ -	\$ 962	\$ 962
Intergovernmental:			
Motor fuel tax	1,846,000	1,880,878	34,878
Other	340,000	59,198	(280,802)
Other revenue	<u>16,000</u>	<u>25,672</u>	<u>9,672</u>
 Total revenues	 <u>2,202,000</u>	 <u>1,966,710</u>	 <u>(235,290)</u>
EXPENDITURES			
Public works:			
Street repair & maintenance	<u>3,568,481</u>	<u>3,567,877</u>	<u>604</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,366,481)</u>	(1,601,167)	<u>\$ (234,686)</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP		<u>736,637</u>	
 Net change in fund balance - GAAP basis		(864,530)	
FUND BALANCE, BEGINNING OF YEAR		<u>2,625,873</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,761,343</u>	

**CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

Note 1 - 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, (including TIF redevelopment funds), debt service funds, capital project funds, enterprise funds, internal service funds, and pension trust funds.
2. The process is initiated in September of each year, with departmental requests presented in October to the Budget Review Committee comprised 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 November with a public hearing and final adoption taking place prior to December 31st of each year.
4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of March of each year, in accordance with State of Illinois statutory requirements. The Appropriation Ordinance may include changes from the approved budget and is adopted upon City Council passage 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 funds.
6. The level of budgetary control is by Fund. Therefore, expenditures cannot legally exceed appropriations beyond this level.
7. 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.

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

Note 2 - Expenditures over Budget

No major funds had an excess of actual expenditures over legally enacted budget.

Note 3 - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

A. IMRF

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	28-year closed period, until remaining period reaches 15 years (then 15-year rolling period)
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	4%
Price Inflation	3% approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

Note 3 - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate (CONTINUED)

B. Police Pension Plan

Valuation Date	1/1/16
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	25 Years as of January 1, 2016
Amortization Growth Rate	3.5%
Asset Valuation Method	Market value
Inflation	2.5% per year
Salary Increases	3.5% per year until the assumed retirement age
Investment Rate of Return	7.5% per year
Retirement Age	Rates of retirement for age 50 to 65 were used.

<u>Age</u>	<u>Rate of Retirement</u>
50	.20
55	.25
60	.33
65	.50
70	1.0

Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2016
Termination Rates	See table below
Disability Rates	See table below. It is assumed that 100% of disability retirements and pre-retirement deaths are service related.

<u>Age</u>	<u>Rate of Termination</u>	<u>Age</u>	<u>Rate of Disability</u>
25	.075	25	.0005
30	.050	30	.0022
35	.030	35	.0026
40	.020	40	.0040
45	.020	45	.0065
50 and over	.035	50	.0095
		55	.0130
		60	.0165
		65 and over	.0200

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

Note 3 - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate (CONTINUED)

C. Fire Pension Plan

Valuation Date	1/1/16
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	25 Years as of January 1, 2016
Amortization Growth Rate	3.5%
Asset Valuation Method	Market value
Inflation	2.5% per year
Salary Increases	3.5% per year until the assumed retirement age.
Investment Rate of Return	7.0% per year
Retirement Age	Rates of retirement for age 50 to 65 were used.

<u>Age</u>	<u>Rate of Retirement</u>
50	.14
55	.20
60	.25
65	.50
70	1.0

Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2016
Termination Rates	See table below
Disability Rates	See table below

<u>Age</u>	<u>Rate of Termination</u>	<u>Age</u>	<u>Rate of Disability</u>
25	.050	25	.0010
30	.025	30	.0014
35	.020	35	.0035
40 and over	.010	40	.0050
		45	.0065
		50	.0100
		55	.0150
		60	.0300
		65	.0425



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 Economic Development Fund is the City's primary fund supporting Economic Development initiatives. The funds main revenues come from fifty percent (50%) of the Electric Aggregation Admin Fee, which is used for the economic development initiatives.

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 DUATS Fund accounts for revenues from the State of Illinois for grants for the purposes of conducting ongoing urban area transit studies in the greater Decatur and Macon County area of mass transit services.

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

The Public Safety Fund accounts for the revenue received from fines, fees, and grants used to defray the cost of certain expenditures benefiting the public safety operations of the City.

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

The Major Moves Fund accounts for financial resources received from State of Illinois Grants for the purpose of investment in infrastructure projects providing economic development benefit to the City.

The Fire Capital Fund accounts for the revenue received from various Decatur Fire Department sources. Revenues received are used to defray the expenses of the Fire Department capital expenditures.

The Grant Fund accounts for the cash receipts and expenditures incurred for grant monies received from the federal government.

The Police Capital Fund accounts for the revenue received from various Decatur Police Department sources. Revenues received are used to defray the expenses of the Police Department capital expenditures.

NONMAJOR GOVERNMENTAL FUNDS

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.

The 2010 Project Fund is used to account for capital improvements that are financed by the proceeds from the 2010 General Obligations Bonds.

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2015

	Economic Development Fund	HOME Fund	CDBG Fund	DUATS Funds	Drug Enforcement Fund	Public Safety Fund	Municipal Band Fund	PEG Fund	DCDF Fund	Major Moves Fund	Fire Capital Fund	Grant Fund	Police Capital Fund	Total
ASSETS														
Cash and investments	\$ 235,091	\$ 217,188	\$ 786	109,528	\$ 704,860	\$ 153,930	\$ 23,919	\$ 145,176	\$ 95,723	\$ 79,745	24,697	\$ 6,954	\$ 264,073	\$ 2,061,670
Receivables:														
Property taxes, net	-	-	-	-	-	-	63,635	-	-	-	-	-	-	63,635
Other taxes	24,869	-	-	-	-	-	-	-	-	-	-	-	-	24,869
Due from other governments	7,760	575	31,807	86,036	-	17,041	-	-	-	-	-	-	-	143,019
Notes receivable	-	318,365	12,802	-	-	-	-	-	250,299	-	-	-	-	581,466
TOTAL ASSETS	\$ 267,720	\$ 536,128	\$ 45,195	\$ 195,564	\$ 704,860	\$ 170,971	\$ 87,554	\$ 145,176	\$ 346,022	\$ 79,745	\$ 24,697	\$ 6,954	\$ 264,073	\$ 2,874,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)														
Liabilities:														
Accounts payable	\$ 5,760	\$ 328	\$ 5,319	\$ 222	\$ 20,505	\$ 15,861	\$ -	\$ -	\$ 170	\$ -	\$ 27,130	\$ -	\$ -	\$ 75,295
Other accrued liabilities	-	-	-	-	339,041	-	-	-	-	-	-	-	-	339,041
Total liabilities	5,760	328	5,319	222	359,546	15,861	-	-	170	-	27,130	-	-	414,336
Deferred Inflows of Resources:														
Unavailable taxes and grants	7,760	-	-	86,036	-	17,041	-	-	-	80,965	-	6,954	-	198,756
Subsequent year's property taxes	-	-	-	-	-	-	63,635	-	-	-	-	-	-	63,635
Total deferred inflows of resources	7,760	-	-	86,036	-	17,041	63,635	-	-	80,965	-	6,954	-	262,391
Fund Balances:														
Restricted:														
General government	-	535,800	39,876	109,306	-	-	-	-	345,852	-	-	-	-	1,030,834
Culture	-	-	-	-	-	-	23,919	-	-	-	-	-	-	23,919
Public safety	-	-	-	-	345,314	138,069	-	-	-	-	-	-	-	483,383
Education	-	-	-	-	-	-	-	145,176	-	-	-	-	-	145,176
Committed:														
Economic development	254,200	-	-	-	-	-	-	-	-	-	-	-	-	254,200
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-	264,073	264,073
Unassigned	-	-	-	-	-	-	-	-	-	(1,220)	(2,433)	-	-	(3,653)
Total Fund Balance (Deficit)	254,200	535,800	39,876	109,306	345,314	138,069	23,919	145,176	345,852	(1,220)	(2,433)	-	264,073	2,197,932
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 267,720	\$ 536,128	\$ 45,195	\$ 195,564	\$ 704,860	\$ 170,971	\$ 87,554	\$ 145,176	\$ 346,022	\$ 79,745	\$ 24,697	\$ 6,954	\$ 264,073	\$ 2,874,659

**CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
Year Ended December 31, 2015**

	Economic Development Fund	HOME Fund	CDBG Fund	DUATS Fund	Drug Enforcement Fund	Public Safety Fund	Municipal Band Fund	PEG Fund	DCDF Fund	Major Moves Fund	Fire Capital Fund	Grant Fund	Police Capital Fund	Total
REVENUES														
Taxes	\$ 150,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,337
Investment income and net increase in fair value of investments	82	82	-	28	255	81	9	56	55	35	5	-	62	750
Intergovernmental	16,440	176,800	656,625	228,951	-	22,013	-	-	22,393	148,399	-	149,393	260,000	1,691,014
Fines and fees	-	-	-	-	226,652	132,838	-	-	-	-	-	-	-	359,490
Other revenue	128,940	10,337	250	-	258,766	2,095	23,438	96,033	12,697	-	38,162	-	3,000	573,716
Total revenues	295,763	187,219	656,875	228,979	485,673	157,027	82,481	96,089	35,145	148,434	38,167	149,393	263,062	2,824,307
EXPENDITURES														
Current:														
General government	223,267	208,633	446,368	291,355	-	-	-	-	119,872	149,657	43,947	149,393	-	1,632,492
Public safety	-	-	-	-	809,953	239,280	-	-	-	-	-	-	-	1,049,233
Culture	-	-	-	-	-	-	89,252	-	-	-	-	-	-	89,252
Education	-	-	-	-	-	-	-	51,698	-	-	-	-	-	51,698
Total expenditures	223,267	208,633	446,368	291,355	809,953	239,280	89,252	51,698	119,872	149,657	43,947	149,393	-	2,822,675
Excess (deficiency) of revenues over expenditures	72,496	(21,414)	210,507	(62,376)	(324,280)	(82,253)	(6,771)	44,391	(84,727)	(1,223)	(5,780)	-	263,062	1,632
OTHER FINANCING SOURCES (USES)														
Sale of capital assets	-	-	-	-	42,720	-	-	-	-	-	2,050	-	1,011	45,781
Transfers in	-	-	-	-	-	-	4,503	-	-	-	-	-	-	4,503
Transfers out	-	-	(175,000)	-	-	-	-	-	-	-	-	-	-	(175,000)
Total other financing sources (uses)	-	-	(175,000)	-	42,720	-	4,503	-	-	-	2,050	-	1,011	(124,716)
Net change in fund balances	72,496	(21,414)	35,507	(62,376)	(281,560)	(82,253)	(2,268)	44,391	(84,727)	(1,223)	(3,730)	-	264,073	(123,084)
FUND BALANCES, BEGINNING OF YEAR	181,704	557,214	4,369	171,682	626,874	220,322	26,187	100,785	430,579	3	1,297	-	-	2,321,016
FUND BALANCES (DEFICITS), END OF YEAR	\$ 254,200	\$ 535,800	\$ 39,876	\$ 109,306	\$ 345,314	\$ 138,069	\$ 23,919	\$ 145,176	\$ 345,852	\$ (1,220)	\$ (2,433)	\$ -	\$ 264,073	\$ 2,197,932

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,061,670	\$ 477,774	\$ 2,539,444
Receivables:			
Property taxes, net	63,635	-	63,635
Other taxes	24,869	-	24,869
Due from other governments	143,019	72,734	215,753
Accounts receivable	-	9,654	9,654
Notes receivable	581,466	-	581,466
Other receivable	-	11,832	11,832
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,874,659</u>	<u>\$ 571,994</u>	<u>\$ 3,446,653</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 75,295	\$ -	\$ 75,295
Other accrued liabilities	339,041	-	339,041
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>414,336</u>	<u>-</u>	<u>414,336</u>
Deferred Inflows of Resources:			
Unavailable taxes and grants	198,756	-	198,756
Subsequent year's property taxes	63,635	-	63,635
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>262,391</u>	<u>-</u>	<u>262,391</u>
Fund Balances:			
Restricted:			
General government	1,030,834	-	1,030,834
Culture	23,919	-	23,919
Public safety	483,383	-	483,383
Education	145,176	-	145,176
Capital projects	-	571,994	571,994
Committed:			
Economic development	254,200	-	254,200
Capital projects	264,073	-	264,073
Unassigned	(3,653)	-	(3,653)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,197,932</u>	<u>571,994</u>	<u>2,769,926</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,874,659</u>	<u>\$ 571,994</u>	<u>\$ 3,446,653</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2015

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Taxes	\$ 209,337	\$ -	\$ 209,337
Investment income and net increase in fair value of investments	750	224	974
Intergovernmental	1,681,014	72,734	1,753,748
Fines and fees	359,490	-	359,490
Other revenue	<u>573,716</u>	<u>150,623</u>	<u>724,339</u>
Total revenues	<u>2,824,307</u>	<u>223,581</u>	<u>3,047,888</u>
EXPENDITURES			
Current:			
General government	1,632,492	-	1,632,492
Public safety	1,049,233	-	1,049,233
Culture	89,252	-	89,252
Public works	-	240,755	240,755
Education	<u>51,698</u>	<u>-</u>	<u>51,698</u>
Total expenditures	<u>2,822,675</u>	<u>240,755</u>	<u>3,063,430</u>
Excess (deficiency) of revenues over expenditures	<u>1,632</u>	<u>(17,174)</u>	<u>(15,542)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	45,781	-	45,781
Transfers in	4,503	-	4,503
Transfers out	<u>(175,000)</u>	<u>-</u>	<u>(175,000)</u>
Total other financing sources (uses)	<u>(124,716)</u>	<u>-</u>	<u>(124,716)</u>
Net change in fund balances	(123,084)	(17,174)	(140,258)
FUND BALANCES, BEGINNING OF YEAR	<u>2,321,016</u>	<u>589,168</u>	<u>2,910,184</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,197,932</u>	<u>\$ 571,994</u>	<u>\$ 2,769,926</u>

**CITY OF DECATUR, ILLINOIS
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 95,000	\$ 125,432	\$ 30,432
Intergovernmental	75,000	18,440	(56,560)
Investment income	-	82	82
Other revenue	<u>120,000</u>	<u>128,940</u>	<u>8,940</u>
Total revenues	<u>290,000</u>	<u>272,894</u>	<u>(17,106)</u>
EXPENDITURES			
General Government:			
Economic development	<u>401,000</u>	<u>221,693</u>	<u>179,307</u>
NET CHANGE IN FUND BALANCE	<u>\$ (111,000)</u>	<u>\$ 51,201</u>	<u>\$ 162,201</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 December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Federal grants	\$ 749,181	\$ 203,127	\$ (546,054)
Loan repayment	65,386	59,542	(5,844)
Investment income	<u>-</u>	<u>82</u>	<u>82</u>
 Total revenues	 <u>814,567</u>	 <u>262,751</u>	 <u>(551,816)</u>
EXPENDITURES			
General Government:			
Economic development	<u>814,567</u>	<u>229,787</u>	<u>584,780</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ 32,964</u>	 <u>\$ 32,964</u>

