City of Decatur, IL

Comprehensive Annual Financial Report

Fiscal Year January 1 to December 31, 2016

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.

Children's Museum of Illinois

Caterpillar Employment

Richland Community College Biology Lab

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

Comprehensive Annual Finance Report

City of Decatur, Illinois

For the period January 1 to December 31, 2016

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

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

Inside Back Page Photo(s):
Upper left – Decatur Area Arts Council mural project located in downtown Decatur memorializing George Halas, the first coach of the Decatur Staley's professional football team formed in 1919. The franchise was relocated to Chicago in 1921 and was renamed the Chicago Bears. DAAC introduces and promotes the arts to improve the quality of life in our community.
Lower left – View of Shilling Hall on the campus of Millikin University, housing the Albert Taylor Theater and the administrative offices of the university.
Middle right – The Z.O.&O. Express Train, one of the most popular attractions since 1984. Scovill Zoo is located on Country Club Road, where in addition to viewing and learning about animals of the wild, includes a community-built Project Playground and educational programs offered year-round. AZA accredited facility.

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

TABLE OF CONTENTS

PAGE

I. INTRODUCTORY SECTION

Officers and Officials v
Letter of Transmittal vi
Certificate of Achievement for Excellence in Financial Reporting xxiii
Organization Chart xxiv

II. FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis 4
Statement of Net Position 30
Statement of Activities 31
Balance Sheet – Governmental Funds 32
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position 33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 34
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities 35
Statement of Net Position – Proprietary Funds 37
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 38
Statement of Cash Flows – Proprietary Funds 39
Statement of Fiduciary Net Position – Pension Trust Funds 40
Statement of Changes in Net Position – Pension Trust Funds 41
Notes to Financial Statements 42

III. REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Employer Contributions – Pension Plans 106
Schedule of Funding Progress - OPEB 107
Schedules of Changes in the Employer's Net Pension Liability and Related Ratios – Police and Firefighter's Plans 108
Schedules of Investment Returns – Police and Firefighter's Plans 109
Schedule of Changes in the Net Pension Liability and Related Ratios – Illinois Retirement Plan (Unaudited) 111
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – General Fund 112
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Library Fund 113
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Cash Basis (Non-GAAP) Budget and Actual – TIF District Fund 114
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Motor Fuel Tax Fund 115
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cash Basis (Non-GAAP) Budget and Actual – Local Streets & Roads Fund 116
Notes to Required Supplementary Information 117

TABLE OF CONTENTS

PAGE

IV. SUPPLEMENTARY INFORMATION – GOVERNMENTAL FUNDS
Major Governmental Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Debt Service……...……... 121
Nonmajor Governmental Funds 122
Combining Balance Sheet – Nonmajor Governmental Funds 124
Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances – Nonmajor Governmental Funds..... 125
Combining Balance Sheet – Nonmajor Special Revenue Funds..... 126
Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficits) – Nonmajor Special Revenue Funds 127

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Economic Development Fund 128
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Home Fund 129
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Community
Development Block Grant..... 130
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – DUATS Fund..... 131
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Drug Enforcement Fund 132
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Public Safety Fund 133
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Municipal Band Fund..... 134
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – PEG Fund 135
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – DCDF Fund..... 136
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Major Moves Fund 137
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Building Fund 138
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Grant Fund 139
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Police Capital Fund 140

Capital Projects Funds
Combining Balance Sheet – Nonmajor Capital Projects Funds..... 141
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances – Nonmajor Capital Projects Funds 142
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Capital Projects Fund 143
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – 2010 Project Fund 144

TABLE OF CONTENTS

PAGE

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Cash Basis (Non-GAAP) Budget and Actual – Fire Capital Fund 145

V. SUPPLEMENTARY INFORMATION – NONMAJOR ENTERPRISE FUNDS
Nonmajor Enterprise Funds 146
Combining Statement of Net Position – Nonmajor Enterprise Funds 147
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Nonmajor Enterprise Funds 148
Combining Statement of Cash Flows – Nonmajor Enterprise Funds 149

VI. SUPPLEMENTARY INFORMATION – INTERNAL SERVICE FUNDS
Internal Service Funds 150
Combining Statement of Net Position – Internal Service Funds 151
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Internal Service Funds 152
Combining Statement of Cash Flows – Internal Service Funds 153

VII. SUPPLEMENTARY INFORMATION – FIDUCIARY FUNDS
Fiduciary Funds 154
Combining Statement of Fiduciary Net Position – Pension Trust Funds 155
Combining Statement of Changes in Net Position – Pension Trust Funds 156

VIII. STATISTICAL SECTION
Statistical Information 157
Financial Trends
Net Position by Component – Most Recent Fiscal Years 158
Statement of Activities and Change in Net Position – Most Recent Fiscal Years 159
Fund Balances of Governmental Funds – Most Recent Fiscal Years 161
Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds – Most Recent Fiscal Years 162
Other Tax Revenues – Most Recent Fiscal Years 164
Revenue Capacity
Taxable Assessed Value, Taxable Value and Tax Collections –
Most Recent Fiscal Years 165
Property Tax Rates – Direct and Overlapping Governmental Units –
Most Recent Fiscal Years 166
Major Property Taxpayers 167
Property Tax Levy and Tax Collections – Most Recent Fiscal Years 168
Assessed Value and Estimated Actual Value of Taxable Property –
Most Recent Fiscal Years 169

TABLE OF CONTENTS

PAGE

City Government Property Tax Rates – Most Recent Fiscal Years 170
City Government Tax Levy – Most Recent Fiscal Years 171
Property Tax Information 172
Water Utility Revenue – Most Recent Fiscal Years 173
Water Utility Service Usage Rates – Most Recent Fiscal Years 174
Water Utility Revenue by Consumer Segment – Most Recent Fiscal Years 175
Debt Capacity
Ratios of Outstanding Debt by Type – Most Recent Fiscal Years 176
Ratios of Outstanding General Bonded Debt – Most Recent Fiscal Years 177
Governmental Direct and Overlapping Debt 178
Demographic and Economic Information
Demographics and Economic Statistics – Most Recent Fiscal Years 179
Principal Employers – Current and Nine Years Ago 180
Operating Indicators by Function/Program – Last Ten Fiscal Years 181
Capital Asset and Infrastructure Statistics by Function –
Most Recent Fiscal Years 182
Full-Time Equivalent City Government Employees by Function –
Most Recent Fiscal Years 183
Insurance Coverage 184

IX. SINGLE AUDIT SECTION
Schedule of Expenditures of Federal Awards 186
Notes to Schedule of Expenditures of Federal Awards 188
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 189
Independent Auditors' Report on Compliance for Each Major Federal Program, Report
on Internal Control Over Compliance Required by the Uniform Guidance 191
Schedule of Findings and Questioned Costs 194

I Introductory Section

City of Decatur
City Officials

Office	Official	Term of Office	
Mayor	Julie Moore Wolfe	08-17-2015 to 04-30-2017	acting mayor
	Julie Moore Wolfe	05-01-2017 to 04-30-2019	elected
Council Members			
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
at large	Chuck Kuhle	05-01-2017 to 04-30-2021	elected
at large	David Horn	05-01-2017 to 04-30-2021	elected
at large	Patrick McDaniel	05-01-2017 to 04-30-2021	elected
City Manager	Tim Gleason	03-23-2015 per contract	contractual
City Treasurer	Gregg D. Zientara	05-01-2015 to 04-30-2019	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.

Julie Moore Wolfe was elected Mayor during the April 2017 municipal election, to serve as Mayor for a 2-year term. A Mayoral election will occur in April 2019, where the elected Mayor will commence resumption of a 4-year term in office. During the April 2017 municipal election, Chuck Kuhle, David Horn and Patrick McDaniel were elected to council seats for a 4-year term in office.

CITY OF DECATUR ILLINOIS

1 GARY K. ANDERSON PLAZA DECATUR, ILLINOIS 62523

June 21, 2017

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, 2016 is hereby submitted.

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. The City of Decatur population is currently reported at 73,814 inhabitants, according to Esri 2016 forecast estimation.

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 member's 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.

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. Mr. Gleason, 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 per 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 population is currently reported at 73,814 inhabitants, per Esri 2016 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	31.7%	32.9%	32.7%
	25 – 44	23.9%	26.9%	26.2%
	45 – 64	25.6%	25.9%	26.1%
	65 +	18.8%	14.3%	15.0%
	Median age (in years)	39.8	37.5	38.0
Race	White alone	69.3%	70.0%	70.5%
	Black alone	24.7%	14.3%	12.8%
	American Indian alone	0.3%	0.3%	1.0%
	Asian alone	1.1%	5.4%	5.5%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (multiracial)	4.6%	10.0%	10.0%
	Hispanic origin	2.6%	17.3%	17.9%
Marital status	Never married	34%	35%	33%
	Married	43%	49%	50%
	Widowed	7%	6%	6%
	Divorced	16%	10%	11%

Data source: Esri 2016 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	31,695	4,911,410	121,786,233
Families	Total number	18,460	3,198,998	80,307,260
	Avg. household	2.21	2.59	2.59
Home ownership	Owner occupied	19,311	3,199,558	76,427,142
	Renter occupied	12,383	1,711,852	43,359,091
	Owner occupied	61%	65%	63%
	Renter occupied	39%	35%	37%

Data source: Esri 2016 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	3.6%	5.1%	5.5%
Grade 9 – 12, no diploma	8.9%	6.5%	7.3%
High school graduate	34.4%	26.6%	27.6%
Some college, no degree	24.2%	20.8%	20.9%
Associates degree	7.3%	7.8%	8.2%
Bachelors degree	13.6%	20.2%	18.8%
Graduate degree	8.0%	13.0%	11.7%

Data source: Esri 2016 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 per the Esri 2016 analysis was reported as 32,085 resident workers for employed population 16 years and older.

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	257	0.8%
Construction	1,701	5.3%
Manufacturing	4,877	15.2%
Wholesale trade	610	1.9%
Retail trade	4,107	12.8%
Transportation/utilities	2,246	7.0%
Information	513	1.6%
Finance/insurance/real estate	1,636	5.1%
Services	14,855	46.3%
Public administration	1,283	4.0%
Total	32,085	100.0%

Data source: Esri 2016 demographic and income profile market report

The employment profile for the City of Decatur is comprised of 71.7% service industries, 7.8% other industries and 20.5% manufacturing and construction industries. Service sector is the largest employment category with 14,855 workers or 46.3% of the workforce population. Other significant employment sectors include manufacturing with 4,877 workers or 15.2% of the workforce, followed by retail trade at 4,107 workers or 12.8%, transportation / utilities at 2,246 workers or 7.0%, finance / insurance / real estate at 1,636 or 5

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

Occupation	Employment	% of Total
White collar	17,230	53.7%
Services	7,380	23.0%
Blue Collar	7,475	23.3%
Total	32,085	100.0%

Data source: Esri 2016 demographic and income profile market report

The ten (10) largest employers in the City of Decatur are represented in the following chart. Six (6) of the top ten employers are classified in the manufacturing, utility and transportation sectors, two (2) are classified in the service sector, and two (2) are classified in education and government sectors. The top ten employers account for 14,164 workers representing approximately 44% of the labor workforce.

Employer	Employees
Archer Daniels Midland	4,199
Decatur Memorial Hospital	2,200
Decatur Public School Corporation	1,812
Caterpillar, Inc.	1,650
St. Mary's Hospital	987
Tate & Lyle, Inc.	975
Ameren, Illinois	683
Mueller Co., Inc.	600
Macon County	536
Norfolk Southern Railway	522
Total	14,164

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 6.6% in the City of Decatur for the composite 2016 calendar year. The seasonally adjusted unemployment rate for the City of Decatur was reported as 4.9% as of April, 2017. The reported unemployment rate is above the State of Illinois and National levels.

The Decatur unemployment situation has improved substantially from 2014 to the present time.

Locale	Unemployment % 2014	Unemployment % 2015	Unemployment % 2016	Unemployment % April, 2017
City of Decatur	8.7%	6.9%	6.6%	4.9%
Bloomington / Normal	5.6%	4.8%	5.1%	3.7%
Champaign / Urbana	6.0%	5.1%	5.1%	3.8%
Peoria	7.2%	6.3%	6.5%	5.1%
Springfield	6.0%	5.1%	4.9%	3.9%
State of Illinois	7.1%	5.9%	5.9%	4.6%
National	6.2%	5.3%	4.9%	4.1%

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

Unemployment levels have declined in 2016 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 continued 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 31,695 households with an average per capita personal income of $24,913 per Esri 2016 analysis, which compares to the State of Illinois average per capita income of $31,032 and the United States per capita income of $29,472. 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	24,913	31,032	29,472
Median household income	39,217	57,337	54,149
Average household income	55,320	80,916	77,008

Data source: Esri 2016 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 $78,825 as compared to a median home value in the State of Illinois of $190,380. The national median home value is $198,891.

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.

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/

City of Decatur, IL ranked as 3rd most affordable housing market in the 13th Annual Demographia International Housing Affordability Survey published February 2, 2017, Decatur ranks as the 3rd most affordable housing market both nationally and internationally. First reported by CNN Style, the Demographia report scores middle-income housing affordability using the "median multiple" principle, which takes median house price divided by gross annual median household income to calculate affordability.
http://www.limitlessdecatur.com/decatur-secures-spot-worlds-10-affordable-housing-markets/

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:

Ongoing or Recently Completed Initiatives

Aramark Corporation – $8.4 million construction of a new 105,000-square foot facility. Aramark is an American food service, facilities, and uniform services provider to clients in fields including education, healthcare, business, corrections, and leisure.

Ameren Gas Control Facility – $5.3 million expansion of the existing Ameren facility.

City Fire Station Rehabilitation – $2.2 million project to refurbish aged fire station facilities. Project commenced in 2016 and will be completed in 2017.

Local Motor Fuel Tax Road and Street Resurfacing – the City Council implemented a local motor fuel tax effective April 1, 2016. Revenue received from the tax will finance local road and street resurfacing and improvements. Project work began in 2016 and is scheduled for completion in 2018.

Fiber Optic Initiative – project planning completed for deployment of phase II of the City-owned high-speed broadband fiber optic cable network. The project was made possible through a contribution from the Howard G. Buffett Foundation.

Law Enforcement Training Center – construction is underway on a training facility that will serve law enforcement agencies across the state. The project was made possible through a contribution from the Howard G. Buffett Foundation.

Old Dominion Freight – $1.8 million expansion of the existing Old Dominion facility.

United Parcel Service – $1.5 million expansion of the existing UPS facility.

Holiday Inn & Suites / Burger Theory – A $9 million hotel and restaurant facility that will include 114 rooms, conference space and a gourmet restaurant is nearing completion and will soon open to the public.

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 $25 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 60,000 square feet to

accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations.

Sonic Restaurant – $1.6 million investment with the first Sonic entry into the Decatur market. This 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.

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.

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 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 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 early 2016, the City Council began establishing a series of goals designed to continue the recent string of community successes that are today moving the community forward.

Economic Development

- *Make Decatur most competitive regional business climate*. Expedite permitting process, establish pro-growth policies for development, creation of written comprehensive economic development plan with performance metrics, establish new or improved corridor for retail sales.
- *Provide and support strong economy with good jobs*. Diversify economy, enhanced focus on recruiting / retaining smaller shops in addition to bigger entities, strategic plan with short and long term goals.
- *Revisit downtown parking*.

Neighborhood Revitalization

- *Neighborhood revitalization through partnerships.* Target public private or governmental partnerships, focus on continuing to make Decatur a community of choice, work with Park District to create enhanced outdoor spaces.
- *Housing stock revitalization program.* Incentives to renovate / rebuild, enhanced code enforcement.
- *Stabilize and improve local EAV.*
- *Improved side-yard program.* Remove impediments and streamline, fencing allowance.
- *Landbanking / neighborhood targeting / comprehensive neighborhood redevelopment plan.*

Organizational Operations

- *Develop new, sustainable revenue sources (non-burdensome)*
- *Make goal setting (strategic planning) annual precursor to budget*
- *Residency requirement for new hires*
- *Fiscal responsibility.* Pursue governmental partnerships, lobby for state pension reform, to renovate / rebuild, enhanced code enforcement.

Infrastructure

- *Repair / rehab / relocate fire stations.*
- *Pursue overpass at I-72 & Martin Luther King, Jr. Dr.*
- *Brush College Road / Beltway projects.*
- *Implement sewer improvements.* Storm-water work funded and underway / USEPA discussions ongoing.
- *Approve local motor fuel tax repave local streets.*

The City has made progress on achievement of the goals and objectives as defined by the City Council, as reported upon in this document, and will continue to actively pursue achievement of the goals and objectives as we move the City of Decatur forward into the future.

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-five (25) 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, 2015.

This represents the forty-forth (44th) 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, 2016.

Gregg D. Zientara
City Treasurer & Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

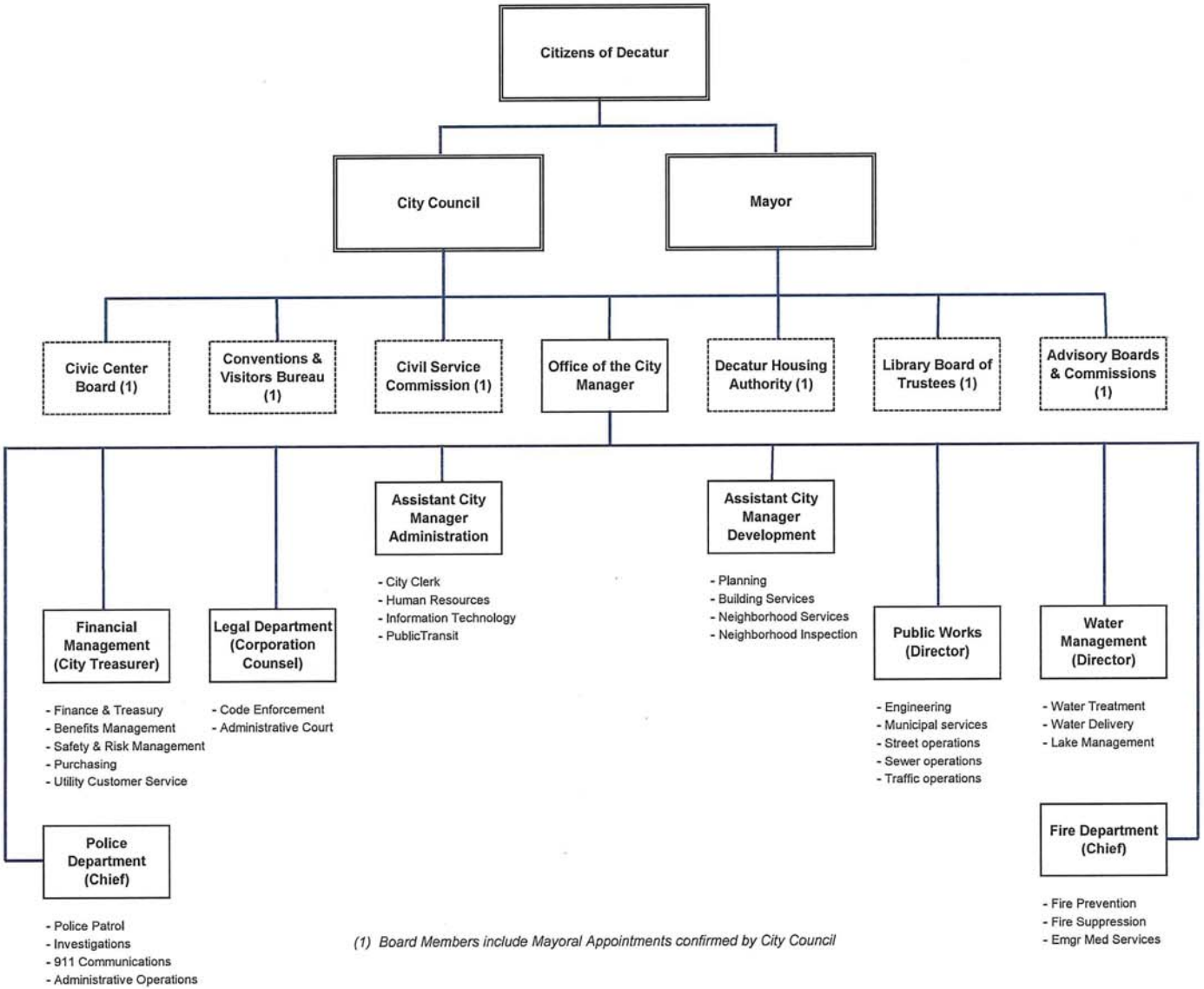
City of Decatur Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Decatur, Illinois
Organizational Chart



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

Effective as of January 1, 2016 through and including December 31, 2016

II Financial Section

CliftonLarsonAllen LLP
CLAconnect.com

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, 2016, 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.

A member of Nexia International

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of December 31, 2016, 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-Mater

Beginning net position/fund balance from previously issued financial statements has been restated to record a correction of an accrued liability and a loss on disposal of assets. 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, certain 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 introductory section, debt service fund budgetary statement, the combining and individual nonmajor fund financial statements, and the statistical information 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 debt service fund budgetary statement, 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 June 21, 2017 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017

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, 2016.

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, 2016 and ending December 31, 2016, and is hereby referenced in this report as the "twelve (12) month fiscal period ending December 31, 2016", with comparative financial data for the twelve (12) month fiscal period ending December 31, 2015.

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.

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 in 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

Source: City of Decatur

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.

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, 2016**	**12 months Ending Dec 31, 2015**	**12 months Ending Dec 31, 2016**	**12 months Ending Dec 31, 2015**	**12 months Ending Dec 31, 2016**	**12 months Ending Dec 31, 2015**
Total Assets	140,667,044	139,979,303	176,649,696	146,687,585	317,316,740	286,666,888
Deferred Outflow	10,873,313	17,198,181	971,229	1,428,126	11,844,542	18,626,307
Total Liabilities	175,546,392	177,288,774	148,811,745	130,424,200	324,358,137	307,712,974
Deferred Inflows	18,191,832	15,080,157	233,602	64,616	18,425,434	15,144,773
Net Position						
Net investment in capital assets	60,818,124	61,778,472	9,023,087	6,161,938	69,841,211	67,940,410
Restricted	6,002,253	9,282,505	-	-	6,002,253	9,282,505
Unrestricted	(109,018,244)	(106,252,424)	19,552,491	11,464,957	(89,465,753)	(94,787,467)
Total net position (1)	(42,197,867)	(35,191,447)	28,575,578	17,626,895	(13,622,289)	(17,564,552)
Change vs. pr year	(7,006,420)	(6,703,728)	10,948,683	6,193,610	3,942,263	(510,118)
Expenses	83,219,770	83,542,170	34,843,399	31,498,304	118,063,169	115,040,474
Revenues	78,257,651	74,184,833	43,747,781	40,345,523	122,005,432	114,530,356

Source: City of Decatur Financial Statement 1 and 2

(1) Net position for 2015 includes governmental activity restatement of a TIF liability and loss on disposal of a capital asset, with restatement of 2015 expense per Note 18.

- Government wide net position (total assets and deferred outflows less total liabilities and deferred inflows) as of December 31, 2016 is a deficit position of $13,622,289.

- Government wide net position increased by $3,942,263 or 22% during the fiscal year ending December 31, 2016. Governmental activity net position decreased by $7,006,420 or 20%, and business activity net position increased by $10,948,683 or 62% during the fiscal year.

- Total assets as of December 31, 2016 of $317,316,740 increased $30,649,852 or 11% as compared to total assets as of December 31, 2015.

- Total liabilities as of December 31, 2016 of $324,358,137 increased $16,645,163 or 5% as compared to total liabilities as of December 31, 2015.

- Government wide net position of $69,841,211 are invested in capital assets, net of related debt, and are therefore, not available for spending. $6,002,253 is classified as restricted primarily for debt service and capital outlay. A negative $89,465,753 is classified as unrestricted net position, of which $130,380,176 is net long term pension liability, resulting in an unrestricted net position net of long term pension liability of $40,914,423.

- Government wide revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to $122,005,432, versus government wide revenue of $114,530,356 achieved in the 12-month fiscal period ending December 31, 2015. Governmental activity revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to $78,257,651, versus governmental activity revenue of $74,184,833 achieved in the 12-month fiscal period ending December 31, 2015. Business activity revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to $43,747,781, versus business activity revenue of $40,345,523 achieved in the 12-month fiscal period ending December 31, 2015.

- Government wide program expense in the 12-month fiscal year ending December 31, 2016 amounted to $118,063,169, versus government wide program expense of $115,040,474 in the 12-month fiscal period ending December 31, 2015. Governmental activity program expense in the 12-month fiscal year ending December 31, 2016 amounted to $83,219,770, versus governmental activity program expense of $83,542,170 in the 12-month fiscal period ending December 31, 2015. Business activity program expense in the 12-month fiscal year ending December 31, 2016 amounted to $34,843,399, versus business activity program expense of $31,498,304 in the 12-month fiscal period ending December 31, 2015.

- 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.

Statement of net position

This statement reports all assets, deferred outflows, liabilities, and deferred inflows of the City of Decatur as of December 31, 2016. 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, 2016. 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, economic development, 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 six (6) major governmental funds (General, Library (3 funds), Debt Service, TIF Redevelopment (7 funds), Motor Fuel Tax, Local Streets and Roads and twenty (20) non-major governmental funds.

Proprietary Funds

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains nine (9) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (4 funds), Sewer (1 fund), and Public Transit (1 fund) which are considered major enterprise funds. Data from the other three (3) non-major enterprise funds (Recycling, Storm Water Utility and Fiber Optics) 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 four (4) internal service funds. The City of Decatur uses internal service funds to account for its self-insured property, worker's compensation and liability insurance programs; self-funded employee health benefit programs; and 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, with a portion allocated to business type activities, however, 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 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.

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**Dec 31, 2016**	**Dec 31, 2015**	**Dec 31, 2016**	**Dec 31, 2015**	**Dec 31, 2016**	**Dec 31, 2015**
Assets						
Current & other	46,113,298	43,696,745	52,908,518	38,421,512	99,021,816	82,118,287
Capital assets (net)	94,553,746	96,282,558	123,741,178	108,266,043	218,294,924	205,548,601
Total Assets	140,667,044	139,979,303	176,649,696	146,687,585	317,316,740	286,666,888
Deferred Outflows						
Pension liability	10,873,313	17,198,181	971,229	1,428,126	11,844,542	18,626,307
Liabilities						
Current	14,344,182	11,309,747	15,140,759	14,621,433	29,484,941	25,931,180
Long term	161,202,210	165,979,027	133,670,986	115,802,767	294,873,196	281,781,794
Total Liabilities	175,546,392	177,288,774	148,811,745	130,424,200	324,358,137	307,712,974
Deferred Inflows						
Future property tax	15,846,657	14,309,450	-	-	15,846,657	14,309,450
Pension liability	2,345,175	770,707	233,602	64,616	2,578,777	835,323
Total Deferred Inflow	18,191,832	15,080,157	233,602	64,616	18,425,434	15,144,773
Net position (1)						
Net investment in capital assets	60,818,124	61,778,472	9,023,087	6,161,938	69,841,211	67,940,410
Restricted	6,002,253	9,282,505	-	-	6,002,253	9,282,505
Unrestricted	(109,018,244)	(106,252,424)	19,552,491	11,464,957	(89,465,753)	(94,787,467)
Total net position	(42,197,867)	(35,191,447)	28,575,578	17,626,895	(13,622,289)	(17,564,552)

Source: City of Decatur Financial Statement 1 and 2

(1) Net position for 2015 includes governmental activity restatement of a TIF liability and loss on disposal of a capital asset, with restatement of 2015 expense per Note 18.

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, 2016, City liabilities and deferred inflows exceeded assets and deferred outflows by $13,622,289, an improvement of $3,942,263 from the net position as of December 31, 2015.

Governmental net position of a negative $42,197,867 declined from the negative net position of $35,191,447 as of December 31, 2015, representing a decline in net position of $7,006,420, or 20%. Business net position of $28,575,578 increased by $10,948,683 versus the level at December 31, 2015, an increase of 62%.

The increase in net position of the City results from an increase in asset position of $30,649,852 combined with a decrease in deferred outflow position of $6,781,765, offset by an increase in liability position of $16,645,163 and deferred inflow of resources increase of $3,280,661.

Total assets increased $30,649,852 or 11% as compared to the asset level of December 31, 2015. The increase in assets is attributed to an increase in cash and investments of $15,940,422, an increase in capital assets net of $13,746,323, and an increase in receivables and other assets of $963,107.

The increase in cash and investments can be attributed to a $14,093,246 increase in business activities and an increase of $1,847,176 in governmental activities. The business activity cash and investment increase is the result of cash flow from operations of $11,779,682, unspent 2016 bond proceeds of $22,789,392, investment income of $407,738, offset by debt service payments of $10,804,882 and capital outlay of $10,078,684. The governmental activity cash increase is the result of cash flow from operations of $6,642,260, investment income of $35,720, offset by debt service payments of $4,540,598 and capital outlay of $290,206.

Deferred outflow of resources representing deferred pension expense 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 $11,844,542 at December 31, 2016 and represents a decrease from the position of $18,626,307 as of the prior year end.

Total liabilities increased $16,645,163 or 5% as compared to the liability level as of December 31, 2015, with a $1,742,382 decrease in governmental activity liabilities and a $18,387,545 increase in business activity liabilities.

Governmental activity liability decrease results from a $2,022,683 decrease in net pension liability, a $1,477,286 decrease in debt payable offset by a $1,711,735 increase in current liabilities and an increase of $45,852 in compensated absence and other post-employment liabilities. Business activity liability increase results primarily from the incurrence of new general obligation bond debt of $24,347,098 to finance the lake Decatur dredging initiative, offset by in period debt principal payments of $5,217,710, and $741,843 reduction in current and other payables.

Deferred inflows of resources amounted to $18,425,434, an increase of $3,280,661 or 22% as compared to the position as of the prior year end; and represents the 2016 property tax levy receivable of $15,846,657, billed and collectible in 2017 and deferred pension income of $2,578,777.

Government wide net position of $69,841,211 is invested in capital assets, net of related debt, and is therefore, not available for spending. $6,002,253 is classified as restricted primarily for debt service and capital outlay. The unrestricted net position is a negative $89,465,753, including the net pension liability of $130,380,176.

Net investment in capital assets of $69,841,211 represents an increase of $1,900,801 from the level as of December 31, 2015. Restricted net position decreased $3,280,252 as compared to the level as of December 31, 2015. Unrestricted net position increased $5,321,714 as compared to the level as of December 31, 2015.

Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	**12 months Ending Dec 31, 2016**	**12 months Ending Dec 31, 2015**	**12 months Ending Dec 31, 2016**	**12 months Ending Dec 31, 2015**	**12 months Ending Dec 31, 2016**	**12 months Ending Dec 31, 2015**
Revenue						
Program Revenue						
Charge for services	10,264,220	9,529,473	37,447,276	34,078,084	47,711,496	43,607,557
Grants / contributions	5,428,617	4,900,481	5,892,767	6,197,601	11,321,384	11,098,082
General Revenue						
Property tax	15,546,929	13,512,949	-	-	15,546,929	13,512,949
Local sales & use	11,848,821	11,950,201	-	-	11,848,821	11,950,201
State sales & income	17,630,799	20,862,321	-	-	17,630,799	20,862,321
Utility tax	7,489,097	4,684,705	-	-	7,489,097	4,684,705
Food & beverage tax	3,195,648	3,209,143	-	-	3,195,648	3,209,143
Local motor fuel tax	1,399,777	-	-	-	1,399,777	-
Hotel use tax	697,601	666,384	-	-	697,601	666,384
Other tax	2,545,850	3,011,048	-	-	2,545,850	3,011,048
Investment earnings	35,720	6,923	407,738	297,922	443,458	304,845
Other revenue	2,174,572	1,851,205	-	(228,084)	2,174,572	1,623,121
Total Revenue	78,257,651	74,184,833	43,747,781	40,345,523	122,005,432	114,530,356
Expenses						
General government	12,675,556	11,162,579	-	-	12,675,556	11,162,579
Economic development	2,950,916	2,754,007	-	-	2,950,916	2,754,007
Public safety	47,104,920	49,909,807	-	-	47,104,920	49,909,807
Public works	14,180,746	14,575,459	-	-	14,180,746	14,575,459
Culture	551,580	295,433	-	-	551,580	295,433
Education	4,281,706	3,294,285	-	-	4,281,706	3,294,285
Interest on debt	1,474,346	1,550,600	-	-	1,474,346	1,550,600
Water utility	-	-	22,732,240	20,365,069	22,732,240	20,365,069
Public transit	-	-	7,181,746	6,717,111	7,181,746	6,717,111
Waste removal	-	-	642,358	600,997	642,358	600,997
Sewer	-	-	3,326,538	3,361,311	3,326,538	3,361,311
Storm water	-	-	960,507	453,816	960,507	453,816
Total Expenses	83,219,770	82,476,235	34,843,399	31,498,304	118,063,169	115,040,474
Change in net position						
Excess (deficiency)	(4,962,119)	(9,357,337)	8,904,382	8,847,219	3,942,263	(510,118)
Transfers	(2,044,301)	2,653,609	2,044,301	(2,653,609)	-	-
Change in net position	(7,006,420)	(6,703,728)	10,948,683	6,193,610	3,942,263	(510,118)
Beginning net position (1)	(35,191,447)	(28,487,719)	17,626,895	11,433,285	(17,564,552)	(17,054,434)
Ending net position	(42,197,867)	(35,191,447)	28,575,578	17,626,895	(13,622,289)	(17,564,552)

Source: City of Decatur Financial Statement 2

(1) Net position for 2015 includes governmental activity restatement of a TIF liability and loss on disposal of a capital asset, with restatement of 2015 expense per Note 18.

Governmental Activities

Revenue achieved in the fiscal period ending December 31, 2016 amounted to $78,257,651 and represents an increase of $4,072,818 or 6% versus the revenue achieved in the prior fiscal period.

Expenses incurred during the fiscal period ending December 31, 2016 amounted to $83,219,770 and represents a decrease of $322,400 when compared to the prior fiscal period.

The revenue gain versus the prior fiscal period resulted from increased program revenue as well as increases in tax revenue including property tax, utility tax, local motor fuel tax, offset by reductions in tax revenue attributed to lower sales tax revenues at both the state and local level as well as a reduction in the state distributed income tax.

Program revenues increased by $1,262,883 or 9% versus the prior year, as the City implemented higher prices for recovery of costs incurred for services provided to internal and external concerns as well as an experienced in period increase in grant revenue for funding of certain governmental initiatives.

Tax revenues increased in fiscal 2016 by $2,457,771 or 4%. The City increased the property tax levy, increased the locally imposed natural gas and electric utility tax, increased the locally imposed hotel use tax, and implemented a locally imposed motor fuel tax, all leading to increased tax revenues in the year. These tax revenue increases were offset by reductions in state and local sales tax revenues and distribution of state income tax revenues.

Governmental activity expenses of $83,219,770 decreased by $322,400 versus the prior period, below inflationary increases, the result of controlled spending during the period.

General government expense of $12,675,556 increased $1,512,977 or 14%. Public Works expense of $14,180,746 declined versus the prior fiscal year by $394,713 or 3%. Culture and education expense of $4,833,286 increased $1,243,568. Public Safety expense of $47,104,920 decreased $2,804,887 or 6%. Interest and other charges of $1,474,346 decreased $76,254 or 5%. Economic development expense increased $196,909.

Governmental activity experienced a deficiency of revenues versus expenses in the period of $4,962,119, an improvement versus the prior fiscal year by $4,395,218, the result of the experienced revenue improvement and controlled expense development.

Net transfers in the period of $2,044,301 where funds exited governmental activity to business activity, was primarily the result of the transfer of $3,251,550 of general obligation debt service funds to business activity for debt service on abated debt repositioned for debt service payment directly from business activity funds.

The government activity change in net position during the fiscal period ending December 31, 2016 resulted in a decline in net position of $7,006,420, including the impact of GASB 68 pension liability expense of $5,650,299.

Business Activities

Revenue achieved in the fiscal period ending December 31, 2016 amounted to $43,747,781 and represents an increase of $3,402,258 or 8% versus the revenue achieved in the prior fiscal period.

Expenses incurred during the fiscal period ending December 31, 2016 amounted to $34,843,399 and represents an increase of $3,345,095 or 11% when compared to the prior fiscal period.

The revenue gain versus the prior fiscal period resulted from increased charges for services in the amount of $3,369,192 or 10%, with additional miscellaneous revenue increase of $33,066.

The charge for service revenue gain was driven by increased water utility revenues of $3,103,315, a 12% increase versus the prior year, increased storm-water utility revenue of $364,677, a 29% increase versus the prior year, a modest increase in public transit revenue of $34,488, and a $133,288 decrease in sewer and recycling revenue.

Water revenue increases are the result of usage increase, price increase and an increased revenue from a cost sharing arrangement with a local manufacturing concern. Storm-water increases result from full roll out of the utility and implementation of the full range of revenue opportunities.

Business activity expense increase of $3,345,095 was driven primarily by operating expense increases in the water utility of $2,367,171 or 12% representing expense increase in support of the revenue gains, increase of $464,645 or 7% in public transit operation due to increased personnel costs driven by higher employee benefit and worker's compensation insurance expense, increase of $506,691 in storm-water utility as the utility reached full operation in the year from start-up in 2015, and an increase of $6,588 in waste removal and sewer operations.

The business activity change in net position during the fiscal period ending December 31, 2016 resulted in an increase in net position of $10,948,683 or 62%. The increase in net position resulted primarily from the in period operating surplus of $8,904,382, and the transfer of funds from governmental activity to business activity of $2,044,301.

Net transfers in the period of $2,044,301 where funds exited governmental activity to business activity, was primarily the result of the transfer of $3,251,550 of general obligation debt service funds to business activity for debt service on abated debt repositioned for debt service payment directly from business activity funds.

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, 2016

$ (whole)	General	Library	Debt Service	TIF	Motor Fuel Tax	Local Streets	Non-Major	Total
Total assets	23,350,926	4,290,201	2,494,115	3,050,155	1,803,001	1,401,065	3,797,949	40,187,412
Total liabilities	2,390,646	259,070	-	1,256,923	88,379	58,002	544,908	4,597,928
Deferred inflows	12,570,268	2,842,000	1,679,375	1,877,273	-	-	175,190	19,144,106
Fund balance								
Non-spendable	147,132	-	-	-	-	-	-	147,132
Restricted	-	1,189,131	814,740	-	1,714,622	1,343,063	1,923,552	6,985,109
Committed	-	-	-	-	-	-	1,177,478	1,177,478
Unassigned	8,242,880	-	-	(84,041)	-	-	(23,180)	8,135,659
Total Fund Balance	8,390,012	1,189,131	814,740	(84,041)	1,714,622	1,343,063	3,077,851	16,445,378
Liability/deferred inflows & fund balance	23,350,926	4,290,201	2,494,115	3,050,155	1,803,001	1,401,065	3,797,949	40,187,412
Revenues	63,588,968	3,265,000	2,373,991	2,237,212	2,179,843	1,401,159	3,440,247	78,486,420
Expenditures	63,304,000	3,627,811	2,494,637	2,008,165	2,226,564	1,151,236	4,169,764	78,982,177
In year surplus (deficit)	284,968	(362,811)	(120,646)	229,047	(46,721)	249,923	(729,517)	(495,757)
Other sources (uses)	431,341	284,651	(3,035,292)	(66,698)	-	1,093,140	1,037,442	(255,416)
Change in fund balance	716,309	(78,160)	(3,155,938)	162,349	(46,721)	1,343,063	307,925	(751,173)
Beginning fund balance	7,673,703	1,267,291	3,970,678	(142,439)	1,761,343	-	2,769,926	17,300,502
Restatement (1)	-	-	-	(103,951)	-	-	-	(103,951)
Ending fund balance	8,390,012	1,189,131	814,740	(84,041)	1,714,622	1,343,063	3,077,851	16,445,378

Source: City of Decatur Financial Statement 3 and 4
(1) Restatement for prior year correction of a TIF liability

As of December 31, 2016, the City governmental funds reported a combined ending fund balance of $16,445,378.

Non-spendable fund balance of $147,132 is sequestered for prepaid items and inventory and is therefore not available for spending.

Restricted fund balance of $6,985,109 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 ($814,740), transportation & highway motor fuel tax fund ($1,714,622), public library fund ($1,189,131), local streets & roads fund ($1,343,063) and non-major governmental funds ($1,923,553).

Committed fund balance of $1,177,478 is sequestered for spending on economic development initiatives and public safety capital outlay.

Unassigned fund balance of $8,135,659, or 49%, is available for spending at the City's discretion, with $8,242,880 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, 2016, the General Funds balance of $8,390,012 represents an increase of $716,309 or 9% from the General Fund balance as of December 31, 2015.

The increase in General Fund balance is attributed to an in-period surplus spending result of $716,309 for the period from January 1, 2016 to December 31, 2016, including other financing sources, primarily transfers in and loan proceeds of an aggregate amount totaling $431,341.

A primary tax funding City operations is the State of Illinois distribution of Income Tax, which as of December 31, 2016, is two (2) months in arrears for distribution to the City of Decatur. The amount of income tax receivable as of December 31, 2016 is $851,716, which was subsequently distributed to the City in early 2017.

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, 2016, the General Fund unassigned balance of $8,242,880 is 13% of in-period fiscal year General Fund Revenue of $63,588,968, a position consistent with the prior fiscal year end.

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.

The City's unassigned general fund balance of $8,242,880 as of December 31, 2016 represents 12% of expected 2017 General Fund Revenue ($67.500 million) and 1.5 month's coverage of expected 2017 General Fund Expense ($67.100 million).

The Public Library experienced a decrease in fund balance of $78,180 during the fiscal period ending December 31, 2016. The decrease in fund balance is the result of the in-period deficit. As of December 31, 2016, the Library fund balance of $1,189,131 is 33% of expected 2017 Library Fund Revenue ($3,642,190) and 4 month's coverage of expected 2017 Library Fund expense ($3,603,824).

The Debt Service fund experienced a decrease in fund balance of $3,155,938, ending the year with fund balance of $814,740. 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 2017 debt service obligations of the City. The decrease in fund balance is the result of the transfer of $3,251,550 to the water utility fund for debt service on abated debt repositioned for debt service payment directly from the water utility fund.

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, 2016, the TIF Fund balance is a deficit of $84,041 versus the prior period fund balance deficit of $142,439. The primary revenue source funding the TIF fund is incremental property tax within the TIF districts. TIF funds have been negatively impacted by former period 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 2017.

The Motor Fuel Tax ("MFT") Fund ended the year with a fund balance of $1,714,622, a decline of fund balance of $46,721 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.

The Local Streets & Roads Fund ended the year with a fund balance of $1,343,063. This new fund was created in fiscal 2016 to account for the revenue received from the imposition of a local home rule motor fuel tax which commenced effective April 1, 2016. Monies collected in the Local Streets & Roads fund are used to pay for repair, maintenance and reconstruction of streets and roads within the City of Decatur footprint.

As of December 31, 2016, the Non-Major Governmental Fund balance of $3,077,851 represents an increase of $307,925 or 11 from the Non-Major Governmental Fund balance as of December 31, 2015. The increase in fund balance is the result of a net build-up of fund balance positions in 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.

Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the 12-month fiscal year ended December 31, 2016, versus the 12-month fiscal period ending December 31, 2015.

Governmental Fund Revenue

$ (whole)	12 months Ending Dec 31, 2016	% of Total	12 months Ending Dec 31, 2015	% of Total
Tax Based				
Property tax	15,546,929	19.8%	13,512,949	18.8%
Local sales tax	10,032,205	12.8%	10,269,205	14.3%
Utility tax	7,489,097	9.5%	4,684,705	6.5%
Food & beverage tax	3,195,648	4.1%	3,209,143	4.5%
Hotel use tax	697,601	0.9%	666,384	0.9%
Local motor fuel tax	1,399,777	1.8%	-	-
Other	1,157,006	1.5%	906,339	1.3%
Total Tax	39,518,263	50.4%	33,248,725	46.3%
Intergovernmental				
Operating Grants				
General government	2,357,173	3.0%	1,452,669	2.0%
Public safety	155,360	0.2%	282,013	0.4%
Public works	2,175,749	2.8%	2,043,030	2.9%
Education	67,141	0.1%	105,753	0.1%
Total Operating Grants	4,755,423	6.1%	3,883,465	5.4%
Tax Based				
Income tax	7,410,022	9.4%	8,099,624	11.3%
State sales tax	11,192,737	14.3%	11,622,770	16.2%
Replacement tax	1,358,033	1.7%	1,494,953	2.1%
Local Use tax	1,816,616	2.3%	1,680,996	2.3%
Other tax	30,811	0.0%	609,756	0.8%
Total Tax Based	21,808,219	27.7%	23,508,099	32.7%
Total Intergovernmental	26,563,642	33.8%	25,710,568	38.1%
Non Tax Based				
Charge for services	7,518,858	9.6%	6,817,347	9.5%
Fines & fees	1,743,097	2.2%	1,854,952	2.6%
Interest income	25,888	0.0%	5,419	0.0%
Licenses and permits	1,002,264	1.3%	857,174	1.2%
Other revenue	2,114,408	2.7%	1,666,208	2.3%
Total non tax based	12,404,515	15.8%	11,201,100	15.6%
Total Revenue	78,486,420	100.0%	71,841,389	100.0%

Source: City of Decatur Financial Statement 5

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, 2016, tax revenues accounted for 78.1% of the total revenue stream funding governmental operations, versus 79.0% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution accounted for 6.1% in the current fiscal period, versus 5.4%

in the prior fiscal period. The non-tax based revenue stream in the current fiscal period accounted for 15.8% of the total revenue, versus 15.6% in the prior fiscal period.

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

The City recognizes the need to further diversify the revenue stream, and to reduce the dependency on the primary tax sources funding city operations. As such, during 2016 the City conducted a study to determine the price points representing the full cost of service for licenses and permits. In late 2016, the City Council adopted a series of ordinances increasing the price for certain licenses and permits effective in fiscal 2017. To the extent possible, the City will continue to seek opportunities to further diversify the revenue stream reducing the dependency on the primary tax revenue sources funding governmental operations.

Government Fund Expenditures

The City accounts for government fund expenditures in seven categories as follows: 1) general government, 2) economic development, 3) public safety, 4) culture, 5) public works, 6) education, and 7) debt service.

The following schedule presents a summary of governmental fund expenditures for the fiscal year ended December 31, 2016, versus the fiscal period ended December 31, 2015.

Government Fund Expenditures

$ (whole)	**12 months Ending Dec 31, 2016**	**% of Total**	**12 months Ending Dec 31, 2015**	**% of Total**
General government	10,764,852	13.6%	9,593,556	12.7%
Economic development	2,950,916	3.7%	2,754,007	3.6%
Public safety	43,885,346	55.6%	43,052,390	56.9%
Culture	556,674	0.7%	89,252	0.1%
Public works	12,644,198	16.0%	12,969,181	17.2%
Education	3,639,563	4.6%	3,332,483	4.4%
Debt service	4,540,598	5.8%	3,867,078	5.1%
Total Expenditures	78,982,177	100.0%	75,657,947	100.0%

Source: City of Decatur Financial Statement 5

Government fund expenditures in the fiscal year ending December 31, 2016, amounted to $78,982,177, versus government fund expenditures of $75,657,947 in the fiscal period ending December 31, 2015, representing an increase in government fund expenditures of $3,324,230 or 4%.

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

General government expenditures of $10,764,852 increased $1,171,296 or 12% versus the prior year, primarily the result of increased funding of information technology infrastructure as the City recovered from former periods of under investment and staff replacement of open positions.

Economic development expenditures of $2,950,916 increased $196,909 or 7% due to increased spending in HOME and CDBG federal programs.

Public safety expenditures of $43,885,346 increased $832,956 or 2.0% versus the prior year, in line with inflationary increases.

Culture expenditure increase was the result of City acquisition of the Library facility in 2016 and the resultant expenditure for caretaking and maintenance of the facility.

Public works expenditures of $12,644,198 decreased $324,983 or 3% versus the prior year, primarily the result of prior year spend down of $485,480 loan proceed money for the Motorola Radio upgrade project. Year on year public works expenditures increased $160,497 or 1%.

Education expenditure increase resulted from higher year on year operational cost of the Public Library and debt service cost increase the result of higher financing costs for public safety related capital acquisition.