CITY OF DECATUR, ILLINOIS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Federal grant	\$ 1,570,000	\$ 756,782	\$ (813,218)
Other revenue	-	490	490
Total revenue	<u>1,570,000</u>	<u>757,272</u>	<u>(812,728)</u>
EXPENDITURES			
General Government:			
Public services	890,692	196,410	694,282
Personnel services	239,764	250,602	(10,838)
Contractual services	257,644	144,508	113,136
Supplies	1,900	-	1,900
Other charges	5,000	4,252	748
Total expenditures	<u>1,395,000</u>	<u>595,772</u>	<u>799,228</u>
Excess of revenues over expenditures	<u>175,000</u>	<u>161,500</u>	<u>(13,500)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,084	4,084
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>(170,916)</u>	<u>4,084</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (9,416)</u>	<u>\$ (9,416)</u>

CITY OF DECATUR, ILLINOIS
DUATS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ 416,811	\$ 390,644	\$ (26,167)
Investment income	<u>-</u>	<u>28</u>	<u>28</u>
Total revenue	<u>416,811</u>	<u>390,672</u>	<u>(26,139)</u>
EXPENDITURES			
General Government:			
Economic development	<u>416,811</u>	<u>292,379</u>	<u>124,432</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 98,293</u>	<u>\$ 98,293</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 December 31, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ 200	\$ 255	\$ 55
Fines and fees	22,000	226,652	204,652
Other revenue	<u>220,100</u>	<u>258,766</u>	<u>38,666</u>
 Total revenues	 <u>242,300</u>	 <u>485,673</u>	 <u>243,373</u>
 EXPENDITURES			
Public safety	<u>857,392</u>	<u>813,425</u>	<u>43,967</u>
 OTHER FINANCING SOURCES			
Sale of capital assets	<u>-</u>	<u>42,720</u>	<u>42,720</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ (615,092)</u>	 <u>\$ (285,032)</u>	 <u>\$ 330,060</u>

CITY OF DECATUR, ILLINOIS
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ 244,084	\$ 22,013	\$ (222,071)
Fines and fees	126,800	132,838	6,038
Investment income	110	81	(29)
Other revenues	<u>44,000</u>	<u>2,095</u>	<u>(41,905)</u>
Total revenue	<u>414,994</u>	<u>157,027</u>	<u>(257,967)</u>
EXPENDITURES			
Public safety	<u>501,432</u>	<u>236,429</u>	<u>265,003</u>
NET CHANGE IN FUND BALANCE	<u>\$ (86,438)</u>	<u>\$ (79,402)</u>	<u>\$ 7,036</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 December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 58,800	\$ 59,036	\$ 236
Investment income	-	9	9
Other revenue	-	<u>23,436</u>	<u>23,436</u>
Total revenues	<u>58,800</u>	<u>82,481</u>	<u>23,681</u>
EXPENDITURES			
Culture	<u>90,303</u>	<u>89,586</u>	<u>717</u>
OTHER FINANCING SOURCES			
Transfer in	<u>4,503</u>	<u>4,503</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,000)</u>	<u>\$ (2,602)</u>	<u>\$ 24,398</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 December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ -	\$ 56	\$ 56
Other revenue	<u>100,000</u>	<u>96,033</u>	<u>(3,967)</u>
Total revenues	<u>100,000</u>	<u>96,089</u>	<u>(3,911)</u>
EXPENDITURES			
Education	<u>100,000</u>	<u>52,237</u>	<u>47,763</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 43,852</u>	<u>\$ 43,852</u>

CITY OF DECATUR, ILLINOIS
DCDF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ -	\$ 22,393	\$ 22,393
Investment income	-	55	55
Other revenue	<u>30,000</u>	<u>41,217</u>	<u>11,217</u>
Total revenues	<u>30,000</u>	<u>63,665</u>	<u>33,665</u>
EXPENDITURES			
General Government:			
General government	<u>130,360</u>	<u>104,149</u>	<u>26,211</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(4,084)</u>	<u>(4,084)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100,360)</u>	<u>\$ (44,568)</u>	<u>\$ 3,370</u>

CITY OF DECATUR, ILLINOIS
MAJOR MOVES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ 2,171,678	135,193	\$ (2,036,485)
Investment income	<u>30</u>	<u>35</u>	<u>5</u>
Total revenue	<u>2,171,708</u>	<u>135,228</u>	<u>(2,036,480)</u>
EXPENDITURES			
General Government:			
General government	<u>737,803</u>	<u>149,657</u>	<u>588,146</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>31,671</u>	<u>31,671</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,433,905</u>	<u>\$ 17,242</u>	<u>\$ (1,416,663)</u>

CITY OF DECATUR, ILLINOIS
FIRE CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ -	\$ 5	\$ 5
Other revenue	<u>60,000</u>	<u>38,162</u>	<u>(21,838)</u>
Total revenues	<u>60,000</u>	<u>38,167</u>	<u>(21,833)</u>
EXPENDITURES			
General Government:			
General government	<u>17,000</u>	<u>16,817</u>	<u>183</u>
Total expenditures	<u>17,000</u>	<u>16,817</u>	<u>183</u>
OTHER FINANCING SOURCES			
Sale of capital assets	<u>-</u>	<u>2,050</u>	<u>2,050</u>
NET CHANGE IN FUND BALANCE	<u>\$ 43,000</u>	<u>\$ 23,400</u>	<u>\$ (19,600)</u>

CITY OF DECATUR, ILLINOIS
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ 710,000	\$ 91,554	\$ (618,446)
EXPENDITURES			
General Government:			
General government	785,000	159,600	625,400
NET CHANGE IN FUND BALANCE	<u>\$ (75,000)</u>	<u>\$ (68,046)</u>	<u>\$ 6,954</u>

CITY OF DECATUR, ILLINOIS
POLICE CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ -	\$ 260,000	\$ 260,000
Investment income	-	62	62
Other revenue	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total revenue	<u>-</u>	<u>263,062</u>	<u>263,062</u>
OTHER FINANCING SOURCES			
Sale of capital assets	<u>-</u>	<u>1,011</u>	<u>1,011</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 264,073</u>	<u>\$ 264,073</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2015**

	<u>Capital Projects Fund</u>	<u>2008 Project Fund</u>	<u>2010 Project Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 105,351	\$ -	\$ 372,423	\$ 477,774
Receivables:				
Accounts receivable	9,654	-	-	9,654
Due from other governments	72,734	-	-	72,734
Other	<u>11,832</u>	<u>-</u>	<u>-</u>	<u>11,832</u>
 Total assets	 <u>\$ 199,571</u>	 <u>\$ -</u>	 <u>\$ 372,423</u>	 <u>\$ 571,994</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
 Total liabilities	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
Fund Balances:				
Restricted:				
Capital projects	<u>199,571</u>	<u>-</u>	<u>372,423</u>	<u>571,994</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 199,571</u>	 <u>\$ -</u>	 <u>\$ 372,423</u>	 <u>\$ 571,994</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2015

	Capital Projects Fund	2008 Project Fund	2010 Project Fund	Total
REVENUES				
Intergovernmental	\$ 72,734	\$ -	\$ -	\$ 72,734
Investment income and net increase in fair value of investments	45	-	179	224
Other revenues	<u>150,623</u>	<u>-</u>	<u>-</u>	<u>150,623</u>
Total revenues	<u>223,402</u>	<u>-</u>	<u>179</u>	<u>223,581</u>
EXPENDITURES				
Current:				
Public works	<u>-</u>	<u>2,430</u>	<u>238,325</u>	<u>240,755</u>
Net change in fund balance	223,402	(2,430)	(238,146)	(17,174)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(23,831)</u>	<u>2,430</u>	<u>610,569</u>	<u>589,168</u>
FUND BALANCES, END OF YEAR	<u>\$ 199,571</u>	<u>\$ -</u>	<u>\$ 372,423</u>	<u>\$ 571,994</u>

CITY OF DECATUR, ILLINOIS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
REVENUES			
Investment income	\$ -	\$ 45	\$ 45
Intergovernmental	-	-	-
Other revenues	<u>300</u>	<u>7,332</u>	<u>7,032</u>
Total revenues	<u>300</u>	<u>7,377</u>	<u>7,077</u>
EXPENDITURES			
Capital projects	<u>77,719</u>	<u>-</u>	<u>77,719</u>
Deficiency of revenues over expenditures	<u>(77,419)</u>	<u>7,377</u>	<u>84,796</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(31,670)</u>	<u>(31,670)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (77,419)</u>	<u>\$ (24,293)</u>	<u>\$ 53,126</u>

CITY OF DECATUR, ILLINOIS
2008 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
EXPENDITURES			
Capital projects	\$ -	\$ 2,430	\$ (2,430)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (2,430)</u>	<u>\$ (2,430)</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 December 31, 2015

	<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	\$ -	\$ 179	\$ 179
EXPENDITURES			
Capital Projects	880,908	238,325	642,583
NET CHANGE IN FUND BALANCE	<u>\$ (880,908)</u>	<u>\$ (238,146)</u>	<u>\$ 642,762</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.

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

The Storm Water Fund accounts for the construction, operation, and maintenance of the City owned storm water sewer system. Revenues are generated through changes to property owners based on property size.

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2015**

	<u>Recycling Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 65,479	\$ 720,755	\$ 786,234
Accounts receivable	<u>63,506</u>	<u>173,546</u>	<u>237,052</u>
Total current assets	<u>128,985</u>	<u>894,301</u>	<u>1,023,286</u>
Property, plant and equipment			
Infrastructure	-	45,250	45,250
Construction in progress	-	62,997	62,997
Less accumulated depreciation	<u>-</u>	<u>377</u>	<u>377</u>
Total property, plant and equipment	<u>-</u>	<u>107,870</u>	<u>107,870</u>
TOTAL ASSETS	<u>\$ 128,985</u>	<u>\$ 1,002,171</u>	<u>\$ 1,131,156</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 44,374	\$ 87,297	\$ 131,671
Contracts payable	-	7,228	7,228
Due to other funds	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total current liabilities	144,374	94,525	238,899
Net position:			
Net investment in capital assets	-	107,870	107,870
Unrestricted	<u>(15,389)</u>	<u>799,776</u>	<u>784,387</u>
Total net position	<u>(15,389)</u>	<u>907,646</u>	<u>892,257</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 128,985</u>	<u>\$ 1,002,171</u>	<u>\$ 1,131,156</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2015

	<u>Recycling Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 699,088	\$ 1,253,375	\$ 1,952,463
OPERATING EXPENSES			
Contractual services	583,171	453,439	1,036,610
Supplies	17,826	-	17,826
Depreciation	<u>-</u>	<u>377</u>	<u>377</u>
Total operating expenses	<u>600,997</u>	<u>453,816</u>	<u>1,054,813</u>
Operating income	<u>98,091</u>	<u>799,559</u>	<u>897,650</u>
NONOPERATING REVENUES			
Investment income	<u>39</u>	<u>214</u>	<u>253</u>
Change in net position	98,130	799,773	897,903
NET POSITION, BEGINNING OF YEAR	<u>(113,519)</u>	<u>107,873</u>	<u>(5,646)</u>
NET POSITION, END OF YEAR	<u>\$ (15,389)</u>	<u>\$ 907,646</u>	<u>\$ 892,257</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2015**

	Recycling Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges for services	\$ 698,845	\$ 1,119,335	\$ 1,818,180
Cash paid to suppliers for goods and services	(704,425)	(377,986)	(1,082,411)
Net cash provided by (used in) operating activities	(5,580)	741,349	735,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property, plant, and equipment	-	(108,247)	(108,247)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	39	214	253
NET INCREASE (DECREASE) IN CASH	(5,541)	633,316	627,775
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,020	87,439	158,459
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 65,479	\$ 720,755	\$ 786,234
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	\$ 98,091	\$ 799,559	\$ 897,650
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	-	377	377
Effects of changes in operating assets and liabilities:			
Accounts receivable	(243)	(71,756)	(71,999)
Accounts payable	(3,428)	68,225	64,797
Contracts payable	-	7,228	7,228
Due to other funds	(100,000)	-	(100,000)
Unearned revenue	-	(62,284)	(62,284)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (5,580)	\$ 741,349	\$ 735,769



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 Risk Management Fund accounts for the financial resources collected from other City funds to defray the cost of business insurance, including workers compensation, property & casualty and general liability coverage for City operations.

The Self Insurance (Employee Benefit 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. This fund was closed at the end of 2015 and any residual balance transferred to the General Fund.

**CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2015**

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Management Information Services Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 325,926	\$ 3,063,685	\$ 715,197	\$ -	\$ 4,104,808
Receivables:					
Accounts receivable	495	-	-	-	495
Inventories	267,931	-	-	-	267,931
Prepaid	-	185,000	-	-	185,000
Total current assets	<u>594,352</u>	<u>3,248,685</u>	<u>715,197</u>	<u>-</u>	<u>4,558,234</u>
Property, plant and equipment					
Machinery and equipment	9,480,172	-	-	-	9,480,172
Less accumulated depreciation	<u>7,191,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,191,079</u>
Total property, plant and equipment	<u>2,289,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,289,093</u>
TOTAL ASSETS	\$ 2,883,445	\$ 3,248,685	\$ 715,197	\$ -	\$ 6,847,327
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 13,864	\$ -	\$ -	\$ -	\$ 13,864
Interest payable	3,033	-	-	-	3,033
Other accrued liabilities	15,544	2,853	-	-	18,397
Claims payable	-	19,354	2,851,539	-	2,870,893
Unearned revenue	495	-	-	-	495
Notes payable	<u>27,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,308</u>
Total current liabilities	60,244	22,207	2,851,539	-	2,933,990
Non-current liabilities:					
Notes payable	<u>672,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,082</u>
Total liabilities	<u>732,326</u>	<u>22,207</u>	<u>2,851,539</u>	<u>-</u>	<u>3,606,072</u>
Net position:					
Net investment in capital assets	1,589,703	-	-	-	1,589,703
Unrestricted	<u>561,416</u>	<u>3,226,478</u>	<u>(2,136,342)</u>	<u>-</u>	<u>1,651,552</u>
Total net position	<u>2,151,119</u>	<u>3,226,478</u>	<u>(2,136,342)</u>	<u>-</u>	<u>3,241,255</u>
TOTAL LIABILITIES AND NET POSITION	\$ 2,883,445	\$ 3,248,685	\$ 715,197	\$ -	\$ 6,847,327

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2015

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Management Information Services Fund	Total
OPERATING REVENUES					
Charges for services	\$ 2,505,086	\$ 2,680,718	\$ 7,677,610	\$ -	\$ 12,863,414
Payroll deductions/retiree contributions	-	-	2,315,020	-	2,315,020
Other revenue	17,123	-	128,935	-	146,058
	<u>2,522,209</u>	<u>2,680,718</u>	<u>10,121,565</u>	<u>-</u>	<u>15,324,492</u>
OPERATING EXPENSES					
Personnel services	563,346	-	-	-	563,346
Contractual services	182,929	113,731	926,824	-	1,223,484
Supplies	878,687	14,935	-	-	893,622
Insurance and other charges	444,189	2,414,635	8,232,209	169,527	11,260,560
Depreciation	470,304	-	-	58,311	528,615
	<u>2,539,455</u>	<u>2,543,301</u>	<u>9,159,033</u>	<u>227,838</u>	<u>14,469,627</u>
Total operating expenses	<u>2,539,455</u>	<u>2,543,301</u>	<u>9,159,033</u>	<u>227,838</u>	<u>14,469,627</u>
Operating income (loss)	<u>(17,246)</u>	<u>137,417</u>	<u>962,532</u>	<u>(227,838)</u>	<u>854,865</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other charges	(27,869)	-	-	-	(27,869)
Investment income	186	1,237	81	-	1,504
Loss on disposal of City property	(539)	-	-	-	(539)
Other miscellaneous expense	-	-	-	(104,642)	(104,642)
	<u>(28,222)</u>	<u>1,237</u>	<u>81</u>	<u>(104,642)</u>	<u>(131,546)</u>
Total nonoperating revenues (expenses)	<u>(28,222)</u>	<u>1,237</u>	<u>81</u>	<u>(104,642)</u>	<u>(131,546)</u>
Income (loss) before transfers	<u>(45,468)</u>	<u>138,654</u>	<u>962,613</u>	<u>(332,480)</u>	<u>723,319</u>
TRANSFERS					
Transfers in	728,430	-	-	-	728,430
Transfers out	(200,000)	-	-	(253,450)	(453,450)
	<u>528,430</u>	<u>-</u>	<u>-</u>	<u>(253,450)</u>	<u>274,980</u>
Net transfers	<u>528,430</u>	<u>-</u>	<u>-</u>	<u>(253,450)</u>	<u>274,980</u>
Net income (loss)	482,962	138,654	962,613	(585,930)	998,299
NET POSITION, BEGINNING OF YEAR AS RESTATED					
	<u>1,668,157</u>	<u>3,087,824</u>	<u>(3,098,955)</u>	<u>585,930</u>	<u>2,242,956</u>
NET POSITION, END OF YEAR	<u>\$ 2,151,119</u>	<u>\$ 3,226,478</u>	<u>\$ (2,136,342)</u>	<u>-</u>	<u>\$ 3,241,255</u>

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

	<u>Fleet</u> <u>Maintenance/ERF Fund</u>	<u>Risk</u> <u>Management Fund</u>	<u>Employee</u> <u>Benefit Insurance Fund</u>	<u>Management</u> <u>Information</u> <u>Systems Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 2,522,209	\$ 2,680,718	\$ 10,122,255	\$ -	\$ 15,325,182
Cash paid to suppliers for goods and services	(1,583,872)	(2,573,965)	(9,473,426)	(176,893)	(13,808,156)
Cash paid to employees	(593,761)	-	-	(33,936)	(627,697)
	<u>344,576</u>	<u>106,753</u>	<u>648,829</u>	<u>(210,829)</u>	<u>889,329</u>
Net cash provided by (used in) operating activities					
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds for close out	-	-	-	7,367	7,367
Cash transfers to other funds	(200,000)	-	-	(253,450)	(453,450)
	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(246,083)</u>	<u>(446,083)</u>
Net cash provided by (used in) noncapital financing activities					
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property, plant, and equipment	(834,942)	-	-	-	(834,942)
Proceeds from the acquisition of debt	729,775	-	-	-	729,775
Principal payment on debt	(27,307)	-	-	-	(27,307)
Interest payments and other charges	(24,836)	-	-	-	(24,836)
	<u>(157,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,310)</u>
Net cash used in capital and related financing activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	186	1,237	81	-	1,504
	<u>(12,548)</u>	<u>107,990</u>	<u>648,910</u>	<u>(456,912)</u>	<u>287,440</u>
NET INCREASE (DECREASE) IN CASH					
CASH, BEGINNING OF YEAR	<u>338,474</u>	<u>2,955,695</u>	<u>66,287</u>	<u>456,912</u>	<u>3,817,368</u>
CASH, END OF YEAR	<u>\$ 325,926</u>	<u>\$ 3,063,685</u>	<u>\$ 715,197</u>	<u>\$ -</u>	<u>\$ 4,104,808</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (17,246)	\$ 137,417	\$ 962,532	\$ (227,838)	\$ 854,865
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	470,304	-	-	58,311	528,615
Effects of changes in operating assets and liabilities:					
Receivables	1,791	-	690	-	2,481
Inventories	(18,249)	-	-	-	(18,249)
Accounts payable	(59,818)	-	-	(7,366)	(67,184)
Other current liabilities	(30,415)	(30,664)	(314,393)	(33,936)	(409,408)
Unearned revenue	(1,791)	-	-	-	(1,791)
	<u>344,576</u>	<u>106,753</u>	<u>648,829</u>	<u>(210,829)</u>	<u>889,329</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
NONCASH ACTIVITIES					
Noncash transactions	\$ -	\$ -	\$ -	\$ -	\$ -



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
December 31, 2015

	Police Pension Fund	Fire Pension Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and short-term investments	\$ 2,656,828	\$ 7,724,582	\$ 10,381,410
Accrued interest	218,728	109,180	327,908
Long-term investments, at fair value:			
U.S. government obligations	19,383,537	12,733,119	32,116,656
Mutual funds	38,804,415	9,046,345	47,850,760
Common stock	16,506,268	31,833,176	48,339,444
Annuities	-	132,654	132,654
International stock	1,615,865	-	1,615,865
International bonds	203,498	-	203,498
Municipal bonds	1,703,075	1,067,805	2,770,880
Corporate bonds	<u>10,908,315</u>	<u>6,475,177</u>	<u>17,383,492</u>
Total long-term investments	<u>89,124,973</u>	<u>61,288,276</u>	<u>150,413,249</u>
TOTAL ASSETS	<u>\$ 92,000,529</u>	<u>\$ 69,122,038</u>	<u>\$ 161,122,567</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	<u>44,739</u>	<u>7,772</u>	<u>52,511</u>
Net Position			
Held in trust for pension benefits	<u>91,955,790</u>	<u>69,114,266</u>	<u>161,070,056</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 92,000,529</u>	<u>\$ 69,122,038</u>	<u>\$ 161,122,567</u>

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
Year Ended December 31, 2015

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 4,229,151	\$ 4,265,438	\$ 8,494,589
Plan member	1,240,308	845,127	2,085,435
Miscellaneous revenue	<u>545</u>	<u>2,602</u>	<u>3,147</u>
Total contributions	<u>5,470,004</u>	<u>5,113,167</u>	<u>10,583,171</u>
Investment earnings:			
Interest and dividends	1,113,663	709,578	1,823,241
Net decrease in the fair value of investments	<u>(1,097,137)</u>	<u>(313,298)</u>	<u>(1,410,435)</u>
Total investment income	16,526	396,280	412,806
Less investment expense	<u>217,279</u>	<u>129,147</u>	<u>346,426</u>
Net investment income (loss)	<u>(200,753)</u>	<u>267,133</u>	<u>66,380</u>
Total additions	<u>5,269,251</u>	<u>5,380,300</u>	<u>10,649,551</u>
DEDUCTIONS			
Benefits and refunds	6,824,723	7,030,555	13,855,278
Administrative expense	<u>80,379</u>	<u>78,460</u>	<u>158,839</u>
Total deductions	<u>6,905,102</u>	<u>7,109,015</u>	<u>14,014,117</u>
Change in net position	(1,635,851)	(1,728,715)	(3,364,566)
NET POSITION, BEGINNING OF YEAR	<u>93,591,641</u>	<u>70,842,981</u>	<u>164,434,622</u>
NET POSITION, END OF YEAR	<u>\$ 91,955,790</u>	<u>\$ 69,114,266</u>	<u>\$ 161,070,056</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>
Governmental Activities											
Net investment in capital assets	20,186,970	21,827,108	59,290,174	17,251,831	14,982,634	15,721,174	19,474,067	21,768,332	17,734,425	62,584,346	61,778,472
Restricted	3,979,821	2,407,527			4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536	9,386,456
Unrestricted	(22,243,869)	(17,699,526)	(15,918,386)	23,755,421	15,153,850	(9,682,408)	4,923,072	3,325,134	2,161,486	4,109,382	(105,290,440)
Total governmental activities net position	<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>	<u>32,072,986</u>	<u>76,753,264</u>	<u>(34,125,512)</u>
Business-type activities											
Net investment in capital assets	60,305,067	57,930,995	59,440,235	56,724,998	56,063,710	52,810,641	46,571,347	43,816,191	35,140,888	3,198,630	6,161,938
Restricted		28,846,361	25,198,923								
Unrestricted	<u>31,253,474</u>			<u>20,270,332</u>	<u>16,129,718</u>	<u>15,538,406</u>	<u>12,388,196</u>	<u>7,598,072</u>	<u>15,833,621</u>	<u>7,973,738</u>	<u>11,464,957</u>
Total business-type activities net position	<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>	<u>50,974,509</u>	<u>11,172,368</u>	<u>17,626,895</u>
Primary government											
Net investment in capital assets	80,492,037	79,758,103	118,730,409	73,976,829	71,046,344	68,531,815	66,045,414	65,584,523	52,875,313	65,782,976	67,940,410
Restricted	3,979,821	31,253,888	25,198,923		4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536	9,386,456
Unrestricted	<u>9,009,605</u>	<u>(17,699,526)</u>	<u>(15,918,386)</u>	<u>44,025,753</u>	<u>31,283,568</u>	<u>5,855,998</u>	<u>17,311,268</u>	<u>10,923,206</u>	<u>17,995,107</u>	<u>12,083,120</u>	<u>(93,825,483)</u>
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET POSITION	<u><u>93,481,463</u></u>	<u><u>93,312,465</u></u>	<u><u>128,010,946</u></u>	<u><u>118,002,582</u></u>	<u><u>107,081,671</u></u>	<u><u>102,338,103</u></u>	<u><u>91,202,723</u></u>	<u><u>82,139,424</u></u>	<u><u>83,047,495</u></u>	<u><u>87,925,632</u></u>	<u><u>(16,498,617)</u></u>

Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.

Note 3: Net position at December 31, 2015 reflects the implementation of GASB 67 and 68.

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										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
EXPENSES											
Governmental Activities											
General government	12,355,329	12,752,403	12,899,611	11,667,513	10,469,200	11,735,004	13,692,390	14,693,051	8,318,866	12,159,290	12,850,651
Public safety	30,901,106	31,958,049	33,878,086	37,007,402	38,406,935	35,477,795	41,416,933	38,834,959	29,422,201	40,664,492	49,909,807
Public works	17,390,666	10,562,237	15,604,712	16,395,618	17,190,569	19,443,483	13,846,451	17,199,373	10,877,524	14,579,926	14,575,459
Culture	3,749,474	3,916,250	4,441,150	4,443,700	4,359,055	4,514,057	3,770,113	3,622,804	2,518,155	286,764	295,433
Education										3,595,829	3,294,285
Interest on debt	3,078,850	2,952,352	3,076,008	3,568,996	3,434,867	3,332,503	4,508,919	4,113,553	2,264,985	1,247,293	1,550,600
Total governmental activities expenses	67,475,425	62,141,291	69,899,567	73,083,229	73,860,626	74,502,842	77,234,806	78,463,740	53,401,731	72,533,594	82,476,235
Business-type activities											
Water	12,977,816	12,547,968	13,161,424	13,807,253	15,017,552	13,631,171	13,312,583	14,576,678	9,663,567	18,504,972	20,365,069
Parking	746,042	748,568	757,198	721,662	745,510	509,932					
Mass Transit	4,947,093	4,936,203	5,788,725	5,661,346	5,994,281	6,626,503	6,542,694	6,151,784	4,230,742	6,790,731	6,717,111
Housing programs	42,466	11,322	72,653	39,512	10,986	6,633	96,422	6,770	9,979		
Waste removal	496,095	518,561	536,549	554,083	545,302	556,721	1,238,284	584,028	405,409	640,461	600,997
Hotel			320,859	43,020	46,531						
Storm Water										19,072	453,816
Sewer	780,498	755,444	1,279,797	1,487,939	1,890,168	1,317,412	1,872,785	1,900,376	1,507,017	3,111,645	3,361,311
Total business-type activities expenses	19,990,010	19,518,066	21,917,205	22,314,815	24,250,330	22,648,372	23,062,768	23,219,636	15,816,714	29,066,881	31,498,304
TOTAL PRIMARY GOVERNMENT EXPENSES	87,465,435	81,659,357	91,816,772	95,398,044	98,110,956	97,151,214	100,297,574	101,683,376	69,218,445	101,600,475	113,974,539
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government	1,626,091	1,509,879	1,593,067	1,543,847	1,907,784	1,693,970	2,398,906	2,541,123	4,339,647	8,329,813	9,103,166
Public safety	219,965	230,736	426,660	427,804	471,925	420,751	433,184	577,676	367,370	306,746	237,031
Other activities	130,483	129,989	105,538	183,892	194,837	178,940	132,433	71,112	39,634	203,551	189,276
Operating grants and contributions	4,760,023	6,321,264	6,462,730	6,010,850	6,030,644	10,093,544	6,815,292	4,425,861	2,652,299	4,903,661	3,601,072
Capital grants and contributions						33,120				1,140,122	1,299,409
Total governmental activities program revenues	6,736,562	8,191,868	8,587,995	8,166,393	8,605,190	12,420,325	9,779,815	7,615,772	7,398,950	14,883,893	14,429,954
Business-type activities											
Charges for services											
Water	12,252,193	11,509,404	12,620,045	12,368,956	13,690,334	17,008,482	15,284,540	15,102,613	14,848,584	21,330,788	26,726,719
Other activities	3,640,434	3,332,874	3,964,874	3,762,684	3,518,967	3,753,099	3,651,584	4,247,649	3,295,331	5,385,211	7,351,365
Operating grants and contributions	2,423,190	5,239,319	4,095,141	4,372,081	9,433,023	4,290,027	5,722,143	5,025,518	3,170,028	6,033,830	6,197,601
Capital grants and contributions						1,605,270					
Total business-type activities program revenues	18,315,817	20,081,597	20,680,060	20,503,721	26,642,324	26,656,878	24,658,267	24,375,780	21,313,943	32,749,829	40,275,685
TOTAL PRIMARY GOVERNMENT REVENUES	25,052,379	28,273,465	29,268,055	28,670,114	35,247,514	39,077,203	34,438,082	31,991,552	28,712,893	47,633,722	54,705,639