Proprietary Funds

Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Net Position
For the Twelve Months ending December 31, 2016

$ (whole)	Water Utility	Public Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	150,068,951	4,279,938	20,970,461	2,200,415	177,519,765	7,422,124
Deferred outflow	971,229	-	-	-	971,229	151,080
Total liabilities	137,626,212	1,385,946	9,602,127	600,280	149,214,567	3,857,005
Deferred inflow	233,602	-	-	-	233,602	36,338
Net investment capital assets	1,073,056	2,431,632	5,155,516	362,883	9,023,087	1,274,392
Unrestricted	12,107,310	462,358	6,212,818	1,237,252	20,019,738	2,405,469
Total net position	13,180,366	2,893,990	11,368,334	1,600,135	29,042,825	3,679,861
Operating revenues	29,830,034	678,441	4,630,531	2,308,270	37,447,276	15,324,438
Operating expenses	18,232,956	7,287,619	3,104,863	1,602,865	30,228,303	14,871,886
Operating income (loss)	11,597,078	(6,609,178)	1,525,668	705,405	7,218,973	452,552
Non operating rev (exp)	(4,124,983)	5,883,537	(207,836)	2,473	1,553,191	(13,946)
Income (loss) before transfers	7,472,095	(725,641)	1,317,832	707,878	8,772,164	438,606
Transfers						
Transfers in	3,251,550	3,165	-	-	3,254,715	-
Transfers out	(1,031,420)	-	(178,994)	-	(1,210,414)	-
Change in net position	9,692,225	(722,476)	1,138,838	707,878	10,816,465	438,606
Net position beginning	3,488,141	3,616,466	10,229,496	892,257	18,226,360	3,241,255
Net position ending	13,180,366	2,893,990	11,368,334	1,600,135	29,042,825	3,679,861

Source: City of Decatur Financial Statement 7 and 8

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

The City maintains nine (9) enterprise funds. Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (4 funds), Sewer (1 fund), and Public Transit (1 fund), which are considered major enterprise funds. Data from the other three (3) non-major enterprise funds (Recycling, Storm Water Utility and Fiber Optics)) are combined into a single, aggregate presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The City maintains four (4) internal service funds. The City of Decatur uses internal service funds to account for its self-insured property, worker's compensation and liability insurance programs; self-funded employee health benefit programs; and fleet maintenance and equipment replacement programs.

As of December 31, 2016, City enterprise funds reported a net position of $29,042,825, an increase of $10,816,466 or 59% versus the level as of December 31, 2015.

The net position as of December 31, 2016 includes net investment in capital assets of $9,023,087, with unrestricted net position of $20,019,738.

Water Utility operating revenues achieved during the fiscal year ending December 31, 2016 amounted to $29,830,034, versus water utility operating revenues of $26,726,719 in the fiscal period ending December 31, 2015, an increase of 12% versus the prior year. Water Utility rates were increased 2.5% effective May 1, 2016.

Water Utility operating expense amounted to $18,232,956 in the current fiscal year versus $15,990,199 in the prior fiscal period, an increase of 14%. The operating expense increase of $2,242,757 was driven primarily by increased depreciation expense of $2,361,140 the result of capitalization in 2015 of phases 1 and 2 of the Lake Decatur dredging project. Personnel, contractual service and supply costs decreased $118,383 year on year as utility management held overall cost increases in check.

Non-operating and transfer expense, primarily representing interest financing costs of long term debt and PILOT transfer to other funds amounted to $1,904,853 during the fiscal year, versus $6,787,257 in the prior fiscal year, an expense improvement of $4,882,404. The current fiscal year was favorably impacted by the transfer of $3,251,550 from the governmental debt service fund to the water utility fund for debt service on abated debt repositioned for debt service payment directly from the water utility fund.

Water Utility net position ended the current year at $13,180,366. The utility reported a favorable change in net position of $9,692,225 during the current fiscal year, and can be attributed to the in-period surplus of $6,440,675 and the transfer of debt service funds to the water utility in the amount of $3,251,550.

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 $2,893,990 decreased $772,476 versus the net position as of December 31, 2015.

Operating revenue representing passenger fares amounted to $678,441 in the current fiscal year versus $643,953 in the prior fiscal period, an increase in operating revenue of $34,488 or 5%. The revenue increase is attributed to improved passenger volume in the period, a welcome development given declines in recent years.

Current fiscal period operating expense amounted to $7,287,619, versus $6,823,062 in the prior fiscal period, an increase of $464,557 or 7%, due entirely to increased personnel expenses of $528,290 mainly driven by higher employee benefit and worker's compensation insurance expense. Remaining operating expenses declined by $63,733, with costs held in check by operational management.

Public Transit operations are funded primarily by operating and capital grants from the federal and state governmental units. Intergovernmental revenue of $5,892,767 in the current fiscal year ending December 31, 2016, represented a grant funding level approximating 81% of in-period operating expense, an increase compared to the 87% grant funding level occurring in the prior fiscal period.

Public Transit operations recorded a reduction in net position of $722,476 during the current fiscal period versus a reduction in net position of $117,541 in the prior fiscal period, the result of the timing of the receipt of federal and state grants and the increased personnel costs incurred in the current period.

Sewer Utility, with net position of $11,368,334 experienced an increase in net position of $1,138,839 or 11% versus the net position as of December 31, 2015.

Sewer operating revenues achieved during the current fiscal year amounted to $4,630,531, versus $4,754,949 in the prior fiscal period, a decrease of $124,418 or 3%. The reduction is attributed to lower revenue received from certain industrial customers. 2016 was the first year since 2011 where a sewer rate increase did not occur. During 2016, the City Council adopted Council Ordinance 2016-91 approving future rate increases commencing May 1, 2017 in response to additional funding needed to finance US EPA improvements to the sewer system.

Sewer operating expense amounted to $3,104,863 in the current fiscal year, versus $3,163,751 in the prior year fiscal period, representing a 2.0% decrease in operating expense.

As of December 31, 2016, City internal service funds reported a net position of $3,679,861, an increase of $438,606 or 14%, versus the level as of December 31, 2015.

The current period net position includes net investment in capital assets of $1,274,392, a decrease of $315,311 as compared to December 31, 2015. Unrestricted net position as of December 31, 2016 is $2,405,469, an increase from the unrestricted net position of $1,651,552 as of December 31, 2015.

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

Fiduciary Funds

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

$ (whole)	**Pension Trust Dec 31, 2016**	**Pension Trust Dec 31, 2015**
Total assets	170,707,792	161,122,567
Total liabilities	62,037	52,511
Net position held in trust	170,645,755	161,070,056

Source: City of Decatur Financial Statement 10

As of December 31, 2016, the net position in the pension trust funds increased $9,575,699 or 6% versus the level of net position as of December 31, 2015.

The Pension Trust fund asset increase is attributed to investment gains 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, 2016 is reported as follows:

$ (whole)	**Original Budget 12 months Ending Dec 31, 2016**	**Final Budget 12 months Ending Dec 31, 2016**	**Actual Budgetary Basis 12 months Ending Dec 31, 2016**	**Variance Favorable (Unfavorable)**
Revenue	65,961,953	65,961,953	64,226,863	(1,735,090)
Expenditures	65,483,972	65,450,000	62,805,386	2,644,614
Other financing net	772,019	738,047	431,368	(306,679)
Surplus (deficit)	1,250,000	1,250,000	1,852,845	602,845

Source: City of Decatur cash basis (non-GAAP) accounting information for the General Fund financial statement schedule RSI-6

The 2016 budget for the 12-month fiscal year was presented to the Decatur City Council in December, 2015. 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, 2016) annual appropriation ordinance to the Decatur City Council in March, 2016, in accordance with State of Illinois statutes.

The City General Fund revenue was originally approved at $65,961,953 for the 12-month fiscal period with Council adoption of the 2016 fiscal period annual appropriation in March, 2016.

General Fund expenditures were originally appropriated at $65,483,972 for the 12-month fiscal period with Council adoption of the 2016 fiscal period annual appropriation in March, 2016. A revision was made to the fiscal period General Fund budget, decreasing expenditures to $65,450,000.

The General Fund budget approved included other financing in the amount of $738,047, including payment in lieu of taxes and transfers net from other funds.

Fiscal period General Fund revenues achieved of $64,226,863 was below the approved budget by $1,735,090, primarily due to lower tax revenues received in the period.

Fiscal period General Fund expenses of $62,805,386 were below the appropriated budget by $2,644,614, primarily the result of controlled spending throughout the organization in response to achieved revenue shortfalls, managed without disruption of service to stakeholders.

Other financing net achieved of $431,368, under-performed the approved budget by $306,679.

The General Fund ended the fiscal year with a surplus position of $1,852,845 versus the approved final budget surplus of $1,250,000.

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, 2016**	**Dec 31, 2015**	**Dec 31, 2016**	**Dec 31, 2015**	**Dec 31, 2016**	**Dec 31, 2015**
Assets not depreciated						
Land	8,424,239	8,424,239	4,450,066	4,450,066	12,874,305	12,874,305
Construction in progress	1,928,775	1,845,935	17,951,700	8,207,377	19,880,475	10,053,312
Total	10,353,014	10,270,174	22,401,766	12,657,443	32,754,780	22,927,617
Assets depreciated						
Infrastructure	123,278,139	120,078,657	39,319,964	39,317,749	162,598,103	159,396,406
Building & improvement	45,688,426	45,681,339	134,968,693	125,172,101	180,657,119	170,853,440
Vehicles	14,468,765	15,119,344	8,245,214	7,985,289	22,713,979	23,104,633
Office equipment	4,643,500	4,176,107	104,848	104,848	4,748,348	4,280,955
Other equipment	10,434,450	11,774,027	18,175,834	17,979,474	28,610,284	29,753,501
Total Cost	198,513,280	196,829,474	200,814,553	190,559,461	399,327,833	387,388,935
Accumulated depreciation						
Infrastructure	66,667,255	63,111,542	16,943,018	15,968,291	83,610,273	79,079,833
Building & improvement	24,911,189	23,624,800	73,132,950	70,903,438	98,044,139	94,528,238
Vehicles	11,503,358	11,951,435	6,662,358	6,414,434	18,165,716	18,365,869
Office equipment	2,782,641	2,647,075	101,466	88,710	2,884,107	2,735,785
Other equipment	8,448,105	9,482,238	2,635,350	1,575,988	11,083,455	11,058,226
Total Depreciation	114,312,548	110,817,090	99,475,142	94,950,861	213,787,690	205,767,951
Net Depreciated Assets	84,200,732	86,012,384	101,339,411	95,608,600	185,540,143	181,620,984
Capital Assets, net	94,553,746	96,282,558	123,741,177	108,266,043	218,294,923	204,548,601

Source: City of Decatur Notes to the Financial Statements, Note 6 Capital Assets

City investment in capital assets for governmental and business type activities is $218,294,923, net of depreciation, as of December 31, 2016, and represents an increase in net capital assets of $13,746,322.

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, 2016

Primary Government		**$**	
	Brush College Subway	1,472,186	Continued project
	Decatur Corridor	108,429	Continued project
	NE Drainage Ditch	55,266	Continued project
	Midwest Inland Port	6,293	Continued project
	Fire facility rehabilitation	113,190	Continued project
	CIS billing system	24,762	New project
	Parking Garage B & C improvements	19,663	New project
	Police digi-ticket system	8,280	New project
	Library automated material handling	120,707	New project
	Rounding	(1)	
Total		1,928,775	
Business Activities			
	Lake Decatur Dredging Basins 1-4	15,981,725	Continued project
	Star Crest Pump Station	66,181	Continued project
	7th Ward sewer	335,190	Continued project
	Drainage improvement	19,800	New project
	Baltimore Road reconstruction	62,622	New project
	Nelson Park sewer	143,545	New project
	Meadowlark drainage improvement	71,181	New project
	32nd/Fulton drainage improvement	23,125	New project
	Shore Oak & Green Oak sewer	34,005	New project
	Clarifier conversion	457,420	New project
	Water main replacements	756,907	New project
	Rounding	(1)	
Total		17,951,700	

Source: City of Decatur capital asset records

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2016 of $218,294,923 increased by $13,746,322 or 7% when compared to the level as of December 31, 2015.

Construction in progress capital assets and land increased $9,827,163, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, increased by $3,919,159 when compared to December 31, 2015.

The cost of capital assets not being depreciated increased from $22,927,617 at December 31, 2015 to $32,754,780 at December 31, 2016, an increase of $9,827,163, due to the increase in construction in progress, $82,840 governmental activities and $9,744,323 business activities.

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 $13,076,599.

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, 2016 is $177,064,526, an increase of $16,815,661 or 10% as compared to the outstanding debt issue as of December 31, 2015. 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, 2015	Debt Additions	Debt Retirements	Debt as of Dec 31, 2016	Due within One Year
GO bonds	115,493,107	24,347,098	6,362,617	133,477,588	6,934,721
Notes & loans	38,507,087	1,312,890	2,628,913	37,191,064	3,888,539
Total interest bearing debt	154,000,194	25,659,988	8,991,530	170,668,652	10,823,260
Capital leases	886,988	414,420	382,030	919,378	368,376
Compensated absences	5,361,683	2,837,248	2,722,435	5,476,496	2,600,839
Total Debt	160,248,865	28,911,656	12,095,995	177,064,526	13,792,475

Source: City of Decatur 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 2016 – The City issued $22,205,000 Series 2016 General Obligation Bonds dated November 9, 2016 due March 1, 2036. The bond proceeds will be used to finance phase 3 and 4 of the five year $90 million project to dredge Lake Decatur basins 1-4. The bonds have an interest rate of 3.00% 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.

Busey Bank Fire Facility Rehabilitation Loan 2016 – The City authorized the issuance of a loan for a maximum of $2,200,000 dated August 18, 2016 to finance the costs related to rehabilitation of certain fire station facilities within the City footprint. The term of the loan is 7 years at a fixed interest rate of 2.85% with semi-annual principal and interest payments due February 15 and August 15 in the amount of $157,143, with principal and interest determination dependent upon loan draw down amounts. The City has drawn down $160,481 as of December 31, 2016.

Busey Bank Local Road & Street Resurfacing Loan 2016 – The City authorized the issuance of a loan for a maximum of $7,500,000 dated August 18, 2016 to finance the costs related to resurfacing of local roads and streets within the City footprint. The term of the loan is 7 years at a fixed interest rate of 2.85% with semi-annual principal and interest payments due February 15 and August 15 in the amount of $535,714, with principal and interest determination dependent upon loan draw down amounts. The City has drawn down $1,093,140 as of December 31, 2016.

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 $5,476,496, as of December 31, 2016.

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, 2016, the net pension obligation of the City to the three pension plans is $130,380,176.

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, 2016, the net OPEB obligation of the City to the Retiree Healthcare program is $1,238,787.

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 October 12, 2016, and A, upper medium quality rating, as rated by Standard & Poor's (rating date February 27, 2014), for all general obligation debt currently outstanding.

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, 2016 is $919,378, an increase of $32,390 or 4% as compared to the outstanding lease debt as of December 31, 2015.

$ (whole)	**Debt as of Dec 31, 2015**	**Debt Additions**	**Debt Retirements**	**Debt as of Dec 31, 2016**	**Due within One Year**
Capital lease debt					
Primary Government	672,085	414,420	305,474	781,031	308,107
Business Activities	214,903	-	76,556	138,347	60,269
Total Lease Debt	886,988	414,420	382,030	919,378	368,376

Source: Notes to Financial Statements, Note 17 Capital Leases

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, state income tax, personal property replacement tax, local utility tax, local motor fuel tax, local food & beverage tax, local hotel use 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, state income tax, local food & beverage tax, local hotel use tax, local utility tax, local motor fuel 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 use tax, utility tax, local motor fuel tax and other minor taxes.

Financial stability in the City of Decatur is also dependent upon the ability of the State of Illinois to affect timely tax distributions for sales & use tax, income tax, and other tax distributions 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 strengthen, albeit, at a deliberate 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 is committed to creating a budget for future fiscal periods that will remain fiscally responsible to the effective delivery of required services to citizens and stakeholders within the revenue constraints available.

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, 2016 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:

Gregg D. Zientara
City Treasurer & Director of Finance
City of Decatur

Mailing address and Contact Information:

City of Decatur
One Gary Anderson Plaza
Office of the City Treasurer
Decatur, Illinois 62523-1196
Telephone: 217 424 2702
Facsimile: 217 424 2717
Email gzientara@decaturil.gov

City of Decatur, Illinois
June 21, 2017

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 18,192,705	$ 29,308,585	$ 47,501,290	$ 546,584
Investments	-	18,517,084	18,517,084	-
Receivables:				
Property taxes, net	15,846,657	-	15,846,657	-
Illinois municipal sales tax	6,216,281	-	6,216,281	-
Other taxes	3,453,495	-	3,453,495	-
Due from other governments	577,395	-	577,395	-
Accounts receivable	235,657	4,874,213	5,109,870	63,698
Notes receivable	534,825	-	534,825	-
Interest receivable	3,904	-	3,904	-
Other	1,124	41,242	42,366	-
Internal balances	450,427	(450,427)	-	-
Prepaid items	312,283	-	312,283	-
Inventories	288,545	617,821	906,366	7,178
Capital assets not being depreciated	10,353,014	22,401,768	32,754,782	3,130,762
Capital assets being depreciated, net	84,200,732	101,339,410	185,540,142	2,039,631
TOTAL ASSETS	140,667,044	176,649,696	317,316,740	5,787,853
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount related to pension liability	10,873,313	971,229	11,844,542	-
LIABILITIES				
Accounts payable	2,732,201	1,663,286	4,395,487	29,135
Contracts payable	71,411	4,604,470	4,675,881	-
Interest payable	162,353	1,204,501	1,366,854	-
Claims payable	2,729,222	-	2,729,222	-
Other accrued liabilities	1,188,880	140,382	1,329,262	19,267
Due to other funds	-	-	-	-
Unearned revenue	662,576	515,366	1,177,942	531,900
Long-term obligations, due within one year:				
Bonds payable	2,100,718	4,834,003	6,934,721	-
Capital leases	308,107	78,078	386,185	-
Notes payable	2,034,198	1,854,350	3,888,548	-
Compensated absences	2,354,516	246,323	2,600,839	16,608
Long-term obligations, due in more than one year:				
Bonds payable	25,707,123	100,835,744	126,542,867	-
Capital leases	472,924	60,269	533,193	-
Notes payable	3,233,876	30,068,640	33,302,516	-
Net pension liability	128,187,417	2,192,759	130,380,176	-
Other post-employment benefits	997,465	241,322	1,238,787	-
Compensated absences	2,603,405	272,252	2,875,657	-
Total liabilities	175,546,392	148,811,745	324,358,137	596,910
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	15,846,657	-	15,846,657	-
Deferred amount related to pension liability	2,345,175	233,602	2,578,777	-
Deferred operating contribution receipts	-	-	-	38,000
Total deferred inflows of resources	18,191,832	233,602	18,425,434	38,000
NET POSITION				
Net investment in capital assets	60,818,124	9,023,087	69,841,211	5,170,393
Restricted for capital projects	275,117	-	275,117	-
Restricted for economic development	31,783	-	31,783	-
Restricted for transportation and highway	3,137,392	-	3,137,392	-
Restricted for education	1,414,316	-	1,414,316	-
Restricted for culture	27,837	-	27,837	-
Restricted for public safety	460,506	-	460,506	-
Restricted for debt service	655,302	-	655,302	-
Unrestricted net position	(109,018,244)	19,552,491	(89,465,753)	(17,450)
TOTAL NET POSITION	$ (42,197,867)	$ 28,575,578	$ (13,622,289)	$ 5,152,943

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

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Fees, Fines & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General government	$ 12,675,556	$ 9,518,090	$ 2,357,173	$ -	$ (800,293)	$ -	$ (800,293)	$ -
Economic development	2,950,916	-	-	-	(2,950,916)	-	(2,950,916)	-
Public safety	47,104,920	594,272	155,360	-	(46,355,288)	-	(46,355,288)	-
Public works	14,180,746	100,421	2,175,749	673,194	(11,231,382)	-	(11,231,382)	-
Culture	551,580	-	67,141	-	(484,439)	-	(484,439)	-
Education	4,281,706	51,437	-	-	(4,230,269)	-	(4,230,269)	-
Interest and other charges	1,474,346	-	-	-	(1,474,346)	-	(1,474,346)	-
Total governmental activities	83,219,770	10,264,220	4,755,423	673,194	(67,526,933)	-	(67,526,933)	-
Business-type activities:								
Water	22,732,240	29,830,034	-	-	-	7,097,794	7,097,794	-
Mass transit	7,181,756	678,441	5,892,767	-	-	(610,548)	(610,548)	-
Waste removal	642,358	690,218	-	-	-	47,860	47,860	-
Storm water	960,507	1,618,052	-	-	-	657,545	657,545	-
Sewer	3,326,538	4,630,531	-	-	-	1,303,993	1,303,993	-
Total business-type activities	34,843,399	37,447,276	5,892,767	-	-	8,496,644	8,496,644	-
Total primary government	$ 118,063,169	$ 47,711,496	$ 10,648,190	$ 673,194	(67,526,933)	8,496,644	(59,030,289)	-
Component unit								
Civic Center Authority	$ 1,583,820	$ 875,096	$ 79,568	$ 406,414				(222,742)
General revenues:								
Taxes:								
Property taxes					15,546,929	-	15,546,929	-
Utility taxes					7,489,097	-	7,489,097	-
Food and beverage taxes					3,195,648	-	3,195,648	-
Hotel and motel taxes					697,601	-	697,601	-
Local sales tax					10,032,205	-	10,032,205	-
Local use tax					1,816,616	-	1,816,616	-
Motor fuel tax					1,399,777	-	1,399,777	-
Other taxes					2,545,850	-	2,545,850	-
Intergovernmental (state sales and income tax)					17,630,799	-	17,630,799	-
Investment earnings					35,720	407,738	443,458	-
Gain on sale of capital assets					35,254	-	35,254	-
Other general revenues					2,139,318	-	2,139,318	-
Transfers					(2,044,301)	2,044,301	-	-
Total general revenues and transfers					60,520,513	2,452,039	62,972,552	-
Change in net position					(7,006,420)	10,948,683	3,942,263	(222,742)
NET POSITION, December 31, 2015, AS RESTATED					(35,191,447)	17,626,895	(17,564,552)	5,375,685
NET POSITION, DECEMBER 31, 2016					$ (42,197,867)	$ 28,575,578	$ (13,622,289)	$ 5,152,943

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

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2016

	Major Governmental Funds							
	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Local Streets & Roads Fund	Nonmajor Governmental Funds	Total
ASSETS								
Cash and investments	$ 4,163,362	$ 1,399,222	$ 1,067,540	$ 1,423,319	$ 814,306	1,250,322	$ 3,054,018	$ 13,172,089
Receivables:								
Property taxes, net	9,384,309	2,842,000	1,877,273	-	1,679,375	-	63,700	15,846,657
Illinois municipal sales tax	6,216,281	-	-	-	-	-	-	6,216,281
Other taxes	3,148,431	48,979	105,342	-	-	150,743	-	3,453,495
Due from other governments	59,270	-	-	379,682	-	-	138,443	577,395
Due from other funds	199	-	-	-	-	-	-	199
Accounts receivable	228,038	-	-	-	-	-	6,963	235,001
Notes receivable	-	-	-	-	-	-	534,825	534,825
Interest receivable	3,904	-	-	-	-	-	-	3,904
Other	-	-	-	-	434	-	-	434
Prepaid items	127,283	-	-	-	-	-	-	127,283
Inventories	19,849	-	-	-	-	-	-	19,849
TOTAL ASSETS	$ 23,350,926	$ 4,290,201	$ 3,050,155	$ 1,803,001	$ 2,494,115	$ 1,401,065	$ 3,797,949	$ 40,187,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 1,028,141	$ 216,626	$ 1,221,993	$ 75,345	$ -	$ -	$ 154,689	$ 2,696,794
Contracts payable	375	-	-	13,034	-	58,002	-	71,411
Other accrued liabilities	731,083	42,444	-	-	-	-	390,219	1,163,746
Due to other funds	4,057	-	-	-	-	-	-	4,057
Unearned revenue	626,990	-	34,930	-	-	-	-	661,920
Total liabilities	2,390,646	259,070	1,256,923	88,379	-	58,002	544,908	4,597,928
Deferred Inflows of Resources:								
Subsequent year's property taxes	9,384,309	2,842,000	1,877,273	-	1,679,375	-	63,700	15,846,657
Unavailable taxes and grants	3,185,959	-	-	-	-	-	111,490	3,297,449
Total deferred inflows of resources	12,570,268	2,842,000	1,877,273	-	1,679,375	-	175,190	19,144,106
Fund Balances:								
Nonspendable:								
Prepaid items	127,283	-	-	-	-	-	-	127,283
Inventories	19,849	-	-	-	-	-	-	19,849
Restricted:								
Transportation and highway	-	-	-	1,714,622	-	1,343,063	-	3,057,685
General government	-	-	-	-	-	-	-	-
Culture	-	-	-	-	-	-	27,837	27,837
Economic development	-	-	-	-	-	-	813,584	813,584
Public safety	-	-	-	-	-	-	460,506	460,506
Education	-	1,189,131	-	-	-	-	225,185	1,414,316
Capital projects	-	-	-	-	-	-	396,441	396,441
Debt service	-	-	-	-	814,740	-	-	814,740
Committed:								
Economic development	-	-	-	-	-	-	336,783	336,783
Public safety	-	-	-	-	-	-	840,695	840,695
Unassigned	8,242,880	-	(84,041)	-	-	-	(23,180)	8,135,659
Total fund balances	8,390,012	1,189,131	(84,041)	1,714,622	814,740	1,343,063	3,077,851	16,445,378
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 23,350,926	$ 4,290,201	$ 3,050,155	$ 1,803,001	$ 2,494,115	$ 1,401,065	$ 3,797,949	$ 40,187,412