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

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
NET (EXPENSE) REVENUE											
Governmental activities	(60,738,863)	(53,949,423)	(61,311,572)	(64,916,836)	(65,255,436)	(62,082,517)	(67,454,991)	(70,847,968)	(46,002,782)	(57,649,701)	(68,046,281)
Business-type activities	(1,674,193)	563,531	(1,237,145)	(1,811,094)	2,391,994	4,008,506	1,595,499	1,156,144	5,497,229	3,682,948	8,777,381
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(62,413,056)	(53,385,892)	(62,548,717)	(66,727,930)	(62,863,442)	(58,074,011)	(65,859,492)	(69,691,824)	(40,505,553)	(53,966,753)	(59,268,900)
General Revenues and Other Changes in Net Position											
Governmental activities											
Taxes											
Property taxes	11,258,757	11,703,520	12,063,453	12,446,870	12,582,958	13,337,710	13,513,648	13,493,391	13,394,261	13,545,241	13,512,949
Sales and use taxes	21,814,347	22,041,088	23,160,806	23,133,533	21,585,950	22,975,574	23,919,621	22,917,247	14,924,647	23,533,100	
Income taxes	6,465,031	6,410,060	7,712,550	7,209,039	6,028,973	6,797,068	6,192,641	7,398,372	4,500,441	7,302,638	
Local sales and use taxes											11,950,201
Utility taxes	5,924,807	5,341,719	5,316,258	5,575,225	5,366,459	5,268,016	5,310,600	5,289,523	3,301,575	4,814,468	4,684,705
Food and beverage taxes	2,665,731	2,714,786	2,877,615	2,951,196	3,081,976	2,806,014	3,093,186	3,049,941	2,098,028	3,026,151	3,209,143
Hotel and motel taxes	661,629	652,839	681,483	649,612	677,313	498,812	711,053	590,985	421,053	640,697	666,384
Other taxes	1,444,728	991,002	1,643,308	1,584,417	1,435,493	1,596,000	1,141,429	1,509,093	1,646,831	2,589,730	3,011,048
Intergovernmental (state sales and income tax)											20,862,321
Investment earnings	713,716	1,023,446	786,557	327,253	136,092	164,803	239,646	237,961	7,644	110,413	6,923
Miscellaneous	1,386,026	909,144	649,408	1,212,713	529,756	605,759	2,051,932	6,113,975	2,224,667	3,068,767	1,851,205
Transfers	7,349,755	6,774,006	6,612,277	7,073,376	7,711,457	7,133,574	11,093,160	8,729,461	5,938,564	1,862,197	2,653,609
Total governmental activities	59,684,527	58,561,610	61,503,715	62,163,234	59,136,427	61,183,330	67,266,916	69,329,949	48,457,711	60,493,402	62,408,488
Business-type activities											
Property taxes	217,322	217,091	218,254	216,872							
Investment earnings	1,023,657	1,212,199	1,017,691	621,036	415,711	97,133	91,842	28,037	1,581	209,608	297,922
Miscellaneous	(1,024,431)		(119,958)	402,734	101,850	(816,446)	16,315			4,077	(228,084)
Transfers	(7,349,755)	(6,774,006)	(6,612,277)	(7,073,376)	(7,711,457)	(7,133,574)	(11,093,160)	(8,729,461)	(5,938,564)	(1,862,197)	(2,653,609)
Total business-type activities	(7,133,207)	(5,344,716)	(5,496,290)	(5,832,734)	(7,193,896)	(7,852,887)	(10,985,003)	(8,701,424)	(5,936,983)	(1,648,512)	(2,583,771)
TOTAL PRIMARY GOVERNMENT	52,551,320	53,216,894	56,007,425	56,330,500	51,942,531	53,330,443	56,281,913	60,628,525	42,520,728	58,844,890	59,824,717
CHANGE IN NET POSITION											
Governmental activities	(1,054,336)	4,612,187	192,143	(2,753,602)	(6,119,009)	(899,187)	(188,075)	(1,518,019)	2,454,929	2,843,701	(5,637,793)
Business-type activities	(8,807,400)	(4,781,185)	(6,733,435)	(7,643,828)	(4,801,902)	(3,844,381)	(9,389,504)	(7,545,280)	(439,754)	2,034,436	6,193,610
TOTAL PRIMARY GOVERNMENT	(9,861,736)	(168,998)	(6,541,292)	(10,397,430)	(10,920,911)	(4,743,568)	(9,577,579)	(9,063,299)	2,015,175	4,878,137	555,817

Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

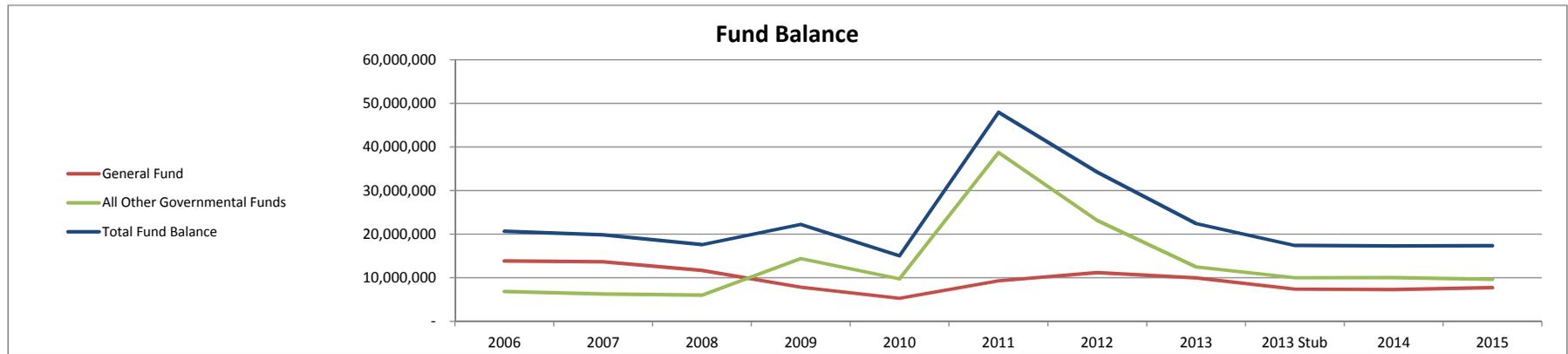
Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.

Note 3: Fiscal years 2015 reclassified State Sales, State Income Tax, Local Sales Tax and Local Use Tax.

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										
	2006	2007	2008	2009	2010	2011	2012 Note 1	2013	2013 Stub	2014	2015
General Fund											
Nonspendable							23,407	25,596	26,416	27,303	27,165
Restricted							89,754	1,847			
Unassigned							10,996,973	9,906,565	7,311,171	7,201,807	7,646,538
Reserved	465,499	1,244,305	1,136,354	666,740	301,594	845,847					
Unreserved	13,326,187	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614					
Total general fund	13,791,686	13,617,913	11,621,202	7,841,549	5,255,229	9,275,461	11,110,134	9,934,008	7,337,587	7,229,110	7,673,703
All other governmental funds											
Nonspendable									34,192	8,341	
Restricted							22,533,206	13,159,972	9,976,688	9,861,038	9,254,618
Assigned							754,957				
Unassigned							(183,387)	(702,682)		(64,508)	(146,092)
Reserved	1,333,910	3,047,814	1,770,534	3,258,830	5,297,531	12,800,837					
Committed										183,001	518,273
Unreserved reported in:											
Special revenue funds	3,570,733	3,415,306	3,846,689	4,704,765	3,344,042	7,355,646					
Capital projects funds	1,893,486	(264,923)	341,085	6,399,703	1,107,713	18,537,635					
Total all other governmental funds	6,798,129	6,198,197	5,958,308	14,363,298	9,749,286	38,694,118	23,104,776	12,457,290	10,010,880	9,987,872	9,626,799
TOTAL FUND BALANCE	20,589,815	19,816,110	17,579,510	22,204,847	15,004,515	47,969,579	34,214,910	22,391,298	17,348,467	17,216,982	17,300,502



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

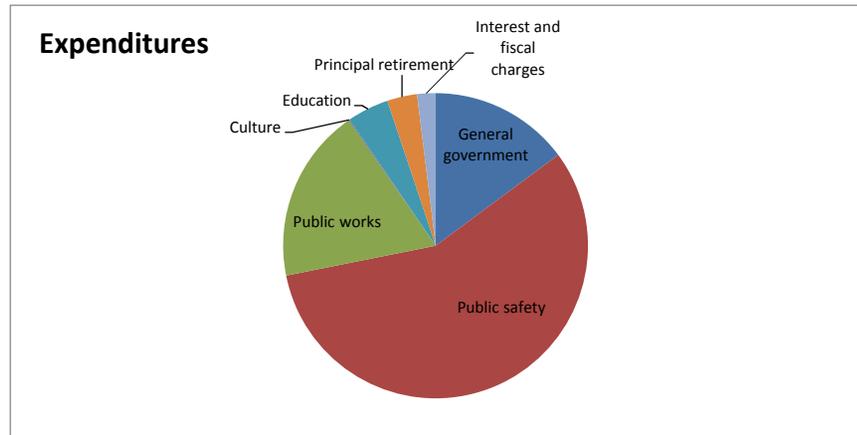
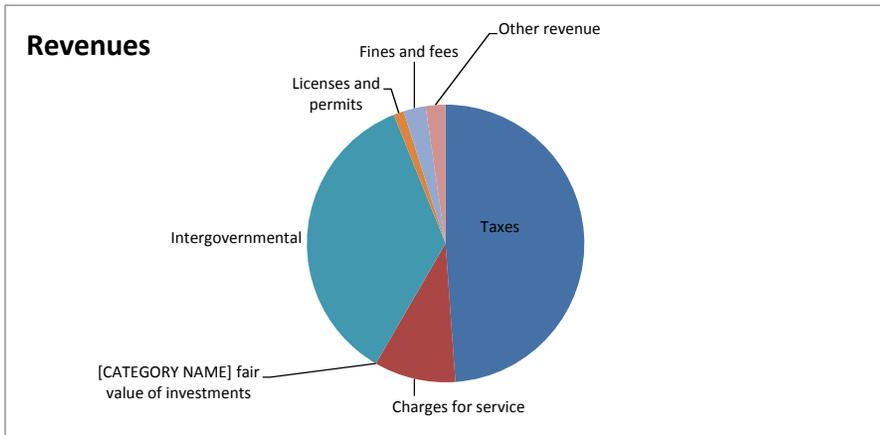
Note 2: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

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)

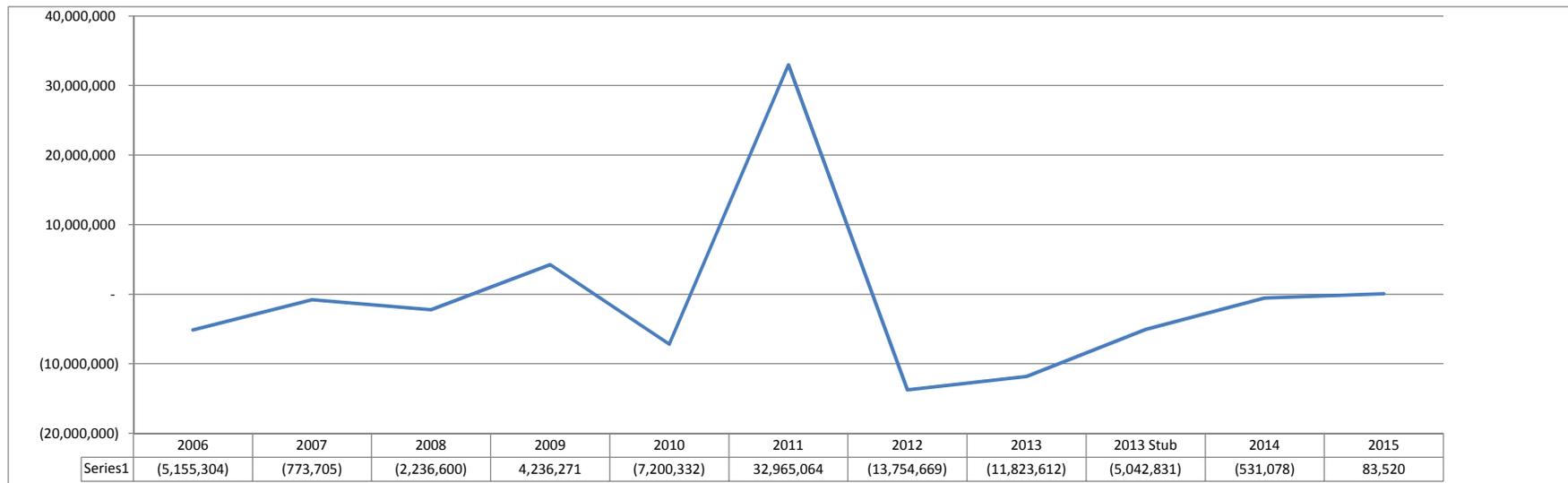
	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
Revenues											
Taxes	20,510,924	20,412,864	20,938,809	21,622,903	21,708,706	21,910,552	22,628,487	22,484,576	26,189,719	35,055,074	35,116,746
Charges for service	163,721	140,221	98,878	61,208	94,978	83,722	622,614	727,376	2,998,948	5,882,463	6,817,347
Investment income & net increase in fair value of investments	514,380	680,310	526,969	234,071	81,064	36,891	217,062	230,394	6,676	108,684	5,419
Intergovernmental	34,520,731	35,755,784	38,890,223	37,944,081	32,901,498	41,808,973	37,879,127	36,310,372	17,059,866	25,286,186	25,523,543
Licenses and permits	786,276	824,540	790,214	734,515	743,221	659,054	752,854	734,747	607,026	737,684	857,174
Fines and fees	1,026,542	905,843	1,236,173	1,359,823	1,736,347	1,550,885	1,589,055	1,727,788	1,140,677	2,219,963	1,854,952
Other revenue	914,670	430,613	387,717	1,168,836	429,582	819,179	2,470,315	3,175,013	2,146,447	3,068,767	1,666,208
Total revenues	58,437,244	59,150,175	62,868,983	63,125,437	57,695,396	66,869,256	66,159,514	65,390,266	50,149,359	72,358,821	71,841,389
Expenditures											
General government	12,348,085	12,861,179	14,222,410	13,714,869	13,007,676	13,573,156	12,369,181	13,003,747	7,454,390	10,858,506	11,226,048
Public safety	30,999,294	32,484,928	34,627,287	37,043,722	36,451,503	34,845,020	38,113,003	39,136,143	29,766,067	43,908,692	43,052,390
Public works	17,437,894	17,398,138	16,409,318	13,619,381	14,173,622	16,730,343	25,874,325	21,049,550	14,787,744	14,305,973	13,986,745
Culture	3,620,570	3,910,134	4,030,476	3,961,788	3,950,374	3,468,406	3,742,754	3,866,845	2,486,678	79,679	89,252
Education										3,590,771	3,332,483
Debt service											
Principal retirement	2,570,078	2,515,152	2,518,462	5,803,265	2,700,995	10,723,029	3,683,643	32,965,000	3,725,000	2,643,868	2,384,488
Interest and other charges	2,864,065	2,940,944	3,050,429	3,391,628	3,404,887	3,410,443	5,112,958	4,283,320	2,971,098	1,533,390	1,482,590
Total expenditures	69,839,986	72,110,475	74,858,382	77,534,653	73,689,057	82,750,397	88,895,864	114,304,605	61,190,977	76,920,879	75,553,996
Deficiency of revenues over expenditures	(11,402,742)	(12,960,300)	(11,989,399)	(14,409,216)	(15,993,661)	(15,881,141)	(22,736,350)	(48,914,339)	(11,041,618)	(4,562,058)	(3,712,607)