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, 2016

Total fund balances - governmental funds		$ 16,445,378
Amounts reported for governmental activities in the statement of net position are difference because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets	$ 208,866,294	
Accumulated depreciation	(114,312,548)	
Net capital assets		94,553,746
Deferred inflows of resources related to taxes and grants receivable are not available until future periods; therefore, they are not reported in the funds.		3,297,449
Net deferred inflows and outflows of resources related to pensions are applicable to future periods; therefore, they are not reported in the funds.		8,528,138
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 (capital asset are included above and long term liabilities below).		3,136,609
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(159,438)
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:		
Compensated absences payable	(4,957,921)	
Net pension obligation	(128,187,417)	
Post-employment benefits	(997,465)	
Capital leases	(781,031)	
Bonds payable	(27,807,841)	
Notes payable	(5,268,074)	
Total long-term liabilities		(167,999,749)
Net position of governmental activities		$ (42,197,867)

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, 2016

	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Local Streets & Roads Fund	Nonmajor Governmental Funds	Total
REVENUES								
Taxes	$ 30,839,683	$ 2,817,010	$ 2,045,809	$ -	$ 2,209,174	$ 1,399,777	$ 206,810	$ 39,518,263
Charges for service	7,168,858	-	-	-	-	-	350,000	7,518,858
Investment income and net increase in fair value of investments	8,963	2,307	2,329	4,192	2,490	1,382	4,225	25,888
Intergovernmental	22,082,724	369,117	189,074	2,144,491	-	-	1,778,236	26,563,642
Licenses and permits	1,002,264	-	-	-	-	-	-	1,002,264
Fines and fees	1,352,555	51,437	-	-	-	-	339,105	1,743,097
Other revenue	1,133,921	25,129	-	31,160	162,327	-	761,871	2,114,408
Total revenues	63,588,968	3,265,000	2,237,212	2,179,843	2,373,991	1,401,159	3,440,247	78,486,420
EXPENDITURES								
Current:								
General government	10,764,852	-	-	-	-	-	-	10,764,852
Economic development	-	-	1,135,469	-	-	-	1,815,447	2,950,916
Public safety	43,061,297	-	-	-	-	-	824,049	43,885,346
Culture	-	-	-	-	-	-	556,674	556,674
Public works	9,010,296	-	-	2,226,564	-	1,151,236	256,102	12,644,198
Education	-	3,627,811	-	-	-	-	11,782	3,639,593
Debt service:								
Principal retirement	422,240	-	568,400	-	1,414,480	-	679,759	3,084,879
Interest and other charges	45,315	-	304,296	-	1,080,157	-	25,951	1,455,719
Total expenditures	63,304,000	3,627,811	2,008,165	2,226,564	2,494,637	1,151,236	4,169,764	78,982,177
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	284,968	(362,811)	229,047	(46,721)	(120,646)	249,923	(729,517)	(495,757)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	7,781	-	-	-	-	-	77,630	85,411
Issuance of debt	381,765	-	-	-	-	1,093,140	228,569	1,703,474
Transfers in	784,882	284,651	18,000	-	216,258	-	731,243	2,035,034
Transfers out	(743,087)	-	(84,698)	-	(3,251,550)	-	-	(4,079,335)
Total other financing sources (uses)	431,341	284,651	(66,698)	-	(3,035,292)	1,093,140	1,037,442	(255,416)
Net change in fund balances	716,309	(78,160)	162,349	(46,721)	(3,155,938)	1,343,063	307,925	(751,173)
FUND BALANCES (DEFICIT)								
Beginning of Year, as previously stated	7,673,703	1,267,291	(142,439)	1,761,343	3,970,678	-	2,769,926	17,300,502
Prior Period Adjustment	-	-	(103,951)	-	-	-	-	(103,951)
BEGINNING OF PERIOD, as restated	7,673,703	1,267,291	(246,390)	1,761,343	3,970,678	-	2,769,926	17,196,551
FUND BALANCES (DEFICIT), END OF YEAR	$ 8,390,012	$ 1,189,131	$ (84,041)	$ 1,714,622	$ 814,740	$ 1,343,063	$ 3,077,851	$ 16,445,378

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, 2016

Net change in total fund balance		$ (751,173)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds.		
Taxes and grants received		(971,960)
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.		
Increase in long-term compensated absences	$ (54,433)	
Decrease in accrued interest on debt	5,151	
		(49,282)
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital expenditures	4,312,470	
Depreciation	(6,321,690)	
		(2,009,220)
The effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) which do not affect change in fund balance.		
Capital contribution	673,194	
Proceeds from sale of capital assets	(85,411)	
Gain on disposal of capital assets	35,254	
		623,037
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.		306,388
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.		
Capital lease obligation	305,474	
Note and Bond obligations	2,778,351	
		3,083,825

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 (CONTINUED)
December 31, 2016

Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statements of Activities.		$ 46,120
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.		
Capital lease obligation	$ (414,420)	
Note and bond obligations	(1,264,144)	
		(1,678,564)
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.		(5,650,299)
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		44,708
Change in net position of governmental activities		$ (7,006,420)

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

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2016

	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	$ 21,314,480	$ 6,378,241	$ 35,091	$ 1,580,773	$ 29,308,585	$ 5,020,616
Investments	18,517,084	-	-	-	18,517,084	-
Receivables:						
Accounts receivable	3,039,338	268,408	1,309,708	256,759	4,874,213	656
Interest receivable	41,242	-	-	-	41,242	-
Other receivable	-	-	-	-	-	690
Due from other funds	419,642	-	-	-	419,642	-
Inventories	424,285	-	193,536	-	617,821	268,696
Prepaid expenses	-	-	-	-	-	185,000
Total current assets	43,756,071	6,646,649	1,538,335	1,837,532	53,778,587	5,475,658
Capital assets:						
Land	3,550,667	-	899,399	-	4,450,066	-
Construction in progress	17,196,053	435,376	-	320,273	17,951,702	-
Buildings	46,769,407	-	4,215,413	45,250	51,030,070	-
Improvements other than buildings	101,471,649	22,242,856	216,076	-	123,930,581	-
Machinery and equipment	18,395,587	72,281	7,386,033	-	25,853,901	9,016,232
	187,383,363	22,750,513	12,716,921	365,523	223,216,320	9,016,232
Less accumulated depreciation	81,070,483	8,426,701	9,975,318	2,640	99,475,142	7,069,766
Total capital assets	106,312,880	14,323,812	2,741,603	362,883	123,741,178	1,946,466
Total noncurrent assets	106,312,880	14,323,812	2,741,603	362,883	123,741,178	1,946,466
TOTAL ASSETS	150,068,951	20,970,461	4,279,938	2,200,415	177,519,765	7,422,124
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount related to pension	971,229	-	-	-	971,229	151,080
LIABILITIES						
Current liabilities:						
Accounts payable	988,637	314,437	94,311	265,901	1,663,286	35,407
Contracts payable	4,568,643	31,448	-	4,379	4,604,470	-
Claims payable	-	-	-	-	-	2,729,222
Interest payable	1,111,133	87,946	5,422	-	1,204,501	2,915
Other accrued liabilities	70,741	-	69,641	-	140,382	25,134
Compensated absences	95,076	-	151,247	-	246,323	-
Unearned revenue	-	-	185,366	330,000	515,366	656
Capital lease payable	12,099	65,979	-	-	78,078	-
Notes payable	1,402,779	418,357	33,214	-	1,854,350	28,237
Bonds payable	4,834,003	-	-	-	4,834,003	-
Due to other funds	-	-	402,822	-	402,822	12,962
Total current liabilities	13,083,111	918,167	942,023	600,280	15,543,581	2,834,533
Noncurrent liabilities:						
Compensated absences	105,084	-	167,168	-	272,252	-
Net pension liability	2,192,759	-	-	-	2,192,759	341,096
Other post-employment benefits	241,322	-	-	-	241,322	37,539
Capital lease payable	10,058	50,211	-	-	60,269	-
Notes payable	21,158,134	8,633,749	276,757	-	30,068,640	643,837
Bonds payable	100,835,744	-	-	-	100,835,744	-
Total noncurrent liabilities	124,543,101	8,683,960	443,925	-	133,670,986	1,022,472
Total liabilities	137,626,212	9,602,127	1,385,948	600,280	149,214,567	3,857,005
DEFERRED INFLOWS OF RESOURCES						
Deferred amount related to pension	233,602	-	-	-	233,602	36,338
NET POSITION						
Net investment in capital assets	1,073,056	5,155,516	2,431,632	362,883	9,023,087	1,274,392
Unrestricted	12,107,310	6,212,818	462,358	1,237,252	20,019,738	2,405,469
Total net position	$ 13,180,366	$ 11,368,334	$ 2,893,990	$ 1,600,135	29,042,825	$ 3,679,861

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	(467,247)
NET POSITION OF BUSINESS-TYPE ACTIVITIES	$ 28,575,578

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

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2016

	Business-type Activities					
	Major Enterprise Funds					Governmental Activities-
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 29,467,637	$ 4,614,611	$ 647,223	$ 2,308,270	$ 37,037,741	$ 12,806,040
Payroll deductions/retiree contributions	-	-	-	-	-	2,373,862
Other revenue	362,397	15,920	31,218	-	409,535	144,536
Total operating revenues	29,830,034	4,630,531	678,441	2,308,270	37,447,276	15,324,438
OPERATING EXPENSES						
Personnel services	4,375,032	-	5,067,964	-	9,442,996	806,860
Contractual services	5,948,790	2,550,324	811,302	1,573,227	10,883,643	1,153,696
Supplies	2,146,295	-	787,491	27,375	2,961,161	831,427
Other charges	384,607	12,113	174,619	-	571,339	11,694,157
Depreciation and amortization	5,378,232	542,426	446,243	2,263	6,369,164	385,746
Total operating expenses	18,232,956	3,104,863	7,287,619	1,602,865	30,228,303	14,871,886
Operating income (loss)	11,597,078	1,525,668	(6,609,178)	705,405	7,218,973	452,552
NONOPERATING REVENUES (EXPENSES)						
Investment income and net increase in fair value of investments	390,961	13,839	465	2,473	407,738	9,832
Intergovernmental revenue	-	-	5,892,767	-	5,892,767	-
Interest and other charges	(4,355,802)	(221,675)	(9,695)	-	(4,587,172)	(23,778)
Loss on disposal of assets	(160,142)	-	-	-	(160,142)	-
Total nonoperating revenues (expenses)	(4,124,983)	(207,836)	5,883,537	2,473	1,553,191	(13,946)
Income (loss) before transfers	7,472,095	1,317,832	(725,641)	707,878	8,772,164	438,606
TRANSFERS						
Transfers in	3,251,550	-	3,165	-	3,254,715	-
Transfers out	(1,031,420)	(178,994)	-	-	(1,210,414)	-
Net transfers	2,220,130	(178,994)	3,165	-	2,044,301	-
Change in net position	9,692,225	1,138,838	(722,476)	707,878	10,816,465	438,606
NET POSITION, BEGINNING OF YEAR	3,488,141	10,229,496	3,616,466	892,257		3,241,255
NET POSITION, END OF YEAR	$ 13,180,366	$ 11,368,334	$ 2,893,990	$ 1,600,135		$ 3,679,861

Reconciliation to Statement of Activities:	
Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities	132,218
NET BUSINESS-TYPE ACTIVITIES	$ 10,948,683

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, 2016

	Business-type Activities					Governmental Activities-
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from charges for services	$ 29,584,343	$ 4,623,503	$ 720,358	$ 2,618,563	$ 37,546,767	$ 15,324,438
Cash paid to suppliers for goods and services	(10,580,215)	(2,548,738)	(1,531,942)	(1,569,221)	(16,230,116)	(13,788,075)
Cash paid to employees/contract employees	(3,738,997)	-	(5,010,599)	-	(8,749,596)	(536,056)
Net cash provided by (used in) operating activities	15,265,131	2,074,765	(5,822,183)	1,049,342	12,567,055	1,000,307
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental revenue	-	-	5,892,767	-	5,892,767	-
Cash transfers from other funds	3,251,550	-	3,165	-	3,254,715	-
Cash transfers to other funds	(1,031,420)	(178,994)	-	-	(1,210,414)	-
Net cash provided by (used in) noncapital financing activities	2,220,130	(178,994)	5,895,932	-	7,937,068	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(19,645,195)	(525,398)	(2,907)	(257,276)	(20,430,776)	(66,964)
Proceeds from the acquisition of debt	24,347,097	65,680	5,816	-	24,418,593	-
Proceeds from the sale of capital assets	-	-	-	-	-	23,802
Principal payment on debt	(5,717,297)	(467,053)	(33,254)	-	(6,217,604)	(27,316)
Interest payments and other charges	(4,393,799)	(179,002)	(9,508)	-	(4,582,309)	(23,896)
Net cash used in capital and related financing activities	(5,409,194)	(1,105,773)	(39,853)	(257,276)	(6,812,096)	(94,374)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(19,594,011)	-	-	-	(19,594,011)	-
Proceeds from sale of investments	17,037,058	-	(3,165)	-	17,033,893	-
Investment income	324,827	13,839	465	2,473	341,604	9,832
Net cash provided by (used in) investing activities	(2,232,126)	13,839	(2,700)	2,473	(2,218,514)	9,832
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,843,941	803,837	31,196	794,539	11,473,513	915,765
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,470,539	5,574,404	3,895	786,234	17,835,072	4,104,851
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 21,314,480	$ 6,378,241	$ 35,091	$ 1,580,773	$ 29,308,585	$ 5,020,616
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 11,597,078	$ 1,525,668	$ (6,609,178)	$ 705,405	$ 7,218,973	$ 452,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	5,378,232	542,426	446,243	2,263	6,369,164	385,746
Effects of changes in operating assets and liabilities:						
Receivables	(69,099)	(7,028)	(143,449)	(19,707)	(239,283)	(161)
Other receivable	(11,950)	-	-	-	(11,950)	-
Inventories	(97,692)	-	(15,454)	-	(113,146)	(765)
Prepaid items	100,000	-	-	-	100,000	-
Due from other funds	(164,642)	-	-	-	(164,642)	-
Accounts payable	(2,052,452)	(4,207)	9,102	134,230	(1,913,327)	21,543
Contracts payable	(50,379)	17,906	-	(2,849)	(35,322)	-
Other liabilities	284,746	-	57,365	-	342,111	(98,085)
Net pension liability, deferred inflows and outflows	351,289	-	-	-	351,289	226,354
Due to other funds	-	-	247,822	(100,000)	147,822	12,962
Unearned revenue	-	-	185,366	330,000	515,366	161
Net Cash Provided by (Used in) Operating Activities	$ 15,265,131	$ 2,074,765	$ (5,822,183)	$ 1,049,342	$ 12,567,055	$ 1,000,307

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 $14,193.

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 $32,803, which was reversed out in the current year.

Property and equipment purchases in Water Fund for prior year which the cash had not been disbursed but rather was in accounts payable or contracts payable amounted to $9,922,522 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 or contracts payable amounted to $8,490,390

Loan payable listed as a receivable in the sewer fund in the prior year for $19,686 was reversed out in the current year.

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, 2016

	Pension Trust Funds
ASSETS	
Cash and short-term investments	$ 6,518,414
Accrued interest	391,921
Investments, at fair value:	
U.S. Government obligations	30,569,283
Mutual funds	51,814,565
Common stock	54,753,932
Annuities	136,966
International stock	2,077,919
Municipal bonds	2,618,916
Corporate bonds	21,825,876
Total investments	163,797,457
TOTAL ASSETS	$ 170,707,792
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	$ 62,037
Net Position	
Net position restricted for pensions	170,645,755
TOTAL LIABILITIES AND NET POSITION	$ 170,707,792

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, 2016

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 9,236,906
Plan member	2,085,301
Miscellaneous revenue	3,953
Total contributions	11,326,160
Investment earnings:	
Interest and dividends	1,699,625
Net increase in the fair value of investments	11,533,822
Total investment income	13,233,447
Less investment expense	396,409
Net investment income	12,837,038
Total additions	24,163,198
DEDUCTIONS	
Benefits and refunds	14,400,537
Administrative expense	186,962
Total deductions	14,587,499
Change in net position	9,575,699
NET POSITION, BEGINNING OF YEAR	161,070,056
NET POSITION, END OF YEAR	$ 170,645,755

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, 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 nonprofit 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 nonmajor special revenue fund in the City's financial statements. Separate financial statements are not issued for this component unit.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. THE FINANCIAL REPORTING ENTITY (Continued)

Discretely Presented Component Unit:

The Decatur Metropolitan Exposition, Auditorium and Office Building Authority (Civic Center Authority) was made possible by Act 265 of the Illinois Compiled Statutes (70ILCS265/1 et seq). Its primary purpose is to provide office space and administrative services for various meeting and entertainment functions. The Mayor of the City appoints the board of directors. The Civic Center Authority imposes a financial burden upon the City due to an intergovernmental cooperation agreement in which the City agreed to pay all cash operating deficits of the Civic Center Authority. The Civic Center Authority does not have a legally adopted budget.

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 nonequity 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.

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.

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 noncurrent) 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.

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 nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Nonoperating revenues and expenses entail all other activity not included in operating revenues and expenses. Nonoperating 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.

Local Streets and Roads Fund – This special revenue fund accounts for revenues, including the City's local motor fuel tax, and expenditures from improvements and traffic light maintenance.

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.

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, and administration of the City's self insurance policies, including risk management and employee benefit insurance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. LONG-TERM DEBT

In the City-wide financial statements and in the proprietary fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts 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.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. This year interest of $370,339 was capitalized.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS (Continued)

Category of Assets	Capitalization Threshold	Estimated Useful Life
Building and other improvements	$50,000 (improvements) $100,000 (new)	10 - 50 years
Infrastructure – roads	$50,000 (improvements) $100,000 (new)	18 - 50 years
Office furniture	$5,000	5 years
Office equipment	$5,000	4 -10 years
Water treatment equipment	$5,000	15 - 20 years
Automobiles	$5,000	2 - 7 years
Trucks	$5,000	2 - 8 years
Buses	$5,000	12 years
Other vehicles	$5,000	2 - 10 years
Other machinery and equipment	$5,000	4 - 20 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.

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, 2016.

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.

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, 2016 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy.

Since the 2016 property tax levy is measurable at December 31 but not available to finance current period obligations, a receivable and deferred inflow of resources is recorded in the government-wide and fund statements.

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.

A 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 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.

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 noncurrent 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".

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 statements of net position. 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.

O. 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 meant to finance the next fiscal year. 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.

P. 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.

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.

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, stock, 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 $39,006,549 and the respective bank balances totaled $39,518,250, 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.

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.

31% 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 69%. 39% of the government's investments in municipal bonds were rated Aaa by Moody's, 37% were rated Aa1, 4% were rated Aa2, 16% were rated AA+, and 4% were not rated. 10% of the government's investments in corporate bonds were rated Aaa by Moody's, 2% were rated Aa1, 7% were rated Aa2, 5% were rated Aa3, 12% were rated A1, 18% were rated A2, 23% were rated A3, 11% were rated Baa1, 6% were rated Baa2, 4% 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, 2016, the City's bank deposits were fully collateralized.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy requires diversification of investment to avoid unreasonable risk. At December 31, 2016, the City's investments representing greater than five percent of their total fund investments was U.S. Treasury Bond ($27,902,242). At December 31, 2016, the Police Pension Funds' investments representing greater than five percent of their total fund investments was American Capital World ($19,392,224), Federal Home Loan Mortgage Corporation ($5,683,412), T. Rowe Price ($13,562,013), Texas Instruments Inc. ($9,972,478), and United States Treasury ($5,374,049). At December 31, 2016, the Firefighters' Pension Funds' investments representing greater than five percent of their total fund investments was Goldman Sachs ($5,618,568), IShares TR ($9,872,168), PIMCO ($4,082,528), T. Rowe Price $(6,583,667), and US Treasury Note ($6,258,172).

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2016, 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	$ 5,593,238	$ 5,593,238	$ -	$ -	$ -
U.S. Government Agencies	18,537,171	410,377	2,701,833	3,157,487	12,267,474
Corporate bonds	21,825,876	1,244,022	12,342,031	6,254,242	1,985,581
Municipal bonds	2,646,820	56,153	970,893	744,286	875,488
U.S. Treasury bonds	29,127,200	22,565,079	5,337,163	-	1,224,958
U.S. Treasury notes	10,322,286	1,000,005	4,281,418	4,813,368	227,495
U.S. Treasury Bills	484,869	484,869	-	-	-
Annuities	136,965	136,965	-	-	-
Mutual funds	51,814,565	51,814,565	-	-	-
Common stock	54,753,932	54,753,932	-	-	-
Foreign stock	2,077,919	2,077,919	-	-	-
Total	$ 197,320,841	$ 140,137,124	$ 25,633,338	$14,969,383	$ 16,580,996

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2016:

Level 1 Inputs of $56,831,851 – including Common and Foreign stock.

Level 2 Inputs of $134,895,753 – including U.S. Government agencies, U.S. Treasury securities, municipal bonds, corporate bonds, mutual funds, and annuities.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments in The Illinois Funds

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the Pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The City's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At December 31, 2016, the City had $60,923 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, 2016, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of $1,723, bank deposits of $580,305.

Reconciliation of this footnote to the financial statements:

	Primary Government
Carrying amount of bank deposits – per note above	$ 39,006,549
Cash on hand – per note above	6,855
Investments – per note above (including Illinois Funds)	197,320,841
Total	$ 236,334,245

	Primary Government
Statement 1	
Cash and cash equivalents	$ 47,501,290
Investments	18,517,084
Statement 10	
Cash and short-term investments	6,518,414
Long-term investments	163,797,457
Total	$ 236,334,245

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of December 31, 2016 are summarized below:

	Due from Other Funds	Due to Other Funds
General Fund	$ 199	$ 4,057
Mass Transit Fund	-	402,822
Fleet Maintenance Fund	-	12,962
Water Fund	419,642	-
Total	$ 419,841	$ 419,841

Interfund receivables and payables are primarily used to record:

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

NOTE 5 - TRANSFERS

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

	Transfers In	Transfers Out
Major Governmental Funds:		
General	$ 784,882	$ 743,087
Library	284,651	-
TIF	18,000	84,698
Debt service	216,258	3,251,550
Nonmajor Governmental Funds	731,243	-
Major Enterprise Funds:		
Water	3,251,550	1,031,420
Mass Transit	3,165	-
Sewer		178,994
Total	$ 5,289,749	$ 5,289,749

The transfers represent both routine and nonroutine 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 and (2) 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. There was a unique one-time transfer from the Debt Service Fund to the Water Fund for unrestricted monies accumulated in the Debt Service Fund to pay down debt that is now being paid from the Water Fund.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary government

	Balance December 31, 2015, As Restated	Additions	Deletions	Balance December 31, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 8,424,239	$ -	$ -	$ 8,424,239
Construction in progress	1,845,935	290,206	207,366	1,928,775
Subtotal	10,270,174	290,206	207,366	10,353,014
Capital assets being depreciated:				
Infrastructure	120,078,657	3,199,482	-	123,278,139
Buildings and improvements	45,681,339	115,400	108,313	45,688,426
Vehicles	15,119,344	678,777	1,329,356	14,468,765
Office equipment	4,176,107	503,289	35,896	4,643,500
Other equipment	11,774,027	443,692	1,783,269	10,434,450
Subtotal	196,829,474	4,940,640	3,256,834	198,513,280
Less accumulated depreciation for:				
Infrastructure	(63,111,542)	(3,555,713)	-	(66,667,255)
Buildings and improvements	(23,624,800)	(1,386,338)	(99,949)	(24,911,189)
Vehicles	(11,951,435)	(844,787)	(1,292,864)	(11,503,358)
Office equipment	(2,647,075)	(171,462)	(35,896)	(2,782,641)
Other equipment	(9,482,238)	(749,136)	(1,783,269)	(8,448,105)
Total accumulated depreciation	(110,817,090)	(6,707,436)	(3,211,978)	(114,312,548)
Total capital assets being depreciated, net	86,012,384	(1,766,796)	44,856	84,200,732
Total governmental activities capital assets, net	$ 96,282,558	$ (1,476,590)	$ 252,222	$ 94,553,746

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 4,450,066	$ -	$ -	$ 4,450,066
Construction in progress	8,207,377	10,078,684	334,361	17,951,700
Subtotal	12,657,443	10,078,684	334,361	22,401,766
Capital assets being depreciated:				
Infrastructure	39,317,749	2,215	-	39,319,964
Buildings and improvements	125,172,101	11,706,994	1,910,402	134,968,693
Vehicles	7,985,289	291,161	31,236	8,245,214
Office equipment	104,848	-	-	104,848
Other equipment	17,979,474	206,010	9,650	18,175,834
Subtotal	190,559,461	12,206,380	1,951,288	200,814,553
Less accumulated depreciation for:				
Infrastructure	(15,968,291)	(974,727)	-	(16,943,019)
Buildings and improvements	(70,903,438)	(3,975,373)	(1,745,861)	(73,132,950)
Vehicles	(6,414,434)	(337,998)	(90,074)	(6,662,358)
Office equipment	(88,710)	(12,756)	-	(101,466)
Other equipment	(1,575,988)	(1,068,309)	(8,947)	(2,635,350)
Total accumulated depreciation	(94,950,861)	(6,369,163)	(1,844,882)	(99,475,143)
Total capital assets being depreciated, net	95,608,600	5,837,217	106,406	101,339,410
Total business-type activities capital assets, net	$ 108,266,043	$ 15,861,735	$ 440,767	$ 123,741,178

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

Depreciation expense of $6,707,436 and $6,369,163 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

Governmental Activities	Depreciation	Business-Type Activities	Depreciation
General government	$ 1,889,505	Water	$ 5,378,232
Public safety	920,738	Mass Transit	446,243
Public works	526,124	Sewer	542,426
Culture and recreation	3,371,069	Storm Water	2,262
Total	$ 6,707,436	**Total**	$ 6,369,163

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended December 31, 2016 was as follows:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Capital assets not being depreciated:				
Land	$ 3,130,762	$ -	$ -	$ 3,130,762
Capital assets being depreciated:				
Buildings and equipment	13,266,154	68,646	-	13,334,800
Less accumulated depreciation for:				
Buildings and equipment	(11,014,567)	(280,602)	-	(11,295,169)
Total capital assets being depreciated, net	2,251,587	(211,956)	-	2,039,631
Civic Center capital assets, net	$ 5,382,349	$ (211,956)	$ -	$ 5,170,393

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, 2016, less the allowance for uncollectible accounts. Any other uncollectible amounts are not believed to be material.

Governmental Activities:

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Position
Other taxes:						
Hotel and motel tax	$ 34,809	$ -	$ -	$ -	$ -	$ 34,809
Food and beverage tax	269,191	522	-	-	-	269,743
Cable TV tax	263,629	-	-	-	-	263,629
Utility tax	880,117	-	-	-	-	880,117
Motor Fuel tax	-	150,743	-	-	-	150,743
State sales tax	-	47,310	-	-	-	47,310
Local sales tax	-	57,480	-	-	-	57,480
State route maintenance	28,575	-	-	-	-	28,575
State income tax	1,506,267	-	-	-	-	1,506,267
State replacement tax	165,843	48,979	-	-	-	214,822
Total other taxes	$ 3,148,431	$ 305,064	$ -	$ -	$ -	$ 3,453,495
Due from other governments:						
Grants	$ 59,270	$ 165,880	$ -	$ -	$ -	$ 225,150
Allotments	-	352,245	-	-	-	352,245
Total due from other governments	$ 59,270	$ 518,125	$ -	$ -	$ -	$ 577,395
Accounts receivable:						
General billings	$ 137,040	$ -	$ -	$ 6,963	$ 656	$ 144,659
Outstanding parking tickets	224,641	-	-	-	-	224,641
Allowance for uncollectible portion	(133,643)	-	-	-	-	(133,643)
Total accounts receivable	$ 228,038	$ -	$ -	$ 6,963	$ 656	$ 235,657

NOTE 7 - RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Position
Notes receivable:						
Installment notes	$ -	$ 264,621	$ -	$ -	$ -	$ 264,621
Home program loans	-	335,358	-	-	-	335,358
Allowance for uncollectible notes	-	(65,154)	-	-	-	(65,154)
Total notes receivable	$ -	$ 534,825	$ -	$ -	$ -	$ 534,825
Other:						
Investment income	$ 3,904	$ -	$ 434	$ -	$ -	$ 4,338
Other	-	-	-	-	690	690
Total other receivable	$ 3,904	$ -	$ 434	$ -	$ 690	$ 5,028

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.

Business-Type Activities:

	Enterprise
Accounts receivable:	
Water billings	$ 2,572,561
Watermain tapping	12,898
Sanitary District	453,879
Grants	1,309,708
Recycling fees	59,821
Sewer billings	268,408
Storm water	196,938
Interest receivable	41,242
Total accounts receivable	$ 4,915,455

NOTE 8 - LONG-TERM DEBT

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

Governmental activities	Obligations Outstanding December 31, 2015,	Debt Additions	Debt Retirement	Obligations Outstanding December 31, 2016	Due Within One Year
General obligation bonds:					
Series of 2008	$ 3,507,840	$ -	$ 356,400	$ 3,151,440	$ 371,520
Series of 2010A	8,090,000	-	180,000	7,910,000	205,000
Series of 2010B	8,566,800	-	396,480	8,170,320	419,490
Series of 2010C	2,045,000	-	200,000	1,845,000	205,000
Series of 2010D	480,000	-	245,000	235,000	235,000
Series of 2012	6,715,000	-	605,000	6,110,000	620,000
(Less) plus deferred amounts:					
For issuance premiums	430,789	-	44,708	386,081	44,708
Total general obligation bonds	29,835,429	-	2,027,588	27,807,841	2,100,718
Notes payable:					
HUD Section 108, 2002-A	1,365,000	-	180,000	1,185,000	185,000
2013 Regions Note	918,387	-	35,864	882,523	37,084
2014 Busey Bank	1,065,557	-	296,392	769,165	303,294
2014 Soy Capital Bank	788,241	10,523	110,058	688,706	109,155
2015 Busey Fire Note	439,940	-	58,644	381,296	59,992
2015 Busey Police Note	249,593	-	141,830	107,763	107,763
2016 Busey Fire Note	-	160,481	-	160,481	160,481
2016 Busey Street Note	-	1,093,140	-	1,093,140	1,071,429
Total notes payable	4,826,718	1,264,144	822,788	5,268,074	2,034,198
Compensated absences	4,903,488	2,544,105	2,489,672	4,957,921	2,354,516
Capital leases	672,085	414,420	305,474	781,031	308,107
Total governmental activities	$ 40,237,720	$ 4,222,669	$ 5,645,522	$38,814,867	$ 6,797,539

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-Type activities:	Obligations Outstanding December 31, 2015	Debt Additions	Debt Retirement	Obligations Outstanding December 31, 2016	Due Within One Year
General obligation bonds:					
Series of 2008	$ 4,612,160	$ -	$ 468,600	$ 4,143,560	$ 488,480
Series of 2010B	15,633,200	-	723,520	14,909,680	765,510
Series of 2013	14,580,000	-	1,205,000	13,375,000	1,250,000
Series of 2014	23,325,000	-	835,000	22,490,000	860,000
Series of 2015	23,305,000	-	790,000	22,515,000	815,000
Series of 2016	-	22,205,000	-	22,205,000	235,000
(Less) plus deferred amounts:					
For issuance premiums	4,202,318	2,142,098	312,909	6,031,507	420,013
Total general obligation bonds	85,657,678	24,347,098	4,335,029	105,669,747	4,834,003
Notes payable:					
2001 IEPA Loan	2,750,722	-	407,386	2,343,336	419,307
IEPA Water Loan	5,786,890	-	361,681	5,425,209	361,681
2013 IEPA Sewer Loan	7,282,355	-	320,238	6,962,117	326,886
2013 Regions Note	15,535,695	-	606,863	14,928,832	627,506
2014 IEPA Loan	2,126,122	46,095	82,230	2,089,987	91,461
2015 Soy Capital Bank	198,585	2,651	27,727	173,509	27,500
Total notes payable	33,680,369	48,746	1,806,125	31,922,990	1,854,341
Compensated absences	458,195	293,143	232,763	518,575	246,323
Capital leases	214,903	-	76,556	138,347	78,078
Total business-type activities	$ 120,011,145	$ 24,688,987	$ 6,450,473	$ 138,249,659	$ 7,012,745

The majority of compensated absences are liquidated by the General Fund.
See Note 17 for more detail of the capital lease obligations.
Net pension obligation and other post-employment benefit obligation changes are disclosed in separate footnotes.

Long-term bond and note obligations outstanding at December 31, 2016 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.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
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	1,020,000	159,319	1,179,319
2022-2024	2,610,000	200,581	2,810,581
Total	$ 7,295,000	$ 1,394,762	$ 8,689,762

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 (principal and interest to be serviced by annual tax levy) percent 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.

Fiscal Year	Principal	Interest	Total Debt Service
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	545,000	354,882	899,882
2022-2026	3,565,000	1,263,555	4,828,555
2027-2030	2,110,000	315,075	2,425,075
Total	$ 7,910,000	$ 3,573,393	$ 11,483,393

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, 2016, approximately $343,000 of the proceeds remained unexpended.

Fiscal Year	Principal	Interest	Treasury Rebate	Total Debt Service
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	1,480,000	1,082,268	(401,918)	2,160,350
2022-2026	8,565,000	4,144,650	(1,566,249)	11,143,401
2027-2030	7,870,000	1,359,693	(546,667)	8,683,026
Total	$ 23,080,000	$ 11,497,075	$ (4,325,993)	$ 30,251,082

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.

Fiscal Year	Principal	Interest	Total Debt Service
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	235,000	39,600	274,600
2022-2024	755,000	61,400	816,400
Total	$ 1,845,000	$ 344,150	$ 2,189,150

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.

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 235,000	$ 9,400	$ 244,400
Total	$ 235,000	$ 9,400	$ 244,400

General Obligation Bonds, Series 2012

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

Fiscal Year	Principal	Interest	Total Debt Service
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	670,000	76,744	746,744
2022-2025	2,890,000	144,800	3,034,800
Total	$ 6,110,000	$ 663,059	$ 6,773,059

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.

Fiscal Year	Principal	Interest	Total Debt Service
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	1,465,000	362,425	1,827,425
2022-2025	6,660,000	675,500	7,335,500
Total	$ 13,375,000	$ 3,108,775	$ 16,483,775

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 to finance phase 1 of six (6) year $90.4 project to dredge Lake Decatur basins 1-4.

Fiscal Year	Principal	Interest	Total Debt Service
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	897,337	1,852,337
2021	995,000	858,337	1,853,337
2022-2026	5,670,000	3,556,513	9,226,513
2027-2031	7,100,000	2,106,044	9,206,044
2032-2034	5,105,000	391,125	5,496,125
Total	$22,490,000	$ 10,716,669	$ 33,206,669

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 to finance water construction projects.

Fiscal Year	Principal	Interest	Total Debt Service
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	935,000	802,675	1,737,675
2022-2026	5,190,000	3,498,825	8,688,825
2027-2031	6,555,000	2,136,050	8,691,050
2032-2035	6,415,000	533,338	6,948,338
Total	$ 22,515,000	$10,497,288	$ 33,012,288

General Obligation Bonds, Series 2016

$22,205,000 Series 2016 General Obligation Bonds dated November 9, 2016 due March 1, 2036; interest of 3.00 to 5.00 percent to finance water construction projects. As of December 31, 2016, approximately $22,791,595 of the proceeds remains unexpended.

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 235,000	$ 795,222	$ 1,030,222
2018	765,000	966,231	1,731,231
2019	785,000	939,056	1,724,056
2020	815,000	907,056	1,722,056
2021	850,000	869,507	1,719,507
2022-2026	4,925,000	3,649,906	8,574,906
2027-2031	6,220,000	2,367,884	8,587,884
2032-2036	7,610,000	913,375	8,523,375
Total	$ 22,205,000	$11,408,237	$ 33,613,237

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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.

Fiscal Year	Principal	Interest	Total Debt Service
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	205,000	25,295	230,295
2022	210,000	12,852	222,852
Total	$ 1,185,000	$ 254,925	$1,439,925

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:

Fiscal Year	Principal	Interest	Total Debt Service
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	470,581	13,777	484,358
2022	120,464	1,748	122,212
Total	$ 2,343,336	$ 200,666	$ 2,544,002

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A. Notes Payable (Continued)

Illinois Environmental Protection Agency Water Loan

$9,444,709 loan with the Illinois Environmental Protection Agency (IEPA), of which $2,451,381 was 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.

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 361,681	$ -	$ 361,681
2018	361,681	-	361,681
2019	361,681	-	361,681
2020	361,681	-	361,681
2021	361,681	-	361,681
2022-2026	1,808,403	-	1,808,403
2027-2031	1,808,401	-	1,808,401
Total	$ 5,425,209	$ -	$5,425,209

Illinois Environmental Protection Agency Sewer Loan - 2013

$8,8353,821 loan with the Illinois Environmental Protection Agency (IEPA), of which $764,148 was forgivable for net debt of $7,589,673 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:

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 326,886	$ 132,809	$ 459,695
2018	333,236	126,460	459,696
2019	339,698	119,997	459,695
2020	346,286	113,410	459,696
2021	353,002	106,694	459,696
2022-2026	1,870,390	428,088	2,298,478
2027-2031	2,058,926	239,552	2,298,478
2032-2034	1,333,693	45,394	1,379,087
Total	$ 6,962,117	$ 1,312,404	$ 8,274,521

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
2017	$ 664,590	$ 540,660	$ 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	1,049,222	418,028	1,467,250
2022-2026	6,504,020	1,471,230	7,975,250
2027-2028	4,880,305	224,133	5,104,438
Total	$ 15,811,355	$4,106,833	$ 19,918,188

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
2017	$ 303,294	$ 12,945	$ 316,239
2018	309,232	7,007	316,239
2019	156,639	1,123	157,762
Total	$ 769,165	$ 21,075	$ 790,240

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan – 2014

$2,447,218 loan with the Illinois Environmental Protection Agency (IEPA), of which $275,000 was immediately forgivable to finance the costs related to the rehabilitation of certain main line sewer infrastructure. The term of the loan is 20 years for a fixed interest rate of 1.995%. The semi-annual repayment dates are January 8 and July 8.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 91,461	$ 41,241	$ 132,702
2018	93,295	39,407	132,702
2019	95,165	37,537	132,702
2020	97,073	35,629	132,702
2021	99,019	33,683	132,702
2022-2026	525,684	137,827	663,511
2027-2031	580,538	82,973	663,511
2032-2035	507,752	23,056	530,808
Total	$ 2,089,987	$ 431,353	$ 2,521,340

Soy Capital Bank & Trust – 2014

$1,000,000 loan with Soy Capital Bank & Trust dated September 30, 2014, to finance the costs related to the acquisition of public works radio communications system. The term of the loan is 7 years at a fixed interest rate of 2.8%. The annual repayment dates are January 5.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 136,655	$ 24,345	$ 161,000
2018	140,797	20,203	161,000
2019	144,399	16,601	161,000
2020	148,499	12,501	161,000
2021	152,692	8,308	161,000
2022	139,173	3,951	143,124
Total	$ 862,215	$ 85,909	$ 948,124

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

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
2017	$ 59,992	$ 8,770	$ 68,762
2018	61,372	7,390	68,762
2019	62,783	5,979	68,762
2020	64,228	4,534	68,762
2021	65,705	3,057	68,762
2022	67,216	1,546	68,762
Total	$ 381,296	$ 31,276	$ 412,572

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	Principal	Interest	Total Debt Service
2017	$ 107,763	$ 809	$ 108,572
Total	$ 107,763	$ 809	$ 108,752

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Notes Payable (Continued)

Busey Bank Fire Facility Rehabilitation - 2016

The City has authorized the issuance of a loan with Busey Bank for a maximum of $2,200,000 to finance the costs related to rehabilitation of certain fire station facilities within the City on August 18, 2016. The City has drawn down $160,481 as of December 31, 2016. The term of the loan is 7 years for a fixed interest rate of 2.85% with semi-annual principal and interest payments due February 15 and August 15 in the amount of $157,143, with principal and interest determination dependent upon loan draw down amounts.

Busey Bank Local Road & Street Resurfacing - 2016

The City has authorized the issuance of a loan with Busey Bank for a maximum of $7,500,000 to finance the costs related to resurfacing of local roads and streets within the City on August 18, 2016. The City has drawn down $1,093,140 as of December 31, 2016. The term of the loan is 7 years for a fixed interest rate of 2.85% with semi-annual principal and interest payments due February 15 and August 15 in the amount of $535,714, with principal and interest determination dependent upon loan draw down amounts.

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 $4,957,921. These costs are substantially paid through the General Fund and the Library Fund.

D. Conduit Debt

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

NOTE 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, 2016 is $7,344,000.

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.

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, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	377
Inactive Plan Members entitled to but not yet receiving benefits	118
Active Plan Members	247
Total	742

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 2016 was 12.93%. For the fiscal year ended December 31, 2016, the City contributed $1,795,318 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, 2016. 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, 2016:

- 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 7.50%.
- **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 nondisabled 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 nondisabled 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.

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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.57%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% 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).

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 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	$101,325,044	$88,338,974	$12,986,070
Changes for the year:			
Service Cost	1,558,4483	-	1,558,483
Interest on the Total Pension Liability	7,425,184	-	7,425,184
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(1,363,508)	-	(1,363,508)
Changes of Assumptions	(338,253)	-	(338,253)
Contributions - Employer	-	1,795,318	(1,795,318)
Contributions - Employees	-	656,825	(656,825)
Net Investment Income	-	6,033,824	(6,033,824)
Benefit Payments, including Refunds of Employee Contributions	(5,428,433)	(5,428,433)	-
Other	-	525,845	(525,845)
Net Changes	1,853,473	3,583,379	(1,729,906)
Balances at December 31, 2016	$103,178,517	$91,922,353	$11,256,164

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 7.50%, 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 (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 26,895,816	$11,256,164	$ 1,469,653

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, 2016, the City recognized pension expense of $3,455,298. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual	$ 322,983	$ 970,388
Changes of assumptions	268,817	228,768
Net difference between projected and actual earnings on pension plan investments	4,393,839	-
Total Deferred Amounts to be recognized in pension expense in future periods	4,985,639	1,199,156
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	$4,985,639	$1,199,156

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:

Year Ending December 31	Net Deferred Outflows of Resources
2017	$ 1,458,477
2018	1,006,065
2019	1,227,050
2020	94,891
2021	-
Thereafter	-
Total	$ 3,786,483

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.

	Pension Trust Funds		
	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 1,533,574	$ 4,984,840	$ 6,518,414
Accrued interest	222,141	169,780	391,921
Long-term investments, at fair value:			
U.S. Government obligations	19,770,045	10,799,238	30,569,283
Mutual funds	42,926,715	8,887,850	51,814,565
Common stock	18,042,444	36,711,488	54,753,932
Annuities	-	136,966	136,996
International stock	2,077,919	-	2,077,919
Municipal bonds	1,563,155	1,055,761	2,618,916
Corporate bonds	12,258,534	9,567,342	21,825,876
Total long-term investments	96,638,812	67,158,645	163,797,457
TOTAL ASSETS	$98,394,527	$72,313,265	$ 170,707,792
LIABILITIES AND NET POSITION			
Accounts payable	$ 59,077	$ 2,960	$ 62,037
NET POSITION			
Held in trust for pension benefits	98,335,450	72,310,305	170,645,755
TOTAL LIABILITIES AND NET POSITION	$ 98,394,527	$ 72,313,265	$ 170,707,792

NOTE 9 - PENSION PLANS (CONTINUED)

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

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	$ 4,213,121	$ 5,023,785	$ 9,236,906
Plan member	1,251,329	833,972	2,085,301
Miscellaneous revenue	3,953	-	3,953
Total contributions	5,468,403	5,857,757	11,326,160
Investment earnings:			
Interest and dividends	948,137	751,488	1,699,625
Net increase in the fair value of investments	7,387,666	4,146,156	11,533,822
Total investment income	8,335,803	4,897,644	13,233,447
Less investment expense	263,222	133,187	396,409
Net investment income	8,072,581	4,764,457	12,837,038
Total additions	13,540,984	10,622,214	24,163,198
DEDUCTIONS			
Benefits and refunds	7,061,048	7,339,489	14,400,537
Administrative expense	100,276	86,686	186,962
Total deductions	7,161,324	7,426,175	14,587,499
Change in net position	6,379,660	3,196,039	9,575,699
NET POSITION, BEGINNING OF YEAR	91,955,790	69,114,266	161,070,056
NET POSITION, END OF YEAR	$98,335,450	$72,310,305	$ 170,645,755

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.

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, 2016 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	173
Current employees:	
Vested and nonvested	157
Total	330

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

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

NOTE 9 - 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, 2016 is as follows:

Total Pension Liability	$ 150,548,376
Plan Fiduciary Net Position	98,218,282
Net Pension Liability	$ 52,330,094
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.24%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	1/1/2017
Measurement Date	12/31/2016
Actuarial Cost Method	Entry Age Normal
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 2017

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 geometric real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2%	.80%
Core Fixed Income	34%	2.07%
Broad US Equities	64%	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 24 years from January 1, 2017. 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.

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:

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.5%	7.5%	8.5%
Net Pension Liability	$ 73,689,983	$ 52,330,094	$ 34,913,936

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

Total Pension Liability	
Service Cost	$ 2,329,042
Interest	10,858,441
Difference in expected and actual experiences	-
Changes of assumptions/methods	-
Effect of economic/geographic gains or losses	(1,494,924)
Benefit payments	(7,061,048)
Net Change in Total Pension Liability	4,631,511
Total Pension Liability - Beginning	145,916,865
Total Pension Liability – Ending (A)	$ 150,548,376
Plan Fiduciary Net Position	
Contributions - Employer	$ 4,213,121
Contributions - Employee	1,251,329
Net investment income	8,167,736
Benefit payments	(7,061,048)
Administrative expense	(351,980)
Net Change in Plan Fiduciary Net Position	6,219,158
Plan Fiduciary Net Position - Beginning	91,999,124
Plan Fiduciary Net Position – Ending (B)	$ 98,218,282
Net Pension Liability (A) – (B)	$ 52,330,094
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.24%
Covered Employee Payroll	$ 11,996,768
Net Pension Liability as a Percentage of Covered Employee Payroll	436.20%

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, 2016 the City will recognize a pension expense of $5,968,637. On December 31, 2016 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	$ -	$ 1,379,620
Net difference between projected and actual earnings	3,089,774	-
Total Deferred Amounts Related to Pensions	$ 3,089,774	$ 1,379,620

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:

Year Ending	Net Deferred Outflows of Resources
2017	$ 508,687
2018	563,712
2019	905,668
2020	(267,913)
2021	-
Thereafter	-
Total	$ 1,710,154

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.

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.

At December 31, 2016 the Fire Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	133
Current employees:	
Vested and nonvested	109
Total	242

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.

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, 2016 is as follows:

Total Pension Liability	$ 139,104,225
Plan Fiduciary Net Position	72,310,307
Net Pension Liability	$ 66,793,918
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.98%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	1/1/2017
Measurement Date	12/31/2016
Actuarial Cost Method	Entry Age Normal
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 2017

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.