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

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
Other Financing Sources											
Bond & loan proceeds	100,000	5,021,960	2,925,000	11,322,400	250,000	41,381,208	-	28,080,658	-	1,625,358	1,369,277
Sale of assets	331,480	243,886	7,750	36,107	78,694	83,217	71,239	15,172	53,877	11,775	48,221
Transfers in	9,161,249	9,810,513	10,630,370	10,559,161	12,242,983	11,252,494	13,318,967	13,558,587	9,359,659	4,531,061	3,566,728
Transfers out	(3,345,291)	(2,889,764)	(3,810,321)	(3,272,181)	(3,778,348)	(3,870,714)	(4,408,525)	(4,563,690)	(3,414,749)	(2,137,214)	(1,188,099)
Total other financing sources	6,247,438	12,186,595	9,752,799	18,645,487	8,793,329	48,846,205	8,981,681	37,090,727	5,998,787	4,030,980	3,796,127
NET CHANGE IN FUND BALANCES	(5,155,304)	(773,705)	(2,236,600)	4,236,271	(7,200,332)	32,965,064	(13,754,669)	(11,823,612)	(5,042,831)	(531,078)	83,520
Capital Outlay	1,033,801	6,643,530	6,531,587	4,567,696	6,357,189	4,937,640	17,452,588	12,912,591	7,001,582	6,765,634	5,665,335
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	7.90%	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%	12.36%	5.95%	5.53%

Net Change in Fund Balances



Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May 2013 to December, 2013. Fiscal years 2014 and forward are January and December.

Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.

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
State Distributed and Locally Collected Tax Revenues
Most Recent Fiscal Years (\$'s whole)

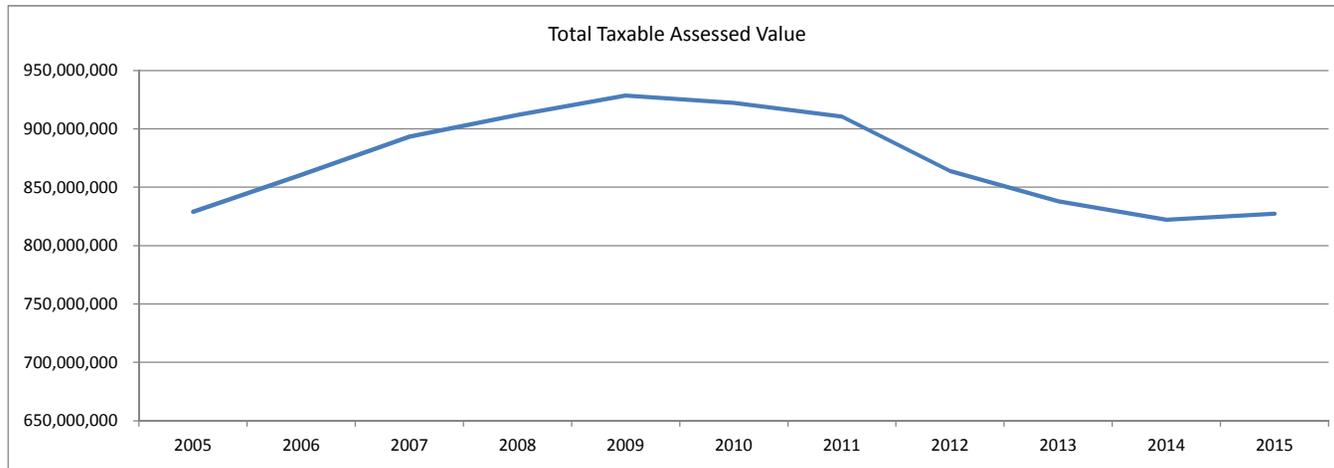
Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
<u>State Distributed Taxes</u>											
State Sales Tax	10,696,345	10,984,079	11,229,163	11,496,206	10,574,854	11,281,868	11,446,917	11,422,817	7,316,428	11,477,601	11,654,760
Local Sales Tax	10,300,713	10,152,573	10,384,125	10,778,195	9,903,182	10,469,019	10,890,188	10,731,110	6,618,214	10,540,198	10,359,805
State Income Tax	5,643,219	6,821,496	7,528,533	7,109,638	5,289,505	7,004,698	5,621,265	8,022,579	5,068,148	7,286,357	8,039,696
Telephone Utility Tax	3,174,055	2,958,110	2,902,953	2,951,848	2,933,054	2,665,242	2,601,713	2,664,872	1,583,423	2,165,918	2,070,031
Motor Fuel Tax	2,366,892	2,368,269	2,296,607	2,155,941	2,051,807	2,079,526	1,922,875	1,829,533	1,235,376	1,884,548	1,880,878
Local Use Tax	977,772	1,062,248	1,115,792	1,187,105	978,506	1,127,876	1,125,551	1,212,494	812,432	1,420,091	1,505,880
State Replacement Tax	1,269,134	1,363,750	1,551,070	1,464,734	1,275,941	1,407,353	1,269,825	1,269,858	815,119	1,404,809	1,505,959
Video Gaming Tax								34,827	196,877	539,548	836,212
<u>Locally Collected Taxes</u>											
Food & Beverage Tax	2,680,259	2,714,786	2,877,615	2,963,871	2,893,444	2,987,815	3,094,227	3,063,891	2,055,764	3,060,481	3,167,837
Utility Tax	2,118,470	1,676,555	1,565,161	1,660,441	1,565,000	1,622,691	1,535,559	1,669,896	981,986	1,641,634	1,483,186
Cable TV Tax	762,651	788,388	622,865	1,174,485	901,782	993,298	801,626	1,354,071	573,085	1,081,560	1,097,781
Hotel Use Tax	654,731	652,839	681,483	676,711	555,277	601,716	716,136	599,436	444,313	649,787	675,211
TOTAL	<u>40,644,241</u>	<u>41,543,093</u>	<u>42,755,367</u>	<u>43,619,175</u>	<u>38,922,352</u>	<u>42,241,102</u>	<u>41,025,882</u>	<u>43,875,384</u>	<u>27,701,165</u>	<u>43,152,532</u>	<u>44,277,236</u>

Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: City cash records.

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	Residential Property	Farm Property	Commercial Property	Industrial Property	Railway Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Actual Tax Collections
2005	4/30/2007	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	4/30/2008	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	4/30/2009	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	4/30/2010	548,398,322	2,871,111	273,386,858	74,870,604	12,487,285	912,014,180	1.20637	11,002,265	10,886,987
2009	4/30/2011	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	4/30/2012	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	4/30/2013	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	12/31/2013	514,265,875	3,847,673	260,266,346	68,222,744	17,230,871	863,833,509	1.36044	11,751,936	11,374,809
2013	12/31/2014	498,132,967	3,874,516	255,201,842	64,833,161	16,055,123	838,097,609	1.40607	11,784,238	11,619,217
2014	12/31/2015	488,279,318	3,804,663	251,671,836	62,520,042	15,876,905	822,152,764	1.43527	11,800,112	11,606,976
2015	12/31/2016	486,890,202	4,091,129	256,543,471	62,939,380	16,762,909	827,227,091	1.63498	13,524,998	not yet available



Note 1: Actual tax collections reported is the civil city only and excludes tax receipts from Tax Increment Financing Districts or Special Assessments.

Note 2: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fiscal Year Ended	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
City of Decatur	1.27000	1.24170	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498
County of Macon	1.02445	0.94028	0.94681	0.93697	0.95288	0.95958	0.95558	0.91349	0.94732	0.98067	1.08131
Sanitary District	0.28280	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420	0.33123	0.34837	0.34658
Decatur School District	4.32007	4.31073	4.36148	4.33613	4.34873	4.28718	4.31545	4.39115	4.33259	4.42015	4.67266
Decatur Park District	1.01405	1.02881	1.02801	1.03816	1.03785	1.03791	1.03991	1.09716	1.11716	1.12049	1.15036
Decatur Township	0.26778	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025	0.35229	0.36010	0.35927
Mosquito Abatement	0.03343	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318	0.03544	0.03646	0.03748
Conservation District	0.10883	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713	0.11025	0.11405	0.11717
Mental Health	0.15000	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000	0.15000	0.15000	0.15000
Richland Community College	0.38896	0.38678	0.39411	0.39429	0.39467	0.43246	0.47799	0.48286	0.49082	0.49243	0.54062
Macon County Health	0.10538	0.08207	0.09206	0.10418	0.10235	0.10225	0.09981	0.10260	0.10348	0.10354	0.10275
Cooperative Extension	0.02708	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446	0.02467	0.02468	0.02817
Total Tax Rate per \$100 AV	8.99283	8.83897	8.90359	8.85711	8.89683	8.92454	9.07009	9.31692	9.40132	9.58621	10.22135
Share of Total Tax Rate Levied by City of Decatur	14.1%	14.0%	13.8%	13.6%	13.7%	13.9%	14.2%	14.6%	15.0%	15.0%	16.0%

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

City of Decatur, Illinois
Major Property Taxpayers
as of December 31, 2015 (\$'s whole)

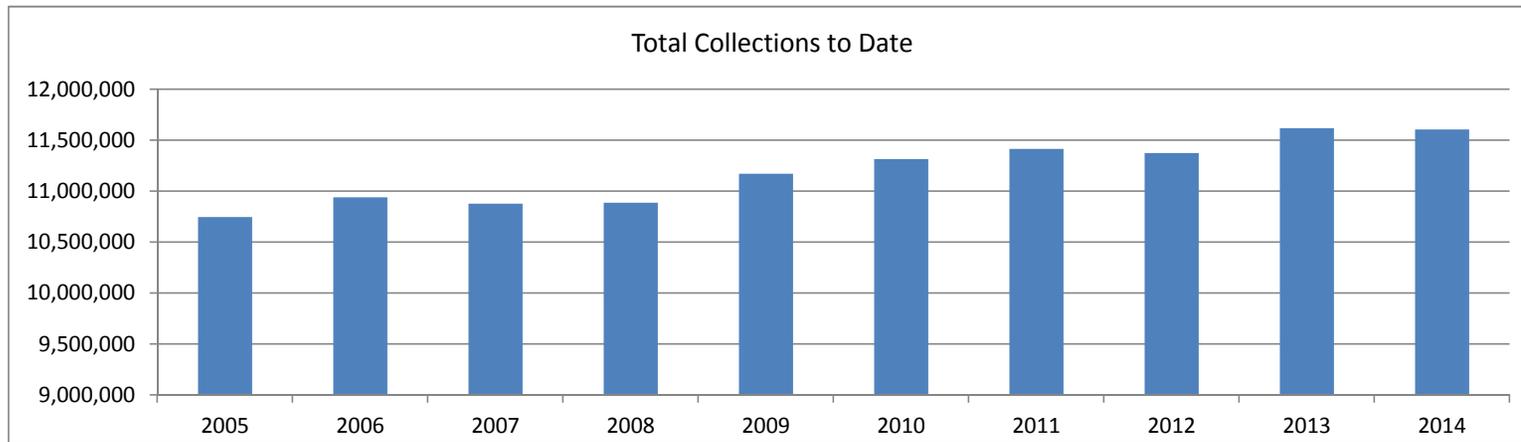
<u>Name of Company</u>	<u>Current Year</u>			<u>Nine Years Ago</u>		
	<u>2014</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>	<u>2005</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>
Archer Daniels Midland Co.	25,133,694	1	3.1%	26,488,244	1	3.2%
Norfolk & Western RR (Wabash)	12,530,963	2	1.5%	5,688,200	4	
Wal-Mart Stores, Inc.	7,622,724	3	0.9%	8,380,413	2	1.0%
Caterpillar Tractor Co.	6,930,956	4	0.8%	7,450,822	3	0.9%
Ventas Inc fka LHPT Decatur/DMH Fund	5,993,724	5	0.7%	**	**	**
Ameren fka Illinois Power Co	5,714,711	6	0.7%	**	**	**
Millikin University (The Woods Apts.)	3,784,585	7	0.5%	3,211,207	10	0.4%
Tate & Lyle fka AE Staley Mfg. Co.	3,153,683	8	0.4%	5,431,650	5	0.7%
Brettwood Village Assoc	3,038,000	9	0.4%	3,481,759	9	0.4%
Evergreen Place Decatur	2,847,809	10	0.3%	**	**	**
Decatur Memorial Health	**	**	**	3,974,358	7	0.5%
Northgate Lmtd Partnership	**	**	**	3,747,348	8	0.5%
Real Estate Investors	**	**	**	4,533,191	6	0.5%
	<u>76,750,849</u>		<u>9.3%</u>	<u>72,387,192</u>		<u>8.0%</u>
	<u>822,152,764</u>		<u>100.0%</u>	<u>829,097,689</u>		<u>100.0%</u>

Note: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent 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)

Property Tax Levy Year	Fiscal Year Ended	Taxes Levied for the Fiscal Year	Total Taxes Extended by County Collector	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2005	4/30/2007	10,529,076	10,529,462	10,702,883	102%	(41,922)	10,744,806	102%
2006	4/30/2008	10,685,006	10,685,396	10,918,703	102%	(20,069)	10,938,772	102%
2007	4/30/2009	11,009,404	11,009,825	10,876,870	99%	n/a	10,876,870	99%
2008	4/30/2010	11,001,990	11,002,265	10,886,987	99%	n/a	10,886,987	99%
2009	4/30/2011	11,297,338	11,297,500	11,171,844	99%	n/a	11,171,844	99%
2010	4/30/2012	11,467,074	11,467,272	11,314,203	99%	n/a	11,314,203	99%
2011	4/30/2013	11,751,429	11,751,637	11,414,665	97%	n/a	11,414,665	97%
2012	12/31/2013	11,751,637	11,751,936	11,374,809	97%	n/a	11,374,809	97%
2013	12/31/2014	11,784,000	11,784,238	11,619,217	99%	n/a	11,619,217	99%
2014	12/31/2015	11,800,000	11,800,112	11,606,976	98%	n/a	11,606,976	98%
2015	12/31/2016	13,524,802	13,524,998	in process		n/a	in process	



Note: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year.