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 geometric real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	7%	.80%
Core Fixed Income	30%	2.07%
Broad US Equities	63%	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 24 years from January 1, 2017 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:

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.0%	7.0%	8.0%
Net Pension Liability	$ 84,420,755	$ 66,793,918	$ 52,198,213

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	$	2,065,510
Interest		9,334,747
Effect of plan changes		-
Effect of economic/demographic gain/loss		147,773
Benefit payments		(7,339,489)
Net Change in Total Pension Liability		4,208,541
Total Pension Liability - Beginning		134,895,684
Total Pension Liability – Ending (A)	$	139,104,225
Plan Fiduciary Net Position		
Contributions - Employer	$	5,023,785
Contributions - Employee		833,972
Net investment income		4,989,376
Benefit payments		(7,339,489)
Administrative expense		(319,375)
Net Change in Plan Fiduciary Net Position		3,188,269
Plan Fiduciary Net Position - Beginning		69,122,038
Plan Fiduciary Net Position – Ending (B)	$	72,310,307
Net Pension Liability (A) – (B)	$	66,793,918
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		51.98%
Covered Employee Payroll	$	8,907,509
Net Pension Liability as a Percentage of Covered Employee Payroll		749.86%

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

For the year ended December 31, 2016 the City will recognize a pension expense of $7,836,226. On December 31, 2016 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	$ 1,285,585	$ -
Net difference between projected and actual earnings	2,483,542	-
Total Deferred Amounts Related to Pensions	$ 3,769,127	$ -

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:

Year Ending	Net Deferred Outflows of Resources
2017	$ 1,727,136
2018	1,221,407
2019	863,146
2020	(42,562)
2021	-
Thereafter	-
Total	$ 3,769,127

NOTE 10 - CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME, and Federal Transit Administration programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for and including the year ended December 31, 2016, 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.

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 and January 30, 2017, 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 current year lease expense was $32,718. Future minimum rental payments are estimated as follows:

Year	Amount
2017	$ 33,372

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.

Year	Amount
2017	$ 505,841
2018	505,841
2019	520,595
2020	531,133
2021	531,133
2022-2026	2,724,270
2027-2031	2,860,483
2032-2034	1,415,138
Total	$ 9,594,434

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:

Year	Amount
2017	$ 38,400
2018	38,784
2019	22,848
Total	$ 100,032

E. Other Commitments:

At December 31, 2016, the City had contractual commitments of approximately $46 million for capital improvement programs.

NOTE 13 - RISK MANAGEMENT

The City is self-insured for worker's compensation, comprehensive general liability, employee dishonesty, property damage, medical, and unemployment compensation claims. The unemployment compensation is funded totally by the City. The medical program is insured for amounts above the self-insurance retention limits of $200,000 per individual and approximately $10,298,655 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 for group health is $995,016 and the nonmedical claims liability of $1,734,206 at December 31, 2016 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, 2016 and 2015 were:

	2016	2015
Nonmedical claims liability:		
Beginning of fiscal year liability, as restated*	$ 2,220,865	$ 2,865,642
Current year claims and changes in estimates	374,620	508,769
Claims payments	(861,279)	(1,153,546)
Total	$ 1,734,206	$ 2,220,865
Medical claims liability:		
Beginning of fiscal year liability, as restated*	$ 631,364	$ 344,193
Current year claims and changes in estimates	8,239,389	7,888,591
Claims payments	(7,875,737)	(7,601,420)
Total	$ 995,016	$ 631,364

***** There was a reclassification of a liability between two internal service funds, risk management and employee benefit funds, to properly report the nonmedical claims liability in the correct fund. This reclassification has no impact on the opinion units since reclassification is between internal service funds.

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 2016, the City contributed $406,614 to the Authority.

NOTE 15 - FUND EQUITY

The following funds had a deficit net position or deficit fund balance at December 31, 2016:

Building Fund	$	23,143
Major Moves Fund	$	37
TIF Fund	$	84,041

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.

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, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	117
Active employees	467
Total	584
Participating employers	1

D. Funding Policy

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

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

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, 2016 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, 2016. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two proceeding years were as follows:

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, 2016	$ 875,638	73.42%	$1,238,787
December 31, 2015	$ 757,052	88.47%	$1,006,046
December 31, 2014	$ 743,660	126.37%	$ 918,760

The net OPEB obligation as of December 31, 2016 (most recent information available), was calculated as follows:

Annual required contribution	$ 904,763
Interest on net prior year OPEB obligation	33,200
Adjustment to annual required contribution	(62,325)
Annual OPEB cost	875,638
Contributions made	642,899
Increase in net OPEB obligation	232,741
Net OPEB obligation, beginning of year	1,006,046
Net OPEB obligation, end of year	$ 1,238,787

F. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016, was as follows:

Actuarial accrued liability (AAL)	$ 9,894,045
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 9,894,045
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 34,613,220
UAAL as a percentage of covered payroll	28.6%

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.

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	$ 904,763
Contribution made	$ 642,899
Actuarial valuation date	1/1/2016
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	3.30%
Projected salary increase	N/A
Healthcare trend rate	Fire-5.60%, Police & City-8.70% in 2016; 4.00 % 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, a police SUV, a sewer truck, water truck(s), a traffic truck, police patrol vehicles, fire command vehicles, and a VOIP telephone system. All nine 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.

NOTE 17 - CAPITAL LEASES (CONTINUED)

Assets	
Fire truck	$ 947,850
Police SUV	26,911
Sewer truck	321,998
Water truck	33,988
Water truck	25,150
Traffic truck	31,114
Police vehicles	287,499
Fire vehicles	62,860
VOIP system	351,560
Less accumulated depreciation	(632,339)
Total	$ 1,456,591

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Future Minimum Lease Payments

	Fire Truck	Police SUV	Traffic Truck	Police Vehicles	Fire Vehicles	VOIP System	Total Governmental Activities
2017	$148,544	$3,469	$6,554	$72,913	$21,640	$ 78,403	$ 331,523
2018	148,104	-	6,554	-	21,640	78,403	254,701
2019	-	-	1,641	-	10,820	78,403	90,864
2020	-	-	-	-	-	78,403	78,403
2021	-	-	-	-	-	78,404	78,404
Minimum lease payments	296,648	3,469	14,749	72,913	54,100	392,016	833,895
Less amount of interest	(10,217)	(22)	(363)	(349)	(1,457)	(40,456)	(52,864)
Total	$286,431	$3,447	$14,386	$72,564	$52,643	$351,560	$ 781,034

Future Minimum Lease Payments

	Sewer Truck	Water Truck	Water Truck	Total Enterprise Fund Activities	Total
2017	$ 67,795	$ 7,144	$ 5,298	$ 80,237	$ 411,760
2018	50,711	3,554	5,298	59,563	314,264
2019	-	-	1,332	1,332	92,196
2020	-	-	-	-	78,403
2021	-	-	-	-	78,405
Minimum lease payments	118,506	10,698	11,928	141,132	975,028
Less amount of interest	(2,316)	(175)	(294)	(2,785)	(55,649)
Total	$ 116,190	$ 10,523	$ 11,634	$ 138,347	$ 919,379

NOTE 18 - RESTATEMENT OF NET POSITION/FUND BALANCE

The City has corrected the calculation of an accrued liability in the TIF Fund in the prior year by restating beginning net position/fund balance. In addition, it has corrected the timing of a loss on disposal of assets that related to a prior year by restating beginning net position.

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

	Governmental Activities	TIF Fund
Net position/fund balance, beginning of year, as previously reported	$ (34,125,512)	$ (142,439)
Correction of timing on loss on disposal of assets	(961,984)	-
Correction of accrued TIF liability	(103,951)	(103,951)
Net position/fund balance, beginning of year, as restated	$ (35,191,447)	$ (246,390)

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
2016	$ 1,772,566	$1,795,318	$ (22,752)	$13,708,943	13.10%
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
2016	$ 4,167,919	$ 4,213,121	$ (45,202)	$ 11,996,768	35.12%
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
2016	$ 4,875,173	$ 5,023,785	$ (148,612)	$ 8,907,509	56.40%
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
1/1/2016	$ -	$9,894,045	$ 9,894,045	0%	$ 34,613,220	28.6%
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%

.

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,	2016	2015	2014
Total Pension Liability			
Service Cost	$2,329,042	$ 2,344,035	$ 2,726,891
Interest	10,858,441	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	(1,494,924)	(678,659)	-
Benefit payments	(7,061,048)	(6,824,723)	(6,102,938)
Net Change in Total Pension Liability	4,631,511	5,708,921	12,321,172
Total Pension Liability - Beginning	145,916,865	140,207,944	127,886,772
Total Pension Liability – Ending (A)	$150,548,376	$ 145,916,865	$ 140,207,944
Plan Fiduciary Net Position			
Contributions - Employer	$ 4,213,121	$ 4,229,151	$ 4,277,221
Contributions - Employee	1,251,329	1,240,308	1,186,391
Net investment income	8,167,736	24,273	5,790,077
Benefit payments	(7,061,048)	(6,824,723)	(6,102,938)
Administrative expense	(351,980)	(264,895)	(64,986)
Net Change in Plan Fiduciary Net Position	6,219,158	(1,595,886)	5,085,765
Plan Fiduciary Net Position - Beginning	91,999,124	93,595,010	88,509,245
Plan Fiduciary Net Position – Ending (B)	$ 98,218,282	$ 91,999,124	$ 93,595,010
Net Pension Liability (A) – (B)	$ 52,330,094	$ 53,917,741	$ 46,612,934
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.24%	63.05%	66.75%
Covered Employee Payroll	$ 11,996,768	$ 12,391,182	$ 12,227,509
Net Pension Liability as a Percentage of Covered Employee Payroll	436%	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,	2016	2015	2014
Total Pension Liability			
Service Cost	$ 2,065,510	$ 2,051,437	$ 2,183,902
Interest	9,334,747	9,344,391	8,357,081
Difference in expected/actual experience	-	-	2,180,908
Changes of assumptions/methods	-	-	9,131,603
Effect of liability gain or losses	147,773	2,865,795	-
Benefit payments	(7,339,489)	(7,030,555)	(6,743,544)
Net Change in Total Pension Liability	4,208,541	7,231,068	15,109,950
Total Pension Liability - Beginning	134,895,684	127,664,616	112,554,666
Total Pension Liability – Ending (A)	$139,104,225	$ 134,895,684	$ 127,664,616
Plan Fiduciary Net Position			
Contributions - Employer	$ 5,023,785	$ 4,265,438	$ 4,232,824
Contributions - Employee	833,972	847,728	809,470
Net investment income	4,989,376	460,973	4,671,711
Benefit payments	(7,339,489)	(7,030,555)	(6,743,544)
Administrative expense	(319,375)	(264,992)	(252,605)
Net Change in Plan Fiduciary Net Position	3,188,269	(1,721,408)	2,717,856
Plan Fiduciary Net Position - Beginning	69,122,038	70,843,446	68,125,590
Plan Fiduciary Net Position – Ending (B)	$72,310,307	$ 69,122,038	$ 70,843,446
Net Pension Liability (A) – (B)	$ 66,793,918	$ 65,773,646	$ 56,821,170
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.98%	51.24%	55.49%
Covered Employee Payroll	$ 8,907,509	$ 8,779,591	$ 8,250,783
Net Pension Liability as a Percentage of Covered Employee Payroll	750%	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:

*Police Pension

Fiscal Year Ended	Rate
2016	9.02%
2015	0.02%

*Firefighters' Pension

Fiscal Year Ended	Rate
2016	7.36%
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:

Calendar Year Ended December 31,	**2016**	**2015**
Total Pension Liability		
Service cost	$ 1,558,483	$ 1,484,366
Interest on the total pension liability	7,425,184	7,126,789
Changes of benefit terms	-	-
Differences between expected and actual		
experience of the total pension liability	(1,363,508)	896,106
Changes of assumptions	(338,253)	225,465
Benefit payments	(5,428,433)	(5,622,411)
Net Change in Total Pension Liability	1,853,473	4,110,285
Total Pension Liability – Beginning	101,325,044	97,214,759
Total Pension Liability – Ending (A)	$ 103,178,517	$ 101,325,044
Plan Fiduciary Net Position		
Contributions – Employer	$ 1,795,318	$ 1,787,566
Contributions – Employees	656,825	717,309
Net investment income	6,033,824	753,618
Benefit payments	(5,428,433)	(5,622,441)
Other (Net Transfer)	525,845	(106,040)
Net Change in Plan Fiduciary Net Position	3,583,379	(3,469,988)
Plan Fiduciary Net Position – Beginning	88,338,974	90,808,962
Plan Fiduciary Net Position – Ending (B)	$ 91,922,353	$ 88,338,974
Net Position Liability – Ending (A) - (B)	$ 11,256,164	$ 12,986,070
Plan Fiduciary Net Position as a Percentage		
Of the Total Pension Liability	89.09%	87.18%
Covered Valuation Payroll	$13,708,943	$14,232,174
Net Pension Liability as a Percentage		
of Covered Valuation Payroll	82.11%	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, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	$ 21,644,770	$ 21,644,770	$ 20,825,735	$ (819,035)
Charges for service	7,143,570	7,143,570	7,106,473	(37,097)
Investment income and net increase in fair value of investments	600	600	8,963	8,363
Intergovernmental	33,553,300	33,553,300	32,786,442	(766,858)
Licenses and permits	886,000	886,000	1,002,414	116,414
Fines and fees	1,537,700	1,537,700	1,362,915	(174,785)
Other revenue	1,196,013	1,196,013	1,133,921	(62,092)
Total revenues	65,961,953	65,961,953	64,226,863	(1,735,090)
EXPENDITURES				
Current:				
Legislative	45,520	45,520	45,082	438
Executive	608,028	630,728	630,724	4
Management services	2,461,338	2,461,338	2,475,001	(13,663)
Legal	998,860	998,860	929,982	68,878
Financial management	4,524,608	4,455,378	4,281,974	173,404
Police	26,181,181	26,372,344	25,332,049	1,040,295
Fire	18,152,792	18,157,892	17,538,274	619,618
Planning and neighborhood services	2,400,059	2,400,059	2,298,911	101,148
Public works	9,666,960	9,467,227	8,808,999	658,228
Other nondepartmental charges	-	-	(3,165)	3,165
Debt Services:				
Principal retirement	397,012	405,560	422,240	(16,680)
Interest and other charges	47,614	55,094	45,315	9,779
Total expenditures	65,483,972	65,450,000	62,805,386	2,644,614
Excess (deficiency) of revenues over expenditures	477,981	511,953	1,421,477	909,524
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	381,765	381,765
Proceeds from sale of asset	-	-	7,808	7,808
Transfers in	788,047	788,047	784,882	(3,165)
Transfers out	(16,028)	(50,000)	(743,087)	(693,087)
Total other financing sources (uses)	772,019	738,047	431,368	(306,679)
Net change in fund balance	$ 1,250,000	$ 1,250,000	1,852,845	$ 602,845
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			(1,136,536)	
Net change in fund balance - GAAP basis			716,309	
FUND BALANCE, BEGINNING OF YEAR			7,673,703	
FUND BALANCE, END OF YEAR			$ 8,390,012	

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, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Taxes	$ 2,793,000	$ 2,817,010	$ 24,010
Investment income and net increase in fair value of investments	75	2,307	2,232
Intergovernmental	425,000	363,485	(61,515)
Fines and fees	50,150	51,437	1,287
Other revenue	16,136	25,129	8,993
Total revenues	3,284,361	3,259,368	(24,993)
EXPENDITURES			
Current:			
Education	3,670,430	3,472,631	197,799
Excess (deficiency) of revenues over expenditures	(386,069)	(213,263)	172,806
OTHER FINANCING SOURCES (USES)			
Transfers in	334,651	284,651	(50,000)
Transfers out	(94,290)	-	94,290
Total other financing sources (uses)	240,361	284,651	44,290
	$ (145,708)	71,388	$ 217,096
NET CHANGES IN BUDGETARY BASIS TO GAAP		(149,548)	
Net change in fund balance - GAAP basis		(78,160)	
FUND BALANCE, BEGINNING OF YEAR		1,267,291	
FUND BALANCE, END OF YEAR		$ 1,189,131	

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, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Property taxes	$ 1,754,000	$ 1,806,270	$ 52,270
Intergovernmental	400,200	425,501	25,301
Investment income	-	2,329	2,329
Total revenues	2,154,200	2,234,100	79,900
EXPENDITURES			
Current:			
Economic development	1,049,700	888,860	160,840
Debt Services:			
Principal retirement	688,693	568,400	120,293
Interest and other charges	150,856	304,296	(153,440)
Total expenses	1,889,249	1,761,556	127,693
Excess of revenues over expenditures before other financing uses	264,951	472,544	207,593
OTHER FINANCING USES			
Transfers in	-	18,000	18,000
Transfers out	(118,148)	(84,698)	33,450
	$ 146,803	405,846	$ 259,043
NET CHANGES IN BUDGETARY BASIS TO GAAP		(243,497)	
Net change in fund balance (deficit) - GAAP basis		162,349	
FUND DEFICIT, Beginning of Period, as previously reported		(142,439)	
Prior Period Adjustment		103,951	
BEGINNING OF PERIOD, as restated		(246,390)	
FUND DEFICIT, END OF YEAR		$ (84,041)	

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, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 4,192	$ 4,192
Intergovernmental:			
Motor fuel tax	1,825,000	1,929,331	104,331
Other	109,739	179,729	69,990
Other revenue	267,000	31,160	(235,840)
Total revenues	2,201,739	2,144,412	(57,327)
EXPENDITURES			
Public works:			
Street repair and maintenance	3,320,313	2,145,050	1,175,263
NET CHANGE IN FUND BALANCE	$ (1,118,574)	(638)	$ 1,117,936
NET CHANGES IN BUDGETARY BASIS TO GAAP		(46,083)	
Net change in fund balance - GAAP basis		(46,721)	
FUND BALANCE, BEGINNING OF YEAR		1,761,343	
FUND BALANCE, END OF YEAR		$ 1,714,622	

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
LOCAL STREETS AND ROADS FUND
Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income and net increase in fair value of investments	$ -	$ 1,382	$ 1,382
Intergovernmental	1,500,000	1,249,034	(250,966)
Total revenues	1,500,000	1,250,416	(249,584)
EXPENDITURES			
Current:			
Public works	1,500,000	1,093,234	406,766
OTHER FINANCING USES			
Loan proceeds	-	1,093,140	1,093,140
NET CHANGE IN FUND BALANCE	$ -	1,250,322	$ 157,182
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS		92,741	
Net change in fund balance - GAAP basis		1,343,063	
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		$ 1,343,063	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016

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.

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 2016 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 2016 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	3.5%
Price Inflation	2.75% approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar health Annuitant 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 nondisabled 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, 2014 actuarial valuation

Note 3 - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate (CONTINUED)

B. Police Pension Plan

Valuation Date	1/1/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	24 Years as of January 1, 2017
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.

Age	Rate of Retirement
50	.20
55	.25
60	.33
65	.50
70	1.0

Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2017
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.

Age	Rate of Termination	Age	Rate of Disability
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

Note 3 - Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate (CONTINUED)

C. Fire Pension Plan

Valuation Date	1/1/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	24 Years as of January 1, 2017
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.
Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2017
Termination Rates	See table below
Disability Rates	See table below

Age	Rate of Retirement
50	.14
55	.20
60	.25
65	.50
70	1.0

Age	Rate of Termination
25	.050
30	.025
35	.020
40 and over	.010

Age	Rate of Disability
25	.0010
30	.0014
35	.0035
40	.0050
45	.0065
50	.0100
55	.0150
60	.0300
65	.0425

IV Supplementary Information

Governmental Funds

CITY OF DECATUR, ILLINOIS
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Property taxes	$ 2,108,611	$ 2,209,174	$ 100,563
Investment income	-	2,490	2,490
Other revenue	458,796	162,327	(296,469)
Total revenues	2,567,407	2,373,991	(193,416)
EXPENDITURES			
Debt Service:			
Principal and interest	6,185,000	1,414,480	(4,770,520)
Interst and fiscal charges	5,043,223	1,080,907	(3,962,316)
Total expenditures	11,228,223	2,495,387	(8,732,836)
Excess (deficiency of revenues over expenditures	(8,660,816)	(121,396)	8,539,420
OTHER FINANCING SOURCES			
Transfers in	8,027,667	216,258	(7,811,409)
Transfers out	-	(3,251,550)	(3,251,550)
NET CHANGE IN FUND BALANCE	$ (633,149)	$ (3,156,688)	$ (2,523,539)

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 nonprofit 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 and other sources for the purpose of investment in infrastructure projects providing economic development benefit to the City.

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

The Building Fund accounts for revenues received from lease and rental agreements and expenditures for maintaining City owned facilities.

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

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.

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and investments	$ 2,174,585	$ 879,433	$ 3,054,018
Receivables:			
Property taxes, net	63,700	-	63,700
Due from other governments	138,443	-	138,443
Accounts receivable	-	6,963	6,963
Notes receivable	534,825	-	534,825
TOTAL ASSETS	$ 2,911,553	$ 886,396	$ 3,797,949
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 102,744	$ 51,945	$ 154,689
Other accrued liabilities	390,219	-	390,219
Total liabilities	492,963	51,945	544,908
Deferred Inflows of Resources:			
Unavailable taxes and grants	111,490	-	111,490
Subsequent year's property taxes	63,700	-	63,700
Total deferred inflows of resources	175,190	-	175,190
Fund Balances:			
Restricted:			
Culture	27,837	-	27,837
Economic development	813,584	-	813,584
Public safety	460,506	-	460,506
Education	225,185	-	225,185
Public works	-	396,441	396,441
Committed:			
Economic development	336,783	-	336,783
Public safety	402,685	438,010	840,695
Unassigned	(23,180)	-	(23,180)
Total fund balances	2,243,400	834,451	3,077,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,911,553	$ 886,396	$ 3,797,949

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2016

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Taxes	$ 206,810	$ -	$ 206,810
Investment income	3,243	982	4,225
Charges for services	350,000	-	350,000
Intergovernmental	1,778,236	-	1,778,236
Fines and fees	339,105	-	339,105
Other revenues	701,793	60,078	761,871
Total revenues	3,379,187	61,060	3,440,247
EXPENDITURES			
Current:			
Economic development	1,815,447	-	1,815,447
Public safety	557,742	266,307	824,049
Culture	556,674	-	556,674
Public works	80,306	175,796	256,102
Education	11,782	-	11,782
Debt Service:			
Principal retirement	472,425	207,334	679,759
Interest and other charges	5,159	20,792	25,951
Total expenditures	3,499,535	670,229	4,169,764
Excess (deficiency) of revenues over expenditures	(120,348)	(609,169)	(729,517)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	57,227	20,403	77,630
Transfers in	106,156	625,087	731,243
Loan proceeds	-	228,569	228,569
Total other financing sources (uses)	163,383	874,059	1,037,442
Net change in fund balances	43,035	264,890	307,925
FUND BALANCES, BEGINNING OF YEAR	2,200,365	569,561	2,769,926
FUND BALANCES, END OF YEAR	$ 2,243,400	$ 834,451	$ 3,077,851

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	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	Building Fund	Grant Fund	Police Capital Fund	Total
ASSETS														
Cash and investments	$ 338,310	$ 35,639	$ 734	$ 59,778	$ 689,595	$ 169,953	$ 28,177	$ 225,185	$ 107,644	$ 84,670	$ 25,999	$ 2,554	$ 406,347	$ 2,174,585
Receivables:														
Property taxes, net	-	-	-	-	-	-	63,700	-	-	-	-	-	-	63,700
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	31,783	11,753	33,829	61,078	-	-	-	-	-	-	-	-	-	138,443
Notes receivable	-	285,713	12,314	-	-	-	-	-	236,798	-	-	-	-	534,825
TOTAL ASSETS	$ 370,093	$ 333,105	$ 46,877	$ 120,856	$ 689,595	$ 169,953	$ 91,877	$ 225,185	$ 344,442	$ 84,670	$ 25,999	$ 2,554	$ 406,347	$ 2,911,553
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)														
Liabilities:														
Accounts payable	$ 4,081	$ 15,885	$ 14,370	$ 137	$ 8,823	$ -	$ 340	$ -	$ 1,304	$ 5,000	$ 49,142	$ -	$ 3,662	$ 102,744
Other accrued liabilities	-	-	-	-	390,219	-	-	-	-	-	-	-	-	390,219
Total liabilities	4,081	15,885	14,370	137	399,042	-	340	-	1,304	5,000	49,142	-	3,662	492,963
Deferred Inflows of Resources:														
Unavailable taxes and grants	31,783	-	-	-	-	-	-	-	-	79,707	-	-	-	111,490
Subsequent year's property taxes	-	-	-	-	-	-	63,700	-	-	-	-	-	-	63,700
Total deferred inflows of resources	31,783	-	-	-	-	-	63,700	-	-	79,707	-	-	-	175,190
Fund Balances:														
Restricted:														
Culture	-	-	-	-	-	-	27,837	-	-	-	-	-	-	27,837
Economic development	-	317,220	32,507	120,719	-	-	-	-	343,138	-	-	-	-	813,584
Public safety	-	-	-	-	290,553	169,953	-	-	-	-	-	-	-	460,506
Education	-	-	-	-	-	-	-	225,185	-	-	-	-	-	225,185
Committed:														
Economic development	334,229	-	-	-	-	-	-	-	-	-	-	2,554	-	336,783
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	402,685	402,685
Unassigned	-	-	-	-	-	-	-	-	-	(37)	(23,143)	-	-	(23,180)
Total Fund Balance (Deficit)	334,229	317,220	32,507	120,719	290,553	169,953	27,837	225,185	343,138	(37)	(23,143)	2,554	402,685	2,243,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	$ 370,093	$ 333,105	$ 46,877	$ 120,856	$ 689,595	$ 169,953	$ 91,877	$ 225,185	$ 344,442	$ 84,670	$ 25,999	$ 2,554	$ 406,347	$ 2,911,553

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
Year Ended December 31, 2016

	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	Building Fund	Grant Fund	Police Capital Fund	Total
REVENUES														
Taxes	$ 142,543	$ -	$ -	$ -	$ -	$ -	$ 64,267	$ -	$ -	$ -	$ -	$ -	$ -	$ 206,810
Investment income and net increase in fair value of investments	615	75	-	247	191	352	49	439	50	231	20	-	974	3,243
Charges for services													350,000	350,000
Intergovernmental	-	351,262	905,844	327,426	-	84,860	-	-	-	31,258	-	7,086	70,500	1,778,236
Fines and fees	-	-	-	-	238,685	100,420	-	-	-	-	-	-	-	339,105
Other revenue	104,905	9,020	360	-	54,590	850	21,342	91,352	11,347	-	395,615	-	12,412	701,793
Total revenues	248,063	360,357	906,204	327,673	293,466	186,482	85,658	91,791	11,397	31,489	395,635	7,086	433,886	3,379,187
EXPENDITURES														
Current:														
Economic development	168,034	578,937	733,573	316,260	-	-	-	-	14,111	-	-	4,532	-	1,815,447
Public safety	-	-	-	-	376,527	154,598	-	-	-	-	-	-	26,617	557,742
Culture	-	-	-	-	-	-	87,896	-	-	-	468,778	-	-	556,674
Public works	-	-	-	-	-	-	-	-	-	80,306	-	-	-	80,306
Education	-	-	-	-	-	-	-	11,782	-	-	-	-	-	11,782
Debt Services:														
Principal retirement	-	-	180,000	-	-	-	-	-	-	-	-	-	292,425	472,425
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-	5,159	5,159
Total expenditures	168,034	578,937	913,573	316,260	376,527	154,598	87,896	11,782	14,111	80,306	468,778	4,532	324,201	3,499,535
Excess (deficiency) of revenues over expenditures	80,029	(218,580)	(7,369)	11,413	(83,061)	31,884	(2,238)	80,009	(2,714)	(48,817)	(73,143)	2,554	109,685	(120,348)
OTHER FINANCING SOURCES (USES)														
Sale of capital assets	-	-	-	-	28,300	-	-	-	-	-	-	-	28,927	57,227
Transfers in	-	-	-	-	-	-	6,156	-	-	50,000	50,000	-	-	106,156
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	28,300	-	6,156	-	-	50,000.00	50,000	-	28,927	163,383
Net change in fund balances	80,029	(218,580)	(7,369)	11,413	(54,761)	31,884	3,918	80,009	(2,714)	1,183	(23,143)	2,554	138,612	43,035
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	254,200	535,800	39,876	109,306	345,314	138,069	23,919	145,176	345,852	(1,220)	-	-	264,073	2,200,365
FUND BALANCES (DEFICITS), END OF YEAR	$ 334,229	$ 317,220	$ 32,507	$ 120,719	$ 290,553	$ 169,953	$ 27,837	$ 225,185	$ 343,138	$ (37)	$ (23,143)	$ 2,554	$ 402,685	$ 2,243,400

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Taxes	$ 135,000	$ 167,412	$ 32,412
Intergovernmental	432,000	-	(432,000)
Investment income	-	615	615
Other revenue	90,000	104,905	14,905
Total revenues	657,000	272,932	(384,068)
EXPENDITURES			
Economic development	767,000	169,713	597,287
NET CHANGE IN FUND BALANCE	$ (110,000)	$ 103,219	$ 213,219

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Federal grants	$ 862,100	$ 340,084	$ (522,016)
Loan repayment	45,000	45,481	481
Investment income	-	75	75
Total revenues	907,100	385,640	(521,460)
EXPENDITURES			
Economic development	907,100	567,189	339,911
NET CHANGE IN FUND BALANCE	$ -	$ (181,549)	$ (181,549)

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Federal grant	$ 1,669,300	$ 903,622	$ (765,678)
Other revenue	-	360	360
Total revenue	1,669,300	903,982	(765,318)
EXPENDITURES			
Economic Development:			
Public services	1,073,044	282,527	790,517
Personnel services	167,238	217,857	(50,619)
Contractual services	241,918	222,708	19,210
Supplies	2,100	822	1,278
Other charges	5,000	608	4,392
Debt Services:			
Principal retirement	180,000	180,000	-
Total expenditures	1,669,300	904,522	764,778
Deficiency of revenues over expenditures	-	(540)	(540)
OTHER FINANCING SOURCES			
Transfers in	-	488	488
NET CHANGE IN FUND BALANCE	$ -	$ (52)	$ (52)

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	$ 320,035	$ 266,348	$ (53,687)
Investment income	-	247	247
Total revenue	320,035	266,595	(53,440)
EXPENDITURES			
Economic development	320,035	316,345	3,690
NET CHANGE IN FUND BALANCE	$ -	$ (49,750)	$ (49,750)

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ 200	$ 191	$ (9)
Fines and fees	22,000	238,685	216,685
Other revenue	220,100	54,590	(165,510)
Total revenues	242,300	293,466	51,166
EXPENDITURES			
Public safety	477,392	391,409	85,983
OTHER FINANCING SOURCES			
Sale of capital assets	-	28,300	28,300
NET CHANGE IN FUND BALANCE	$ (235,092)	$ (69,643)	$ 165,449

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	$ 130,500	$ 84,860	$ (45,640)
Fines and fees	125,800	100,420	(25,380)
Investment income	110	352	242
Other revenues	3,000	850	(2,150)
Total revenue	259,410	186,482	(72,928)
EXPENDITURES			
Public safety	307,700	170,459	137,241
OTHER FINANCING SOURCES			
Sale of capital assets	5,000	-	(5,000)
NET CHANGE IN FUND BALANCE	$ (43,290)	$ 16,023	$ 59,313

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Property taxes	$ 63,700	$ 64,267	$ 567
Investment income	-	49	49
Other revenue	25,000	21,342	(3,658)
Total revenues	88,700	85,658	(3,042)
EXPENDITURES			
Culture	94,856	87,556	7,300
OTHER FINANCING SOURCES			
Transfer in	6,156	6,156	-
NET CHANGE IN FUND BALANCE	$ -	$ 4,258	$ 4,258

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 439	$ 439
Other revenue	100,000	91,352	(8,648)
Total revenues	100,000	91,791	(8,209)
EXPENDITURES			
Education	150,000	11,782	138,218
NET CHANGE IN FUND BALANCE	$ (50,000)	$ 80,009	$ 130,009

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 50	$ 50
Other revenue	36,000	30,305	(5,695)
Total revenues	36,000	30,355	(5,645)
EXPENDITURES			
Economic development	120,320	17,946	102,374
OTHER FINANCING USES			
Transfers out	-	(488)	(488)
NET CHANGE IN FUND BALANCE	$ (84,320)	$ 11,921	$ (108,507)

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	$ 2,072,913	$ 30,000	$ (2,042,913)
Investment income	-	231	231
Total revenue	2,072,913	30,231	(2,042,682)
EXPENDITURES			
Public works	1,051,435	75,306	976,129
OTHER FINANCING SOURCES			
Transfers in	-	50,000	50,000
NET CHANGE IN FUND BALANCE	$ 1,021,478	$ 4,925	$ (1,016,553)

CITY OF DECATUR, ILLINOIS
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 20	$ 20
Other revenue	396,000	395,615	(385)
Total revenues	396,000	395,635	(365)
EXPENDITURES			
Culture	391,800	419,636	(27,836)
OTHER FINANCING SOURCES			
Transfers in	-	50,000	50,000
NET CHANGE IN FUND BALANCE	$ 4,200	$ 25,999	$ 21,799

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	$ 200,000	$ 132	$ (199,868)
EXPENDITURES			
Economic development	222,310	4,532	217,778
NET CHANGE IN FUND BALANCE	$ (22,310)	$ (4,400)	$ 17,910

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Charges for services	$ 350,000	$ 350,000	$ -
Intergovernmental	-	70,500	70,500
Investment income	300	974	674
Other revenue	-	12,412	12,412
Total revenue	350,300	433,886	83,586
EXPENDITURES			
Public safety	-	320,539	(320,539)
OTHER FINANCING SOURCES			
Sale of capital assets	-	28,927	28,927
NET CHANGE IN FUND BALANCE	$ 350,300	$ 142,274	$ (208,026)

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Capital Projects Fund	2010 Project Fund	Fire Capital Fund	Total
ASSETS				
Cash and cash equivalents	$ 52,112	$ 342,723	$ 484,598	$ 879,433
Receivables:				
Accounts receivable	6,963	-	-	6,963
Total assets	$ 59,075	$ 342,723	$ 484,598	$ 886,396
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	$ -	$ 5,357	$ 46,588	$ 51,945
Fund Balances:				
Restricted:				
Public works	59,075	337,366	-	396,441
Committed:				
Public safety	-	-	438,010	438,010
Total fund balances	59,075	337,366	438,010	834,451
TOTAL LIABILITIES AND FUND BALANCES	$ 59,075	$ 342,723	$ 484,598	$ 886,396

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2016

	Capital Projects Fund	2010 Project Fund	Fire Capital Fund	Total
REVENUES				
Investment income	$ 151	$ 92	$ 739	$ 982
Other revenues	-	-	60,078	60,078
Total revenues	151	92	60,817	61,060
EXPENDITURES				
Current:				
Public safety	-	-	266,307	266,307
Public works	140,647	35,149	-	175,796
Debt service:				
Principal retirement	-	-	207,334	207,334
Interest and other charges	-	-	20,792	20,792
Total expenditures	140,647	35,149	494,433	670,229
Deficiency of revenues over expenditures	(140,496)	(35,057)	(433,616)	(609,169)
OTHER FINANCING USES				
Sale of capital assets	-	-	20,403	20,403
Loan proceeds	-	-	228,569	228,569
Transfer in	-	-	625,087	625,087
Total other financing sources (uses)	-	-	874,059	874,059
Net change in fund balance	(140,496)	(35,057)	440,443	264,890
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	199,571	372,423	(2,433)	569,561
FUND BALANCES, END OF YEAR	$ 59,075	$ 337,366	$ 438,010	$ 834,451

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 151	$ 151
Intergovernmental	-	72,734	72,734
Total revenues	-	72,885	72,885
EXPENDITURES			
Public works	126,500	140,647	(14,147)
Deficiency of revenues over expenditures	(126,500)	(67,762)	58,738
NET CHANGE IN FUND BALANCE	$ (126,500)	$ (67,762)	$ 58,738

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 92	$ 92
EXPENDITURES			
Public works	388,100	29,792	358,308
NET CHANGE IN FUND BALANCE	$ (388,100)	$ (29,700)	$ 358,400

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, 2016

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	$ -	$ 739	$ 739
Other revenue	25,000	288,647	263,647
Total revenues	25,000	289,386	264,386
EXPENDITURES			
Public safety	541,629	246,849	294,780
Debt service:			
Principal retirement	-	207,334	(207,334)
Interest and other charges	-	20,792	(20,792)
Total expenditures	541,629	474,975	66,654
OTHER FINANCING SOURCES			
Sale of capital assets	20,000	20,403	403
Loan proceeds	-	228,569	228,569
Transfers in	470,000	625,087	155,087
Total other financing sources	490,000	874,059	384,059
NET CHANGE IN FUND BALANCE	$ (26,629)	$ 688,470	$ 715,099

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 charges to property owners based on property size.

The Fiber Optics fund accounts for the construction and maintenance of the City owned fiber optic network. Revenues are generated through user fees charged for bandwidth access on the city owned fiber optic network.

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2016

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 22,449	$ 1,228,324	$ 330,000	$ 1,580,773
Accounts receivable	59,821	196,938	-	256,759
Total current assets	82,270	1,425,262	330,000	1,837,532
Property, plant, and equipment				
Infrastructure	-	45,250	-	45,250
Construction in progress	-	320,273	-	320,273
Less accumulated depreciation	-	2,640	-	2,640
Total property, plant, and equipment	-	362,883	-	362,883
TOTAL ASSETS	$ 82,270	$ 1,788,145	$ 330,000	$ 2,200,415
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable	$ 49,558	$ 216,343	$ -	$ 265,901
Contracts payable	-	4,379	-	4,379
Unearned revenue	-	-	330,000	330,000
Total current liabilities	49,558	220,722	330,000	600,280
Net position:				
Net investment in capital assets	-	362,883	-	362,883
Unrestricted	32,712	1,204,540	-	1,237,252
Total net position	32,712	1,567,423	-	1,600,135
TOTAL LIABILITIES AND NET POSITION	$ 82,270	$ 1,788,145	$ 330,000	$ 2,200,415

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2016

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
OPERATING REVENUES				
Charges for services	$ 690,218	$ 1,618,052	$ -	$ 2,308,270
OPERATING EXPENSES				
Contractual services	614,983	958,244	-	1,573,227
Supplies	27,375	-	-	27,375
Depreciation	-	2,263	-	2,263
Total operating expenses	642,358	960,507	-	1,602,865
Operating income	47,860	657,545	-	705,405
NONOPERATING REVENUES				
Investment income	241	2,232	-	2,473
Change in net position	48,101	659,777	-	707,878
NET POSITION, BEGINNING OF YEAR	(15,389)	907,646	-	892,257
NET POSITION, END OF YEAR	$ 32,712	$ 1,567,423	$ -	$ 1,600,135

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	$ 693,903	$ 1,594,660	$ 330,000	$ 2,618,563
Cash paid to suppliers for goods and services	(737,174)	(832,047)	-	(1,569,221)
Net cash provided by (used in) operating activities	(43,271)	762,613	330,000	1,049,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	-	(257,276)	-	(257,276)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	241	2,232	-	2,473
NET INCREASE (DECREASE) IN CASH	(43,030)	507,569	330,000	794,539
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	65,479	720,755	-	786,234
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,449	$ 1,228,324	$ 330,000	$ 1,580,773
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	$ 47,860	$ 657,545	$ -	$ 705,405
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	-	2,263	-	2,263
Effects of changes in operating assets and liabilities:				
Accounts receivable	3,685	(23,392)	-	(19,707)
Accounts payable	5,184	129,046	-	134,230
Contracts payable	-	(2,849)	-	(2,849)
Due to other funds	(100,000)	-	-	(100,000)
Unearned revenue	-	-	330,000	330,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (43,271)	$ 762,613	$ 330,000	$ 1,049,342

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, nonmedical, unemployment claims, flexible spending program, and the related costs for the programs.

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2016

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 645,160	$ 2,407,439	$ 1,968,017	$ 5,020,616
Receivables:				
Accounts receivable	656	-	-	656
Other	-	-	690	690
Inventories	268,696	-	-	268,696
Prepaid	-	185,000	-	185,000
Total current assets	914,512	2,592,439	1,968,707	5,475,658
Property, plant, and equipment				
Machinery and equipment	9,016,232	-	-	9,016,232
Less accumulated depreciation	7,069,766	-	-	7,069,766
Total property, plant, and equipment	1,946,466	-	-	1,946,466
Total assets	2,860,978	2,592,439	1,968,707	7,422,124
Deferred outflows of resources				
Deferred amount related to pension	151,080	-	-	151,080
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,012,058	$ 2,592,439	$ 1,968,707	$ 7,573,204
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable	$ 35,407	$ -	$ -	$ 35,407
Interest payable	2,915	-	-	2,915
Other accrued liabilities	22,455	2,679	-	25,134
Claims payable	-	1,734,206	995,016	2,729,222
Unearned revenue	656	-	-	656
Notes payable	28,237	-	-	28,237
Due to others	12,962	-	-	12,962
Total current liabilities	102,632	1,736,885	995,016	2,834,533
Non-current liabilities:				
Other post-employment benefits	37,539	-	-	37,539
Net pension liability	341,096	-	-	341,096
Notes payable	643,837	-	-	643,837
Total non-current liabilities	1,022,472	-	-	1,022,472
Total liabilities	1,125,104	1,736,885	995,016	3,857,005
Deferred inflows of resources				
Deferred amount related to pension	36,338	-	-	36,338
Net position:				
Net investment in capital assets	1,274,392	-	-	1,274,392
Unrestricted	576,224	855,554	973,691	2,405,469
Total net position	1,850,616	855,554	973,691	3,679,861
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 3,012,058	$ 2,592,439	$ 1,968,707	$ 7,573,204

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2016

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
OPERATING REVENUES				
Charges for services	$ 2,502,227	$ 2,085,306	$ 8,218,507	$ 12,806,040
Payroll deductions/retiree contributions	-	-	2,373,862	2,373,862
Other revenue	22,652	-	121,884	144,536
Total operating revenues	2,524,879	2,085,306	10,714,253	15,324,438
OPERATING EXPENSES				
Personnel services	806,860	-	-	806,860
Contractual services	261,816	110,662	781,218	1,153,696
Supplies	817,765	13,662	-	831,427
Insurance and other charges	530,698	2,117,168	9,046,291	11,694,157
Depreciation	385,746	-	-	385,746
Total operating expenses	2,802,885	2,241,492	9,827,509	14,871,886
Operating income (loss)	(278,006)	(156,186)	886,744	452,552
NONOPERATING REVENUES (EXPENSES)				
Interest and other charges	(23,778)	-	-	(23,778)
Investment income	1,281	6,127	2,424	9,832
Total nonoperating revenues (expenses)	(22,497)	6,127	2,424	(13,946)
Net income (loss)	(300,503)	(150,059)	889,168	438,606
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	2,151,119	3,226,478	(2,136,342)	3,241,255
Prior period adjustment	-	(2,220,865)	2,220,865	-
NET POSITION, BEGINNING OF YEAR AS RESTATED	2,151,119	1,005,613	84,523	3,241,255
NET POSITION, END OF YEAR	$ 1,850,616	$ 855,554	$ 973,691	$ 3,679,861

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	$ 2,524,879	$ 2,085,306	$ 10,714,253	$ 15,324,438
Cash paid to suppliers for goods and services	(1,576,539)	(2,747,679)	(9,463,857)	(13,788,075)
Cash paid to employees	(536,056)	-	-	(536,056)
Net cash provided by (used in) operating activities	412,284	(662,373)	1,250,396	1,000,307
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	(66,964)	-	-	(66,964)
Proceeds from the sale of property, plant, and equipment	23,802	-	-	23,802
Principal payment on debt	(27,316)	-	-	(27,316)
Interest payments and other charges	(23,896)	-	-	(23,896)
Net cash used in capital and related financing activities	(94,374)	-	-	(94,374)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	1,281	6,127	2,424	9,832
NET INCREASE (DECREASE) IN CASH	319,191	(656,246)	1,252,820	915,765
CASH, BEGINNING OF YEAR	325,969	3,063,685	715,197	4,104,851
CASH, END OF YEAR	$ 645,160	$ 2,407,439	$ 1,968,017	$ 5,020,616
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ (278,006)	$ (156,186)	$ 886,744	$ 452,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	385,746	-	-	385,746
Effects of changes in operating assets and liabilities:				
Receivables	(161)	-	-	(161)
Due to other fund	12,962			12,962
Inventories	(765)	-	-	(765)
Accounts payable	21,543	-	-	21,543
Other current liabilities	44,450	(506,187)	363,652	(98,085)
Unearned revenue	161	-	-	161
Net pension liability, deferred inflows and deferred outflows	226,354	-	-	226,354
Net Cash Provided by (Used in) Operating Activities	$ 412,284	$ (662,373)	$ 1,250,396	$ 1,000,307

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, 2016

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 1,533,574	$ 4,984,840	$ 6,518,414
Accrued interest	222,141	169,780	391,921
Long-term investments, at fair value:			
U.S. government obligations	19,770,045	10,799,238	30,569,283
Mutual funds	42,926,715	8,887,850	51,814,565
Common stock	18,042,444	36,711,488	54,753,932
Annuities	-	136,966	136,966
International stock	2,077,919	-	2,077,919
Municipal bonds	1,563,155	1,055,761	2,618,916
Corporate bonds	12,258,534	9,567,342	21,825,876
Total long-term investments	96,638,812	67,158,645	163,797,457
TOTAL ASSETS	$ 98,394,527	$ 72,313,265	$ 170,707,792
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	$ 59,077	$ 2,960	$ 62,037
Net Position			
Net position restricted for pensions	98,335,450	72,310,305	170,645,755
TOTAL LIABILITIES AND NET POSITION	$ 98,394,527	$ 72,313,265	$ 170,707,792

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
Year Ended December 31, 2016

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	$ 4,213,121	$ 5,023,785	$ 9,236,906
Plan member	1,251,329	833,972	2,085,301
Miscellaneous revenue	3,953	-	3,953
Total contributions	5,468,403	5,857,757	11,326,160
Investment earnings:			
Interest and dividends	948,137	751,488	1,699,625
Net increase in the fair value of investments	7,387,666	4,146,156	11,533,822
Total investment income	8,335,803	4,897,644	13,233,447
Less investment expense	263,222	133,187	396,409
Net investment income	8,072,581	4,764,457	12,837,038
Total additions	13,540,984	10,622,214	24,163,198
DEDUCTIONS			
Benefits and refunds	7,061,048	7,339,489	14,400,537
Administrative expense	100,276	86,686	186,962
Total deductions	7,161,324	7,426,175	14,587,499
Change in net position	6,379,660	3,196,039	9,575,699
NET POSITION, BEGINNING OF YEAR	91,955,790	69,114,266	161,070,056
NET POSITION, END OF YEAR	$ 98,335,450	$ 72,310,305	$ 170,645,755

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 Componet
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Governmental Activities											
Net investment in capital assets	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	60,818,124
Restricted	2,407,527			4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536	9,386,456	6,002,253
Unrestricted	(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)	(109,018,244)
Total governmental activities net position	6,535,109	43,371,788	41,007,252	34,888,243	33,989,056	32,243,180	30,725,161	32,072,986	76,753,264	(34,125,512)	(42,197,867)
Business-type activities											
Net investment in capital assets	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	9,023,087
Restricted	28,846,361	25,198,923									
Unrestricted			20,270,332	16,129,718	15,538,406	12,388,196	7,598,072	15,833,621	7,973,738	11,464,957	19,552,491
Total business-type activities net position	86,777,356	84,639,158	76,995,330	72,193,428	68,349,047	58,959,543	51,414,263	50,974,509	11,172,368	17,626,895	28,575,578
Primary government											
Net investment in capital assets	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	69,841,211
Restricted	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	6,002,253
Unrestricted	(17,699,526)	(15,918,386)	44,025,753	31,283,568	5,855,998	17,311,268	10,923,206	17,995,107	12,083,120	(93,825,483)	(89,465,753)
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET POSITION	93,312,465	128,010,946	118,002,582	107,081,671	102,338,103	91,202,723	82,139,424	83,047,495	87,925,632	(16,498,617)	(13,622,289)

Note 1: Fiscal years 2007 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										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
EXPENSES											
Governmental Activities											
General government	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	12,675,556
Economic development											2,950,916
Public safety	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	47,104,920
Public works	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	14,180,746
Culture	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	551,580
Education									3,595,829	3,294,285	4,281,706
Interest on debt	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	1,474,346
Total governmental activities expenses	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	83,219,770
Business-type activities											
Water	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	22,732,240
Parking	748,568	757,198	721,662	745,510	509,932						
Mass Transit	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	7,181,756
Housing programs	11,322	72,653	39,512	10,986	6,633	96,422	6,770	9,979			
Waste removal	518,561	536,549	554,083	545,302	556,721	1,238,284	584,028	405,409	640,461	600,997	642,358
Hotel		320,859	43,020	46,531							
Storm Water									19,072	453,816	960,507
Sewer	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	3,326,538
Total business-type activities expenses	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	34,843,399
TOTAL PRIMARY GOVERNMENT EXPENSES	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	118,063,169
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government	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	9,518,090
Public safety	230,736	426,660	427,804	471,925	420,751	433,184	577,676	367,370	306,746	237,031	594,272
Other activities	129,989	105,538	183,892	194,837	178,940	132,433	71,112	39,634	203,551	189,276	151,858
Operating grants and contributions	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	4,755,423
Capital grants and contributions					33,120				1,140,122	1,299,409	673,194
Total governmental activities program revenues	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	15,692,837
Business-type activities											
Charges for services											
Water	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	29,830,034
Other activities	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	7,617,242
Operating grants and contributions	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	5,892,767
Capital grants and contributions					1,605,270						
Total business-type activities program revenues	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	43,340,043
TOTAL PRIMARY GOVERNMENT REVENUES	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	59,032,880