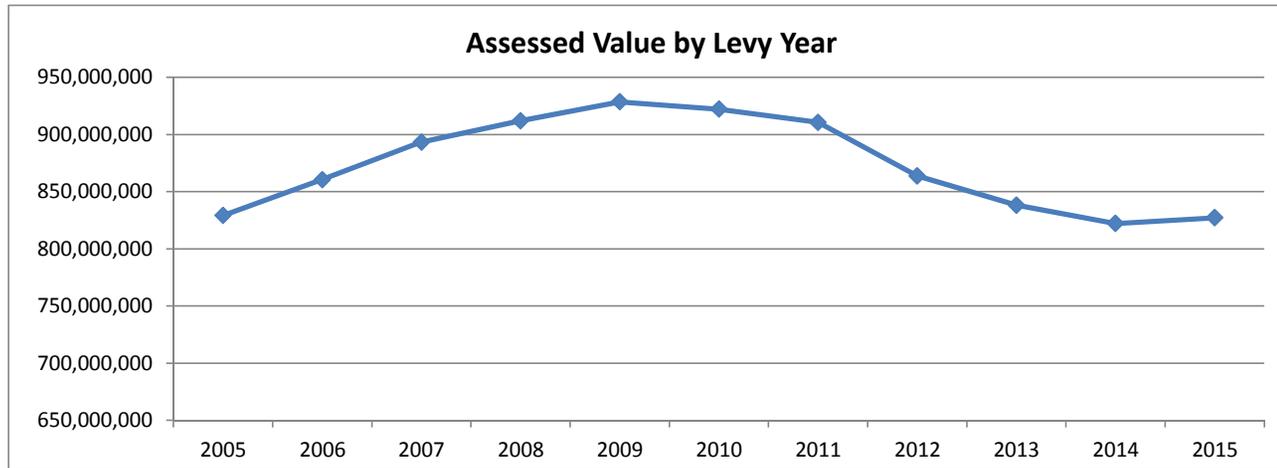
Source: Office of the Macon County Treasurer

n/a: Macon County Treasurer's Office has been unable to separate subsequent year collections from current year in reporting to the City of Decatur since a programming change after 2006.

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

REAL PROPERTY

<u>LEVY YEAR</u>	<u>FISCAL YEAR ENDED</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)</u>	<u>DIRECT RATE PER \$100 ASSESSED VALUATION</u>
2005	4/30/2007	829,097,689	2,487,293,067	33.33%	1.26999
2006	4/30/2008	860,504,122	2,581,512,366	33.33%	1.24176
2007	4/30/2009	893,386,367	2,680,159,101	33.33%	1.23237
2008	4/30/2010	912,014,180	2,736,042,540	33.33%	1.20637
2009	4/30/2011	928,543,809	2,785,631,427	33.33%	1.21669
2010	4/30/2012	922,154,799	2,766,464,397	33.33%	1.24353
2011	4/30/2013	910,633,770	2,731,901,310	33.33%	1.29049
2012	12/31/2013	863,833,509	2,591,500,527	33.33%	1.36044
2013	12/31/2014	838,097,609	2,514,292,827	33.33%	1.40607
2014	12/31/2015	822,152,764	2,466,458,292	33.33%	1.43527
2015	12/31/2016	827,227,091	2,481,681,273	33.33%	1.63498



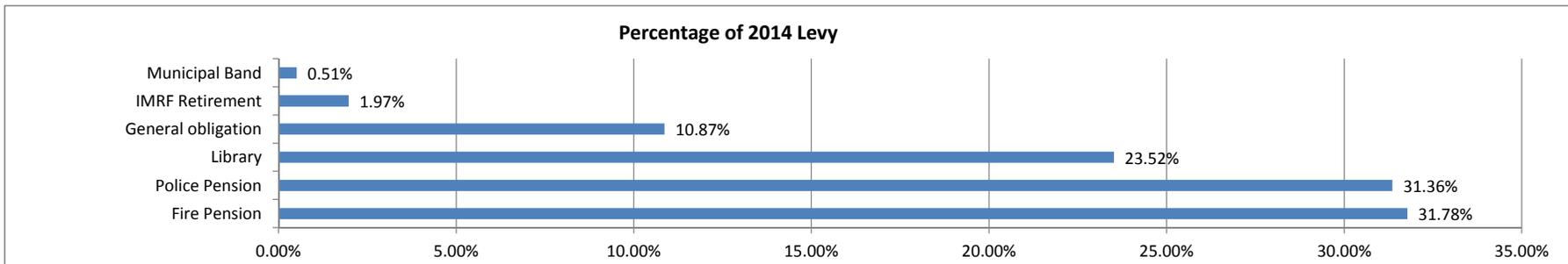
Note 1: State of Illinois law prescribes an assessed value ratio to be no more than 33.33% of actual value

Note 2: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent 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 Fiscal Year Ended	2005 4/30/2007	2006 4/30/2008	2007 4/30/2009	2008 4/30/2010	2009 4/30/2011	2010 4/30/2012	2011 4/30/2013	2012 12/31/2013	2013 12/31/2014	2014 12/31/2015	2015 12/31/2016
<u>PURPOSE OF FUND</u>											
Library	0.37592	0.38031	0.39196	0.37138	0.32309	0.32533	0.32945	0.34729	0.33111	0.33753	0.34453
Police Pension	0.30416	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226	0.41352	0.44745	0.45004	0.43217
Fire Pension	0.31144	0.33349	0.31260	0.33683	0.33104	0.38973	0.39612	0.43004	0.45341	0.45612	0.53069
Municipal Band	0.00845	0.00814	0.00840	0.00823		0.00651	0.00659	0.00695	0.00716	0.00730	0.00786
General Purpose											0.04954
IMRF Retirement	0.09229	0.07590	0.08392	0.11544	0.12415		0.00979	0.01154	0.01194	0.02828	
Mass Transit System	0.02637	0.02541	0.02448	0.02398							
Law Enforcement Facility Lease	0.03384										
<u>BOND AND INTEREST</u>											
General obligation	0.11752	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110	0.15500	0.15600	0.27019
ALL PURPOSE - TOTAL	<u>1.26999</u>	<u>1.24176</u>	<u>1.23237</u>	<u>1.20637</u>	<u>1.21669</u>	<u>1.24353</u>	<u>1.29049</u>	<u>1.36044</u>	<u>1.40607</u>	<u>1.43527</u>	<u>1.63498</u>
Actual Rate Extended	<u>1.26999</u>	<u>1.24176</u>	<u>1.23237</u>	<u>1.20637</u>	<u>1.21669</u>	<u>1.24353</u>	<u>1.29049</u>	<u>1.36044</u>	<u>1.40607</u>	<u>1.43527</u>	<u>1.63498</u>



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

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

Tax Levy Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fiscal Year Ended	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
<u>PURPOSE OF FUND</u>											
Library	3,116,776	3,272,583	3,501,717	3,387,038	3,000,032	3,000,046	3,000,083	3,000,007	2,775,025	2,775,012	2,850,046
Police Pension	2,521,810	2,645,104	2,723,310	2,995,602	2,824,630	3,577,223	3,572,053	3,572,124	3,750,067	3,700,016	3,575,027
Fire Pension	2,582,169	2,869,695	2,792,726	3,071,937	3,073,852	3,593,914	3,607,202	3,714,829	3,800,018	3,750,003	4,390,012
Municipal Band	70,059	70,045	75,044	75,059		60,032	60,011	60,036	60,008	60,017	65,020
General Purpose											409,808
IMRF Retirement	765,182	653,123	749,730	1,052,829	1,152,787		89,151	99,686	100,069	232,505	
Mass Transit System	218,635	218,654	218,701	218,701							
Law Enforcement Facility Lease	280,570										
<u>BOND AND INTEREST</u>											
General obligation	<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>	<u>1,299,051</u>	<u>1,282,559</u>	<u>2,235,085</u>
ALL PURPOSE - TOTAL	<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>	<u>11,784,238</u>	<u>11,800,112</u>	<u>13,524,998</u>

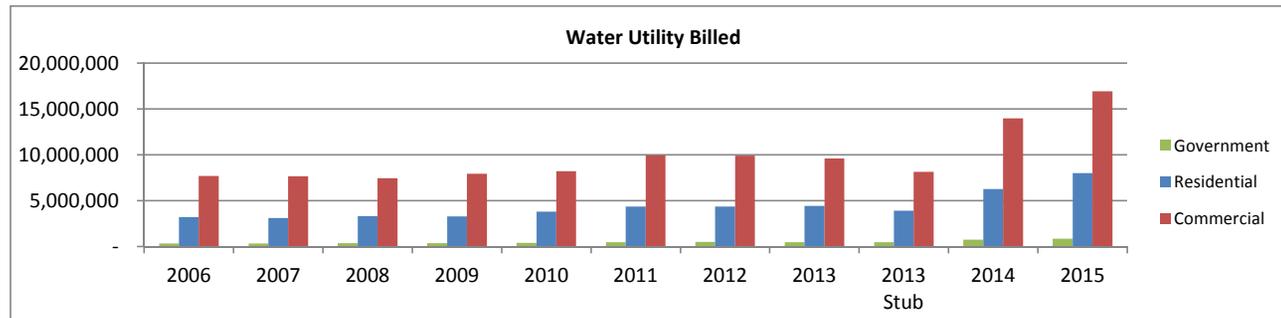
Source: "Certificate of Tax Extension", Office of the Macon County Clerk

City of Decatur, Illinois
Property Tax Information
Most Recent Fiscal Year

- 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 cubic feet</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>	
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
2013 Stub	3,889,119	8,138,292	463,137	12,490,549	2.81	4.31	11,901,327
2014	6,278,627	13,994,091	727,710	21,000,428	3.65	5.60	20,258,789
2015	8,013,010	16,926,951	834,928	25,774,889	4.56	7.00	25,715,500



Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Source: City water utility records.

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

	Fiscal Year										
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>
Service Charge Per Meter											
Domestic-all meters (monthly)	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.27	\$ 1.46	\$ 1.68	\$ 1.68	\$ 1.68	\$ 2.27	\$ 2.95	\$ 3.69
Non-Domestic & large Users (monthly)											
Meter size 5/8"-3/4"	2.99	2.99	2.99	3.44	3.95	4.55	4.55	4.55	6.14	7.98	9.98
Meter size 1"-1 1/2"	11.05	11.05	11.05	12.71	14.61	16.81	16.81	16.81	22.69	29.50	36.88
Meter size 2"-4"	39.00	39.00	39.00	44.85	51.58	59.31	59.31	59.31	80.07	104.09	130.11
Meter size 7"-12"	182.00	182.00	182.00	209.30	240.70	276.80	276.80	276.80	373.68	485.78	607.23
Meter size 14"-18"	747.50	747.50	747.50	859.63	988.57	1,136.85	1,136.85	1,136.85	1,534.75	1,995.18	2,493.98
Usage Charge-cu ft (monthly)											
Domestic and Non-Domestic											
1st 700	1.37	1.37	1.37	1.58	1.81	2.08	2.08	2.08	2.81	3.65	4.56
Next 1,500	1.24	1.24	1.24	1.43	1.64	1.89	1.89	1.89	2.55	3.32	4.15
Next 12,900	1.11	1.11	1.11	1.28	1.47	1.69	1.69	1.69	2.28	2.96	3.70
Next 18,300	0.89	0.89	0.89	1.02	1.18	1.35	1.35	1.35	1.82	2.37	2.96
Next 133,300	0.70	0.70	0.70	0.81	0.93	1.06	1.06	1.06	1.43	1.86	2.33
Next 833,300	0.66	0.66	0.66	0.76	0.87	1.00	1.00	1.00	1.35	1.76	2.20
Next 1,000 000	0.55	0.55	0.55	0.63	0.73	0.84	0.84	0.84	1.13	1.47	1.84
All Over 2,000,000	0.39	0.39	0.39	0.45	0.52	0.59	0.59	0.59	0.80	1.04	1.30
Large User											
1st 700	2.10	2.10	2.10	2.42	2.78	3.19	3.19	3.19	4.31	5.60	7.00
Next 1,500	1.90	1.90	1.90	2.19	2.51	2.89	2.89	2.89	3.90	5.07	6.34
Next 12,900	1.69	1.69	1.69	1.94	2.24	2.57	2.57	2.57	3.47	4.51	5.64
Next 18,300	1.36	1.36	1.36	1.56	1.80	2.07	2.07	2.07	2.79	3.63	4.54
Next 133,300	1.08	1.08	1.08	1.24	1.43	1.64	1.64	1.64	2.21	2.87	3.59
Next 833,300	1.00	1.00	1.00	1.15	1.32	1.52	1.52	1.52	2.05	2.67	3.34
Next 1,000 000	0.84	0.84	0.84	0.97	1.11	1.28	1.28	1.28	1.73	2.25	2.81
All Over 2,000,000	0.60	0.60	0.60	0.69	0.79	0.91	0.91	0.91	1.23	1.60	2.00

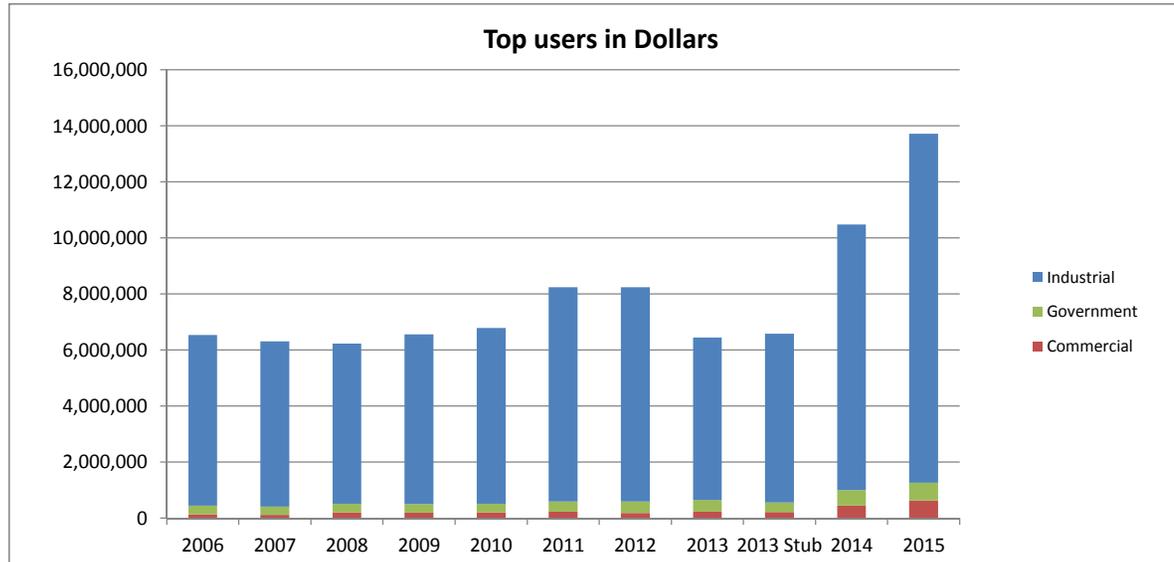
Note: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: City water utility records.

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

<u>Fiscal Year</u>	<u>Total Water Billed</u>	<u>Revenue of Top 10 Customers in Category</u>			<u>Percentage of Total</u>
		<u>Industrial</u>	<u>Commercial</u>	<u>Government</u>	
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%
2013 Stub	12,490,549	6,014,319	216,327	343,393	52.6%
2014	21,000,428	9,481,398	442,901	550,203	49.9%
2015	25,774,889	12,450,799	624,684	636,899	53.2%



Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

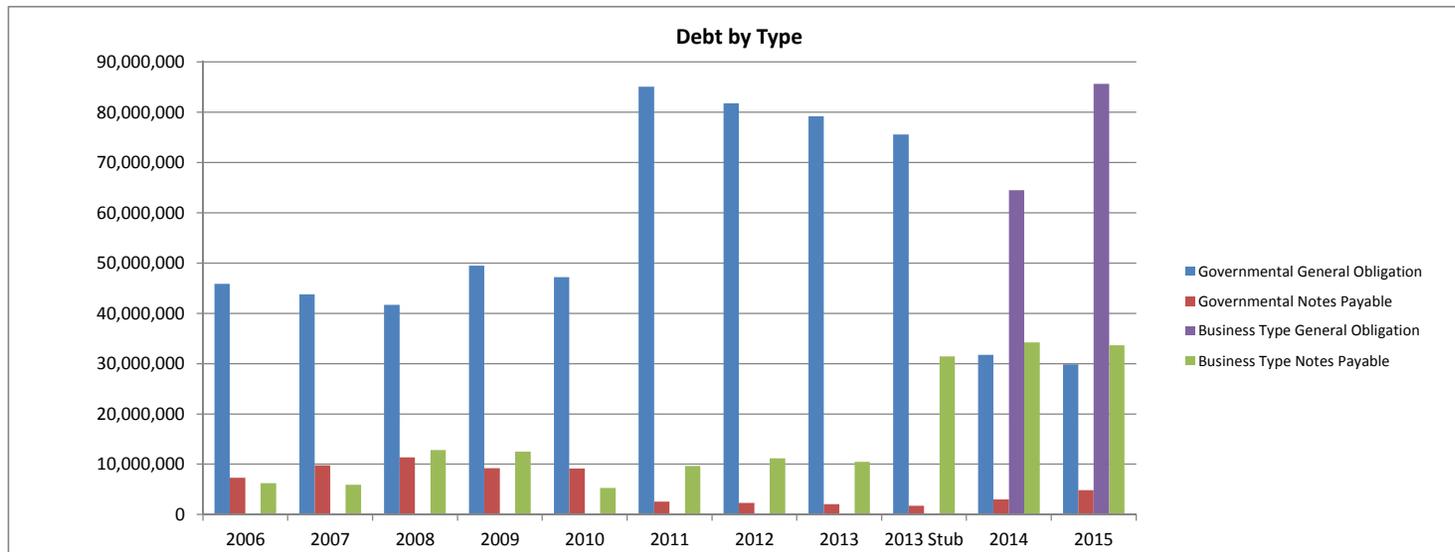
Source: City water utility records.

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	Assessed Value	Percentage of Assessed Valuation	Per Capita
	General Obligation	Notes Payable	General Obligation	Notes Payable				
2006	45,882,592	7,289,809		6,238,954	59,411,355	794,049,821	7.48%	726
2007	43,774,249	9,791,388		5,933,637	59,499,274	829,097,689	7.18%	727
2008	41,678,968	11,349,444		12,844,386	65,872,798	860,504,122	7.66%	805
2009	49,474,407	9,232,376		12,520,940	71,227,723	893,386,367	7.97%	870
2010	47,194,649	9,171,000		5,288,262	61,653,911	912,014,180	6.76%	753
2011	85,102,316	2,580,000		9,659,529	97,341,845	928,543,809	10.48%	1279
2012	81,822,528	2,305,000		11,167,345	95,294,873	922,154,799	10.33%	1252
2013	79,221,881	2,025,000		10,487,213	91,734,094	910,633,770	10.07%	1205
2013 Stub	75,566,756	1,710,000		31,452,600	108,729,356	863,833,509	12.59%	1428
2014	31,754,484	3,022,070	64,509,272	34,223,632	133,509,458	838,097,609	15.93%	1754
2015	29,835,429	4,826,718	85,657,678	33,680,365	154,000,190	822,152,764	18.73%	2023
Percent of total debt	19.37%	3.13%	55.62%	21.87%	100.00%			



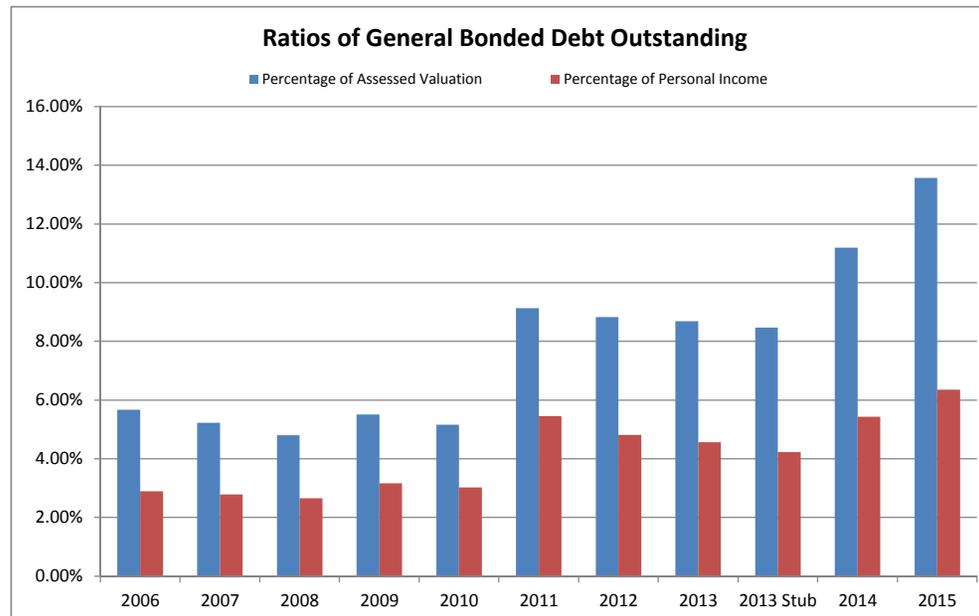
Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Note 2: Net position at December 31, 2013 includes reclassification of general obligation bond debt from governmental to business type activity.

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
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
2013 Stub	75,566,756	2,399,692	73,167,064	8.47%	4.22%	961
2014	97,263,756	3,437,184	93,826,572	11.20%	5.44%	1,233
2015	115,493,107	3,970,678	111,522,429	13.56%	6.35%	1,465



Note: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Source: Comprehensive Annual Financial Report for relevant fiscal year.

City of Decatur, Illinois
 Governmental Direct and Overlapping Debt
 Most Recent Fiscal Year (\$'s whole)

	Debt Outstanding	Percentage of Debt Applicable to the City of Decatur	City of Decatur's Share of Debt
DIRECT BONDED DEBT			
City of Decatur	\$ 110,860,000	100.00%	\$ 110,860,000
Less: Self-Supporting Debt (1)	(101,024,500)		(101,024,500)
Net Direct Bonded Debt	\$ 9,835,500		\$ 9,835,500
OVERLAPPING DEBT			
Macon County (2)	\$ 645,000	51.42%	\$ 331,659
Decatur Park District (3)	-	96.50%	-
Community Unit School District Number 1 (3)	6,135,000	35.53%	2,179,766
Community Unit School District Number 2 (3)	6,535,000	11.64%	760,674
Community Unit School District Number 3 (3)	11,945,000	10.28%	1,227,946
Community Unit School District Number 9	765,000	0.67%	5,126
Community Unit School District Number 11	11,155,000	36.19%	4,036,995
Community Unit School District Number 15 (3)	7,475,000	14.49%	1,083,128
Community Unit School District Number 61 (3)	12,320,000	94.86%	11,686,752
Community Unit School District Number 100	1,885,000	0.05%	943
Richland Community College District Number 537	17,705,000	36.13%	6,396,817
NET OVERLAPPING BONDED DEBT			\$ 27,709,806
NET DIRECT BONDED DEBT AND OVERLAPPING BONDED DEBT			\$ 37,545,306
2014 Estimated Full Valuation for Tax Levy 2014 payable in 2015			\$ 2,466,458,292
2014 EAV for Tax Levy 2014 payable in 2015			\$ 822,152,764
Population (2015 estimate)			74,111
Full Valuation Per Capita			\$ 33,281
Per Capita Net Direct Bonded Debt			\$ 133
Per Capita Net Direct Bonded Debt and Overlapping Bonded Debt			\$ 507

- (1) City expects to continue to abate all of the property tax levies for debt service on its General Obligation Bonds, Series 2008, Series 2010B, Series 2013, Series 2014 and Series 2015 and a portion of the tax levies for its General Obligation Bonds, Series 2010A and Series 2010C
- (2) Includes Decatur Public Building Commission Revenue Bonds payable from lease payments secured by ad valorem taxes levied on all taxable property within the County
- (3) Excludes outstanding principal amounts of General Obligation (Alternate Revenue Source) Bonds that are anticipated to be paid by sources other than general taxation

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>
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%
2013 Stub	76,122	22,756	1,732,232	39.0	16,280	12.4%
2014	76,122	22,677	1,726,219	39.4	16,324	8.7%
2015	76,122	23,058	1,755,221	39.6	16,411	8.2%

Note: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Source: Population, Per Capita Personal Income and Median Age information obtained from U.S. Census Bureau/Capital ESRI 2014 Demograph and Income Profile Report. School Enrollment obtained from Macon-Piatt Reginal 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

Employer	December 31, 2015			April 30, 2006		
	<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>
Archer Daniels Midland Co.	4159	1	13.59%	3400	1	9.94%
Decatur Memorial Hospital	2141	2	7.00%	2266	3	6.63%
Caterpillar, Inc.	1985	3	6.49%	2300	2	6.73%
Decatur Public Schools	1625	4	5.31%	1500	4	4.39%
St. Mary's Hospital	1025	5	3.35%	1100	6	3.22%
Millikin University	615	6	2.01%	600	9	1.75%
Kelly Construction	600	7	1.96%	**	**	**
Tate & Lyle fka AE Staley Mfg. Co.	580	8	1.90%	700	8	2.05%
Akorn	580	9	1.90%	**	**	**
Ameren aka Illinois Power Company	561	10	1.83%	1250	5	3.66%
Mueller Co., Inc.	**	**	**	737	7	2.16%
Norfolk Southern Corp. Railroad	**	**	**	600	10	1.75%

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										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
Public safety											
Police											
Calls for Service	66,571	66,732	65,439	63,776	58,443	59,766	58,800	60,729	42,430	58,088	59,072
Traffic Citations	12,201	6,804	14,188	15,689	16,650	13,072	10,530	11,591	8,567	11,870	8,938
Parking Tickets	2,083	1,688	1,225	1,153	1,124	1,015	1,504	1,866	1,306	1,473	892
Fire											
Call Outs	8,035	8,623	8,931	8,790	8,659	9,030	9,320	8,711	5,795	8,712	10,317
Inspections	487	616	834	1,658	206	1,450	265	789	1,142	1,509	1,262
Public works											
Street Surface Improv (LA MI)	18.6	20.5	22.5	15.4	37.4	4.6	5.2	16.7	4.1	4.0	3.3
Potholes Repaired	10,619	10,200	16,722	16,589	31,670	22,059	13,579	21,063	12,158	66,091	48,734
Pavement markings-paint (LF)	362,500	448,412	275,461	71,690	53,739	300	652,808	235,822	322,774	280,103	40,321
Culture and recreation											
Library Items Loaned	533,276	635,162	596,504	611,071	638,186	593,111	501,740	487,803	303,323	422,369	376,140
Extension (bookmobiles)	92,295	89,925	57,550	56,269	61,840	0	0	0	0	0	0
Water											
Water Consumption (CU FT)	892,237,277	859,211,576	868,545,609	851,382,595	785,159,158	842,550,729	835,345,398	835,989,759	558,175,057	810,103,373	783,810,177
Metered Services	31,555	31,489	31,557	31,489	31,466	31,459	31,433	31,410	31,393	31,376	31,418
Sediment Dredged (Dry TON)	162,388	201,227	180,435	302,145	154,713	104,224	412,170	0	0	324,620	2,727,652
Parking											
Tickets Issued Note 2	16,335	15,543	15,091	15,709	15,310	15,617	15,524	6,984	4,045	7,606	6,127
Parking Lot Maintenance (Hours)	1,466	1,498	1,582	1,538	1,120	1,703	1,210	940	688	1,415	425
Mass Transit											
Buses & Trolleys (Ridership)	1,121,789	1,173,301	1,257,931	1,242,425	1,265,966	1,314,337	1,407,156	1,438,437	961,426	1,489,705	1,254,118
Paratransit Vans/Taxis	34,872	34,050	34,068	34,142	32,270	27,496	27,432	35,234	24,398	35,947	32,537
Housing programs											
Amount of Loans	\$16,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Waste removal											
Recycling (Pounds)	2,799,502	2,785,959	2,690,720	2,861,919	2,865,162	3,036,830	6,388,000	7,296,000	5,287,458	8,241,825	7,840,000
Sewer											
Sanitary Sewer Televised (LF)	205,737	208,991	250,000	469,923	150,000	225,000	330,000	211,266	176,783	304,500	286,388

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.

Note 3: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: City of Decatur Records

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

Function	Fiscal Year										
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>
Public safety											
Police											
Patrol Units	39	32	38	37	41	54	45	53	45	44	38
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Public works											
Bridges	17	17	17	17	18	18	18	19	19	19	19
Sidewalks (ft)	528,150	536,944	536,944	536,944	536,944	536,944	536,944	544,144	548,044	544,144	548,044
Streets (sq yd)	1,282,051	1,301,406	1,301,406	1,423,166	1,473,854	1,477,259	1,477,259	1,496,995	1,496,995	1,509,977	1,509,977
Storm Sewers (ft)	284,038	284,203	284,203	288,204	288,204	288,204	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	2
Water											
Water Mains (miles)	524	527	527	527	527	527	527	527	527	531	531
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36	36	36	36
Parking											
Garages	2	2	2	2	2	2	2	2	2	2	2
Lots	6	5	5	5	5	5	5	5	5	5	5
Mass Transit											
Buses	25	25	25	25	32	23	23	23	22	22	22
Trolleys	2	2	2	2	2	2	2	2	2	2	2
Sewer											
Sanitary Sewers (ft)	369,494	370,179	370,179	370,179	370,179	370,179	370,179	370,179	370,179	396,189	396,189

Note: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
 Fiscal years 2014 and forward are January to December.

Source: City of Decatur Records

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

Function	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015
General government	83	81	87	51	47	46	48	50	48	47	48
Public safety											
Police											
Officers	167	165	160	175	165	161	169	170	165	151	160
Civilians	24	21	23	24	25	25	23	25	21	29	32
Fire											
Firefighters and officers	113	110	114	117	116	115	111	116	110	106	110
Civilians	2	2	2	2	2	2	2	2	1	1	1
Public works	84	82	83	80	71	70	73	71	68	65	65
Development Service				33	28	28	29	24	21	19	20
Water	55	47	51	52	46	47	43	42	38	43	45
Civil City full time head count	<u>528</u>	<u>508</u>	<u>520</u>	<u>534</u>	<u>500</u>	<u>494</u>	<u>498</u>	<u>500</u>	<u>472</u>	<u>461</u>	<u>481</u>
Additional Full Time Staff											
Library	47	46	46	48	39	34	36	36	29	28	27
Full Time Equivalent of Temporary Staff											
General government	2	2	2	1	1					1	1
Library	15	15	14	14	13	13	13	14	13	11	11
Water	3	4	4	4	3	4	4	3	5	3	3
Total full time equivalent employees	<u>20</u>	<u>21</u>	<u>20</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>18</u>	<u>15</u>	<u>15</u>
Total Full-time Equivalent	<u>595</u>	<u>575</u>	<u>586</u>	<u>601</u>	<u>556</u>	<u>545</u>	<u>551</u>	<u>553</u>	<u>519</u>	<u>504</u>	<u>523</u>

Source: City of Decatur Records.

Note 1: Fiscal years 2006 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

City of Decatur, Illinois
Insurance Coverage

Coverage Type	Coverage Effective Date	Limit of Liability	Annual Premium	Self-Insured Retention
<u>Commercial Package Liability and Property</u>				
	10/1/2015		\$ 260,762	
Property		\$ 1,000,000	Included above	\$ 150,000
Vehicles		\$ 1,000,000	Included above	\$ 25,000
Contractors Equipment		\$ 1,000,000	Included above	\$ 75,000
Police Professional		\$ 10,000,000	Included above	\$ 150,000
Premises Liability		\$ 10,000,000	Included above	\$ 150,000
Liquor Liability		Included	Included above	\$ 150,000
Public Officials Liability		\$ 10,000,000	Included above	\$ 150,000
Employment Practices Liability		\$ 10,000,000	Included above	\$ 150,000
Sexual Harassment Liability		\$ 10,000,000	Included above	\$ 150,000
Sexual Abuse Liability		\$ 10,000,000	Included above	\$ 150,000
Employee Benefits Liability		\$ 10,000,000	Included above	\$ 150,000
Auyomobile Liability		\$ 10,000,000	Included above	\$ 150,000
<u>Excess Property</u>				
	10/1/2015		\$ 73,764	
Building and Contents		\$ 168,590,773	Included above	
Business Income		\$ 5,600,000	Included above	
Valuable Papers		\$ 1,350,000	Included above	
Flood and Earthquake		\$ 10,000,000	Included above	
Vehicles		\$ 18,429,029	Included above	
Contractors Equipment		\$ 1,008,115	Included above	
<u>Crime</u>				
Public Employee Dishonesty	10/1/2015	\$ 500,000	\$ 3,202	\$ 5,000
<u>Machinery Breakdown</u>				
Boiler and Machinery	10/1/2015	\$ 100,000,000	\$ 6,918	\$ 5,000
<u>Other</u>				
Workers Compensation	10/1/2015		\$ 639,636	\$ 500,000
Cyber Liability	10/1/2015		\$ 13,206	\$ 25,000
Broker Fee	10/1/2015		\$ 62,000	

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 December 31, 2015

<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-13-MC-17-0008	\$ 28,158	\$ 165
	14.218	B-14-MC-17-0008	189,371	2,019
	14.218	B-15-MC-17-0008	<u>439,096</u>	<u>-</u>
Subtotal Community Development Block Grants/Entitlement Grants			656,625	2,184
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants *	14.239	M-11-MC-17-0203	31,864	-
	14.239	M-13-MC-17-0203	<u>144,918</u>	<u>-</u>
Subtotal HOME Investment Partnerships Program in Affordable Grants/ Entitlement Grants			<u>176,782</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>833,407</u>	<u>2,184</u>
U.S. Department of Justice				
Direct Programs:				
JAG Grant	16.738	2014-DJ-BX-0074	37,653	-
JAG Grant	16.738	2015-DJ-BX-0067	<u>7,628</u>	<u>-</u>
Subtotal			45,281	-
BulletProof Vest Partnership Program	16.607	1121-0235 - 2015	<u>3,905</u>	<u>-</u>
Total U.S. Department of Justice			<u>49,186</u>	<u>-</u>
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(55)	85,065	-
IL Highway Planning	20.205	SPR-PL-3000(53)	113,679	-
IL Highway Planning	20.205	729012	<u>6,516</u>	<u>-</u>
Subtotal Highway Planning and Construction Cluster			<u>205,260</u>	<u>-</u>
STEP Grant	20.600	AP-15-0118	33,578	-
STEP Grant	20.600	AP-16-0133	<u>9,540</u>	<u>-</u>
Subtotal Highway Safety Cluster			<u>43,118</u>	<u>-</u>
Technical Studies Guide	20.505	IL-80-0012	28,534	-
Technical Studies Guide	20.505	IL-80-0011	<u>24,712</u>	<u>-</u>
Subtotal			<u>53,246</u>	<u>-</u>
Subtotal Passed-through Illinois Department of Transportation			<u>301,624</u>	<u>-</u>

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015

<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-X710-01	\$ 109,680	\$ -
Federal Transit Formula Grants	20.507	IL-90-X739-00	<u>1,475,000</u>	<u>-</u>
Subtotal			<u>1,584,680</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,886,304</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
Clean Water State Revolving Funds *	66.458	L17-4873	73,034	-
Clean Water Revolving Fund *	66.458	L17-5280	<u>966,218</u>	<u>-</u>
Subtotal Passed-through Illinois Environmental Protection Agency			<u>1,039,251</u>	<u>-</u>
Direct Programs:				
Brownfield Grant	66.818	BF-00E00879	<u>84,222</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>1,123,473</u>	<u>-</u>
National Endowment for the Humanities				
Passed-through Secretary of State:				
Project Next Generation	45.310	15-3509-PNG	<u>9,368</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,901,738</u>	<u>\$ 2,184</u>

* Denotes a major program

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Clean Water State Revolving Funds loans	66.458	\$ 7,282,353
Clean Water Revolving Fund loan	66.458	\$ 2,126,122

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
Year Ended December 31, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards under CFDA #66.458 resulted in an outstanding loan balance of \$9,408,475 as of December 31, 2015.

This information is an integral part of the accompanying schedule.

**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 unit, each major fund, and the aggregate remaining fund information of City of Decatur, Illinois, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of Decatur, Illinois's basic financial statements, and have issued our report thereon dated July 21, 2016. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Decatur, Illinois's 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 City of Decatur, Illinois's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Decatur, Illinois's 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 deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2015-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Decatur, Illinois's 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's Response to Finding

City of Decatur, Illinois' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Decatur, Illinois's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Champaign, Illinois
July 21, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Mayor and City Council
City of Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited City of Decatur, Illinois's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Decatur, Illinois's major federal programs for the year ended December 31, 2015. City of Decatur, Illinois's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Decatur, Illinois's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Decatur, Illinois's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, 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 December 31, 2015.

Report on Internal Control Over Compliance

Management of 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 City of Decatur, Illinois's 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 the Uniform Guidance, 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 City of Decatur, Illinois's internal control over compliance.

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



CliftonLarsonAllen LLP

Champaign, Illinois
July 21, 2016

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified opinion

Internal control over financial reporting:

- Material weaknesses 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 deficiencies identified that are not considered to be material weaknesses? 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 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program in Affordable Grants/Entitlement Grants
14.218	Community Development Block Grants/Entitlement Grants
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015**

Section II – Financial Statement Findings

FINDING NO. 2015-001 - MATERIAL ADJUSTING ENTRIES

Repeat Finding: A portion of the finding is a repeat finding, prior year finding 2014-003.

Criteria or Specific Requirement: Internal controls over financial statements require close review of all balances to ensure they are in accordance with generally accepted accounting principles (GAAP).

Condition: We noted several significant adjustments were required during the audit process for the financial statements to be in accordance with GAAP:

- An asset was capitalized and depreciated in the capital asset system using an incorrect amount.
- Certain construction in process in the Water Fund was capitalized in incorrect funds.
- Certain Transit Fund expenses should have been capitalized but were expensed.
- Certain utility revenue was recorded as deferred by the system but should have been recognized as revenue.
- A note payable balance was recorded in the incorrect fund, and required a prior period adjustment to reclassify the debt to the proper funds.
- Implementation of GASB 68 resulted in adjustments to net pension liability, deferred inflows, deferred outflows, and beginning net position.

Effect: The government-wide statements and the business-type entity statements were incorrect until adjustments were made.

Cause: For the first four bullets, with significant activity in these accounts, these were isolated oversights. The note payable in incorrect fund was an oversight from prior year restatement. The GASB 68 entries were extremely complex and the information was received late.

Recommendation: The City should closely review fixed assets, debt, net pension liability and related deferrals, and deferred revenue accounts to ensure the proper recording of activity in accordance with GAAP.

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

City financial management has reviewed the specifics of the conditions noted in the finding and has conducted a review of city processes providing guidance over the conditions identified in the finding. City processes were either reinforced, review steps redefined or decision timing in accounting matters repositioned in the process to remove risk of finding repeat in the future.

City Official Responsible: City Treasurer and Director of Finance
Expected Completion: The Plan is ongoing

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ending December 31, 2015**

Year Ended December 31, 2014

Finding No. 2014-001

FINANCIAL STATEMENT PREPARATION

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

This condition has been corrected.

Finding No. 2014-002

BANK RECONCILIATIONS NOT COMPLETED OR REVIEWED ON TIMELY BASIS

Condition: During the course of our procedures, we noted that the bank reconciliation for the operating account was not always completed in a timely manner and there was no indication of review on a reconciliation tested.

No issues were noted in the current year testing.

Finding No. 2014-003

ENTERPRISE FUND DEBT

Condition: The past several bond issues included an enterprise fund component. The debt was all recorded in the government-wide statements under government activities, rather than directly recorded in the enterprise funds.

Similar issue exists; see finding 2015-001. All bonds payable were corrected last year, but a note payable was inadvertently missed in the corrections.

Finding No. 2014-004

CONTROLS OVER SPECIAL TESTS AND PROVISIONS (HOME PROGRAM)

Condition: During the course of the audit, an instance was noted in which there was no inspection performed in the required year. There was also one instance where the monitoring data was inaccurate on the monitoring schedule. The monitoring schedule serves as an internal control over the inspection requirements.

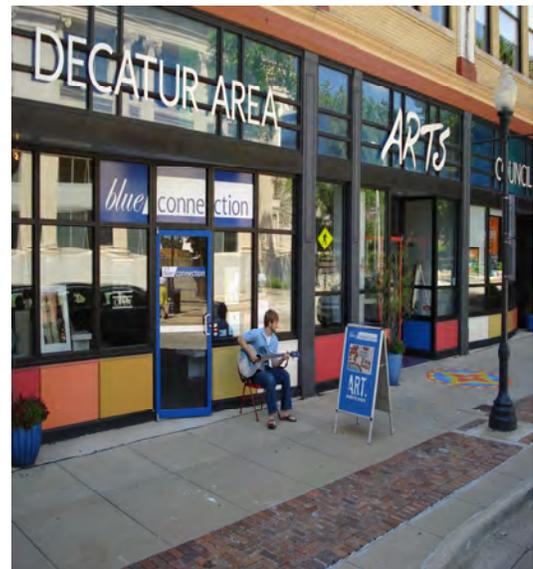
No issues were noted in the current year testing.



- *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*



- *Macon County History Museum*
- *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

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