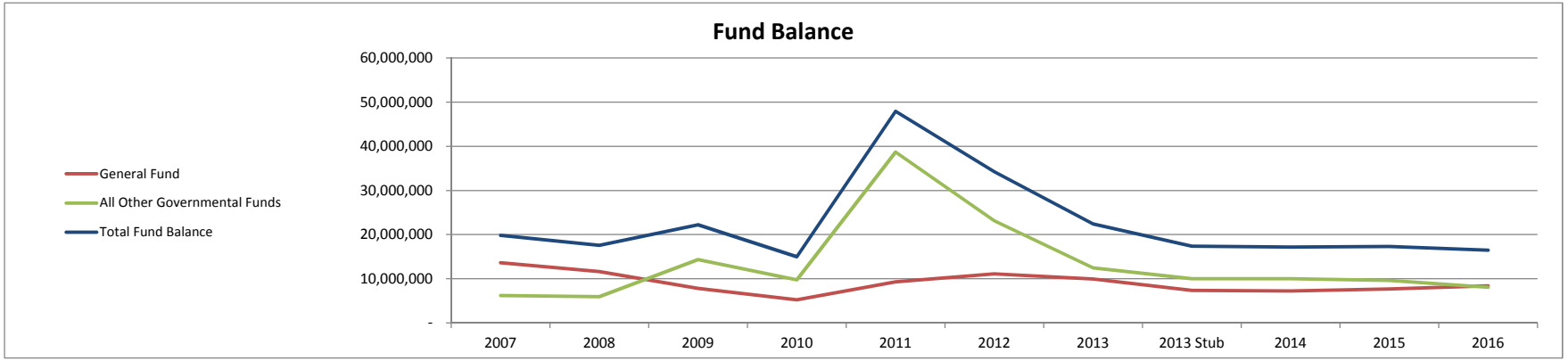
City of Decatur, Illinois
Statement of Activities and Change in Net Position
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
NET (EXPENSE) REVENUE											
Governmental activities	(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)	(67,526,933)
Business-type activities	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	8,496,644
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(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)	(59,030,289)
General Revenues and Other Changes in Net Position											
Governmental activities											
Taxes											
Property taxes	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	15,546,929
Sales and use taxes	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	6,410,060	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	11,848,821
Utility taxes	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	7,489,097
Food and beverage taxes	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	3,195,648
Hotel and motel taxes	652,839	681,483	649,612	677,313	498,812	711,053	590,985	421,053	640,697	666,384	697,601
Motor fuel taxes											1,399,777
Other taxes	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	2,545,850
Intergovernmental (state sales and income tax)										20,862,321	17,630,799
Investment earnings	1,023,446	786,557	327,253	136,092	164,803	239,646	237,961	7,644	110,413	6,923	35,720
Miscellaneous	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	2,174,572
Transfers	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	(2,044,301)
Total governmental activities	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	60,520,513
Business-type activities											
Property taxes	217,091	218,254	216,872								
Investment earnings	1,212,199	1,017,691	621,036	415,711	97,133	91,842	28,037	1,581	209,608	297,922	407,738
Miscellaneous		(119,958)	402,734	101,850	(816,446)	16,315			4,077	(228,084)	-
Transfers	(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)	2,044,301
Total business-type activities	(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)	2,452,039
TOTAL PRIMARY GOVERNMENT	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	62,972,552
CHANGE IN NET POSITION											
Governmental activities	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)	(7,006,420)
Business-type activities	(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	10,948,683
TOTAL PRIMARY GOVERNMENT	(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	3,942,263

Note 1: Fiscal years 2007 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)

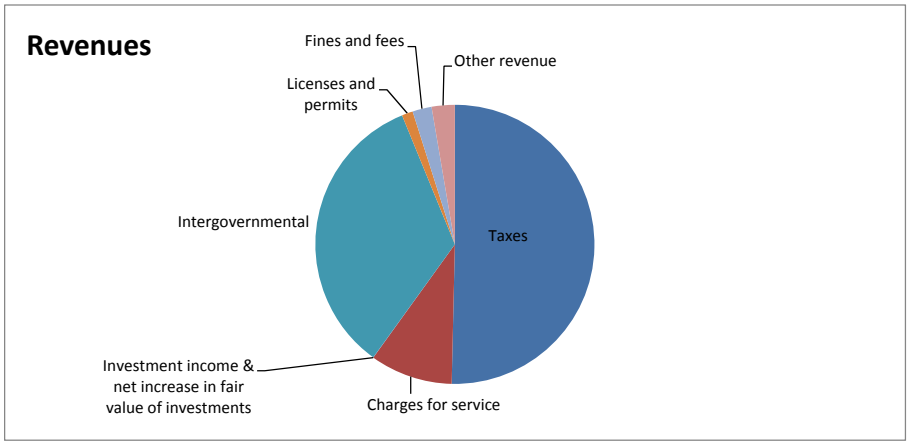
	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
						Note 1					
General Fund											
Nonspendable						23,407	25,596	26,416	27,303	27,165	147,132
Restricted						89,754	1,847				
Unassigned						10,996,973	9,906,565	7,311,171	7,201,807	7,646,538	8,242,880
Reserved	1,244,305	1,136,354	666,740	301,594	845,847						
Unreserved	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614						
Total general fund	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	8,390,012
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	6,985,109
Assigned						754,957					
Unassigned						(183,387)	(702,682)		(64,508)	(146,092)	(107,221)
Reserved	3,047,814	1,770,534	3,258,830	5,297,531	12,800,837						
Committed									183,001	518,273	1,177,478
Unreserved reported in:											
Special revenue funds	3,415,306	3,846,689	4,704,765	3,344,042	7,355,646						
Capital projects funds	(264,923)	341,085	6,399,703	1,107,713	18,537,635						
Total all other governmental funds	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	8,055,366
TOTAL FUND BALANCE	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	16,445,378

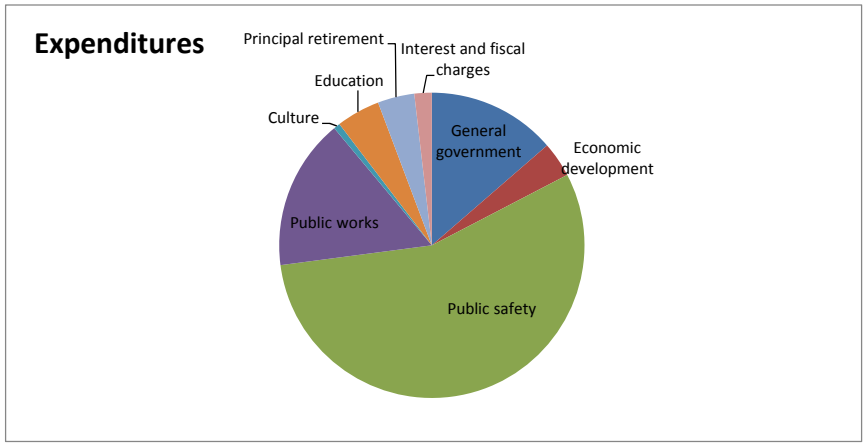


Note 1: Reporting change the result of Implementation of GASB 54 with the fiscal year ending April 30, 2012
Note 2: Fiscal years 2007 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
Fiscal years 2014 and forward 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										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Revenues											
Taxes	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	39,518,263
Charges for service	140,221	98,878	61,208	94,978	83,722	622,614	727,376	2,998,948	5,882,463	6,817,347	7,518,858
Investment income & net increase in fair value of investments	680,310	526,969	234,071	81,064	36,891	217,062	230,394	6,676	108,684	5,419	25,888
Intergovernmental	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	26,563,642
Licenses and permits	824,540	790,214	734,515	743,221	659,054	752,854	734,747	607,026	737,684	857,174	1,002,264
Fines and fees	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	1,743,097
Other revenue	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	2,114,408
Total revenues	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	78,486,420
Expenditures											
General government	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	10,764,852
Economic development											2,950,916
Public safety	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	43,885,346
Public works	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	12,644,198
Culture	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	556,674
Education									3,590,771	3,332,483	3,639,593
Debt service											
Principal retirement	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	3,084,879
Interest and other charges	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	1,455,719
Total expenditures	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	78,982,177
Deficiency of revenues over expenditures	(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)	(495,757)

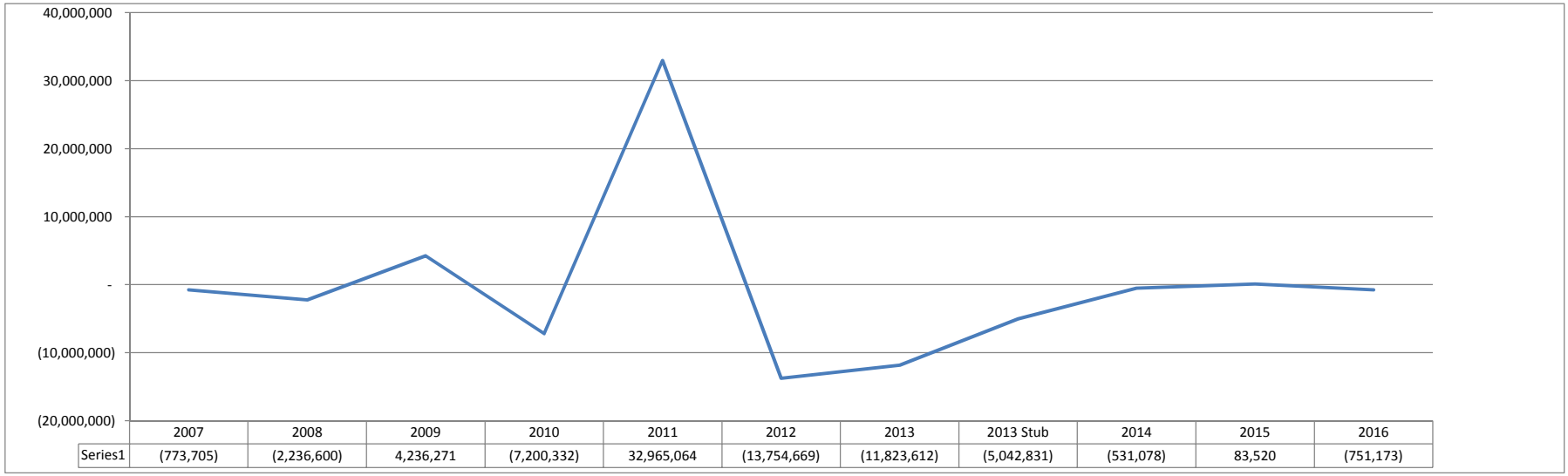




City of Decatur, Illinois
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Other Financing Sources											
Bond & loan proceeds	5,021,960	2,925,000	11,322,400	250,000	41,381,208	-	28,080,658	-	1,625,358	1,369,277	1,703,474
Sale of assets	243,886	7,750	36,107	78,694	83,217	71,239	15,172	53,877	11,775	48,221	85,411
Transfers in	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	2,035,034
Transfers out	(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)	(4,079,335)
Total other financing sources	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	(255,416)
NET CHANGE IN FUND BALANCES	(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	(751,173)
Capital Outlay	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	4,985,664
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%	12.36%	5.95%	5.53%	6.14%

Net Change in Fund Balances



Note 1: Fiscal years 2007 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)

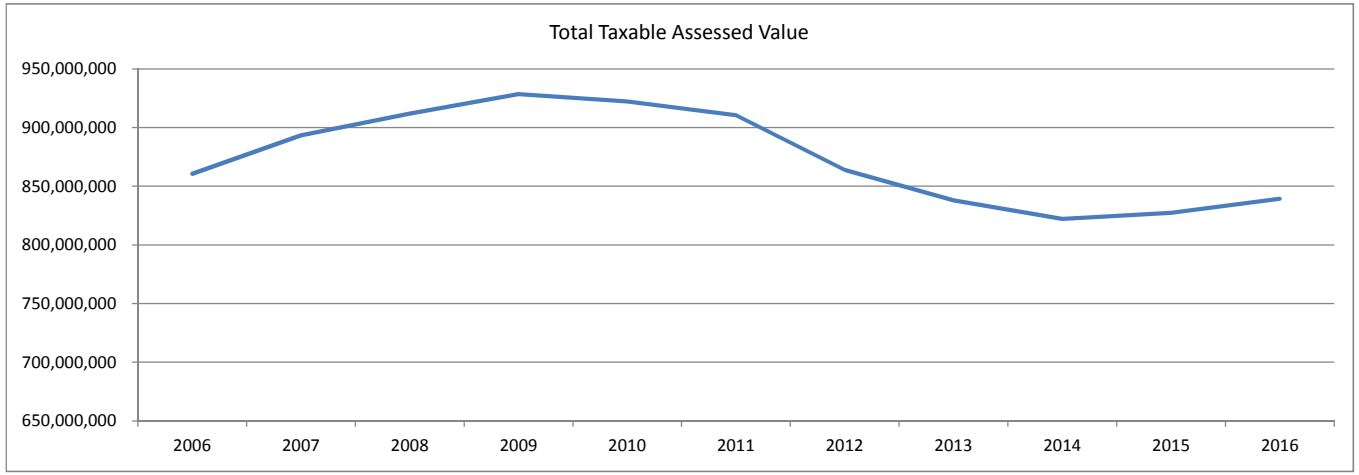
Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
State Distributed Taxes											
State Sales Tax	10,984,079	11,229,163	11,496,206	10,574,854	11,281,868	11,446,917	11,422,817	7,316,428	11,477,601	11,654,760	11,241,506
Local Sales Tax	10,152,573	10,384,125	10,778,195	9,903,182	10,469,019	10,890,188	10,731,110	6,618,214	10,540,198	10,359,805	10,058,133
State Income Tax	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	7,470,934
Telephone Utility Tax	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	1,980,913
Motor Fuel Tax	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	1,929,331
Local Use Tax	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	1,943,083
State Replacement Tax	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	1,333,328
Video Gaming Tax							34,827	196,877	539,548	836,212	1,116,081
Locally Collected Taxes											
Food & Beverage Tax	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	3,260,918
Utility Tax	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	4,205,747
Local Motor Fuel Tax											1,249,034
Cable TV Tax	788,388	622,865	1,174,485	901,782	993,298	801,626	1,354,071	573,085	1,081,560	1,097,781	1,084,913
Hotel Use Tax	652,839	681,483	676,711	555,277	601,716	716,136	599,436	444,313	649,787	675,211	690,077
TOTAL	41,543,093	42,755,367	43,619,175	38,922,352	42,241,102	41,025,882	43,875,384	27,701,165	43,152,532	44,277,236	47,563,998

Note 1: Fiscal years 2007 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
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	13,368,247
2016	12/31/2017	493,960,507	4,179,399	262,338,524	62,736,200	16,082,358	839,296,988	1.65177	13,863,257	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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fiscal Year Ended	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	12/31/2017
City of Decatur	1.24170	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177
County of Macon	0.94028	0.94681	0.93697	0.95288	0.95958	0.95558	0.91349	0.94732	0.98067	1.08131	1.20181
Sanitary District	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420	0.33123	0.34837	0.34658	0.37112
Decatur School District	4.31073	4.36148	4.33613	4.34873	4.28718	4.31545	4.39115	4.33259	4.42015	4.67266	4.86451
Decatur Park District	1.02881	1.02801	1.03816	1.03785	1.03791	1.03991	1.09716	1.11716	1.12049	1.15036	1.15046
Decatur Township	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025	0.35229	0.36010	0.35927	0.35275
Mosquito Abatement	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318	0.03544	0.03646	0.03748	0.03599
Conservation District	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713	0.11025	0.11405	0.11717	0.11247
Mental Health	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000	0.15000	0.15000	0.15000	0.15000
Richland Community College	0.38678	0.39411	0.39429	0.39467	0.43246	0.47799	0.48286	0.49082	0.49243	0.54062	0.54703
Macon County Health	0.08207	0.09206	0.10418	0.10235	0.10225	0.09981	0.10260	0.10348	0.10354	0.10275	0.10066
Cooperative Extension	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446	0.02467	0.02468	0.02817	0.02760
Total Tax Rate per $100 AV	8.83897	8.90359	8.85711	8.89683	8.92454	9.07009	9.31692	9.40132	9.58621	10.22135	10.56617
Share of Total Tax Rate Levied by City of Decatur	14.0%	13.8%	13.6%	13.7%	13.9%	14.2%	14.6%	15.0%	15.0%	16.0%	15.6%

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

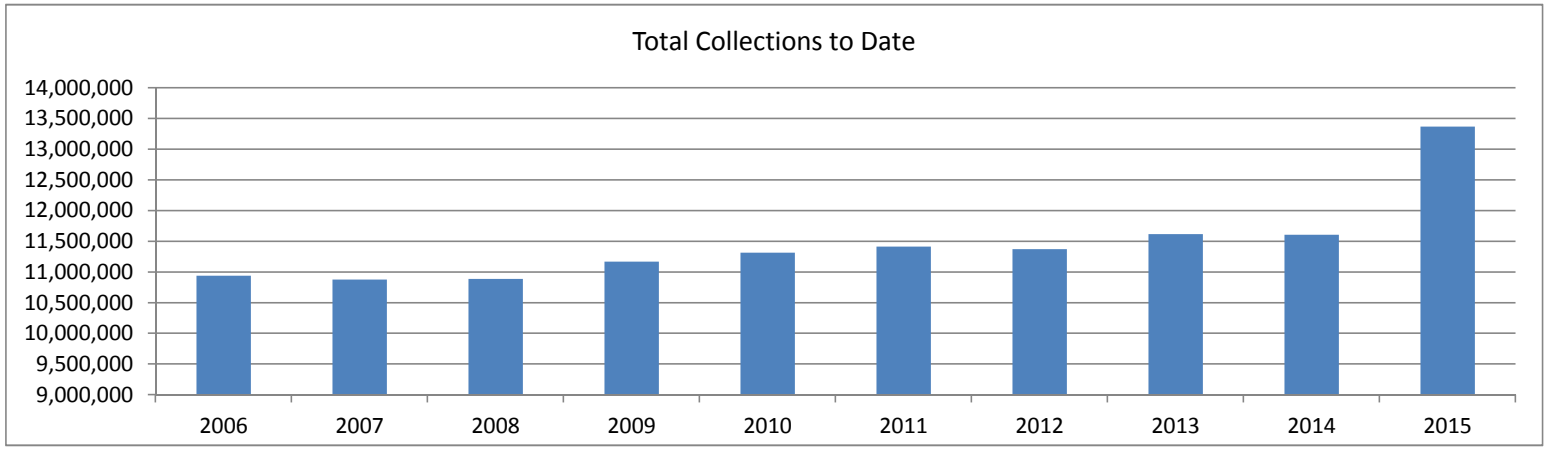
City of Decatur, Illinois
Major Property Taxpayers
as of December 31, 2016 ($'s whole)

	Current Year			Nine Years Ago		
Name of Company	2015 Assessed Valuation	Rank	Percent to Total	2006 Assessed Valuation	Rank	Percent to Total
Archer Daniels Midland Co.	25,352,213	1	3.1%	27,570,853	1	3.3%
Norfolk & Western RR (Wabash)	11,885,105	2	1.4%	7,159,543	3	
Wal-Mart Stores, Inc.	7,622,724	3	0.9%	8,723,607	2	1.1%
Caterpillar Tractor Co.	6,964,100	4	0.8%	3,710,209	7	0.4%
Ventas Inc fka LHPT Decatur/DMH Fund	6,053,661	5	0.7%	**	**	**
Ameren fka Illinois Power Co	5,669,309	6	0.7%	3,072,036	10	0.4%
Millikin University (The Woods Apts.)	3,822,431	7	0.5%	3,308,058	9	0.4%
Brettwood Village Assoc	3,199,229	8	0.4%	3,655,847	8	0.4%
Evergreen Place Decatur	3,195,000	9	0.4%	**	**	**
Tate & Lyle fka AE Staley Mfg. Co.	2,912,861	10	0.4%	7,057,090	4	0.9%
Decatur Memorial Health	**	**	**	4,093,588	5	0.5%
Northgate Lmtd Partnership	**	**	**	3,859,768	6	0.5%
	76,676,633		9.3%	72,210,599		7.8%
	822,152,764		100.0%	829,097,689		100.0%

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
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	13,368,247	99%	n/a	13,368,247	99%
2016	12/31/2017	13,863,000	13,863,257	in process		n/a	in process	

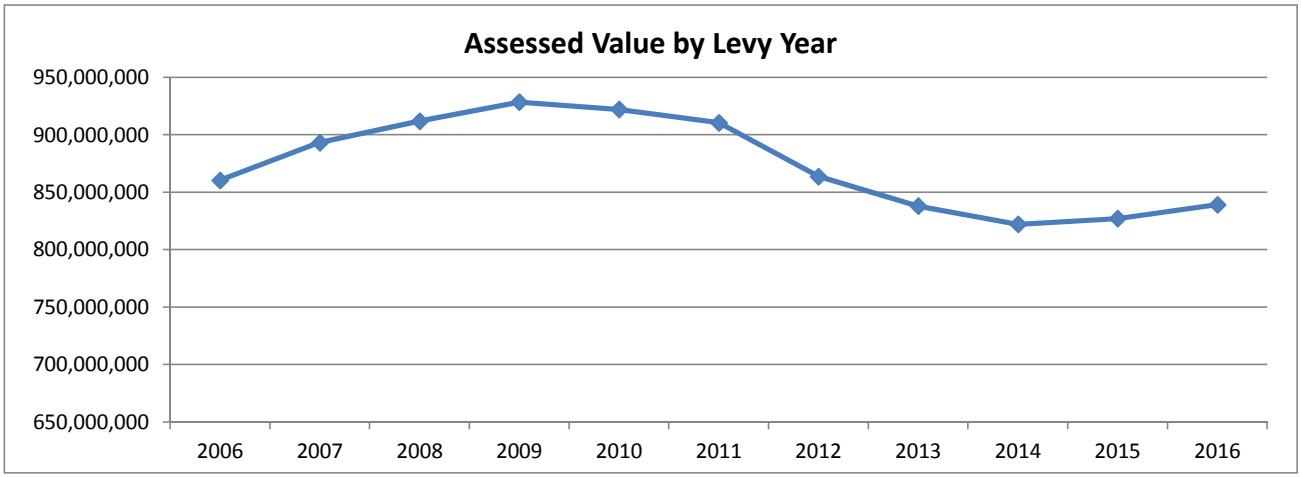


Note: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year.
Source: Office of the Macon County Treasurer
n/a: Macon County Treasurer's Office has been unable to separate subsequent year collections from current year in reporting to the City 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

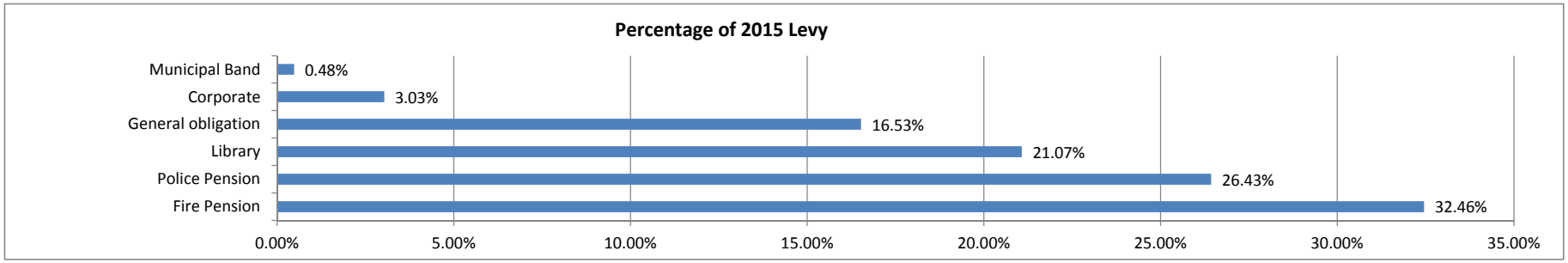
LEVY YEAR	FISCAL YEAR ENDED	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)	DIRECT RATE PER $100 ASSESSED VALUATION
2006	4/30/2008	860,504,122	2,581,512,366	33.33%	1.24176
2007	4/30/2009	893,386,367	2,680,159,101	33.33%	1.23237
2008	4/30/2010	912,014,180	2,736,042,540	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
2016	12/31/2017	839,296,988	2,517,890,964	33.33%	1.65177



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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fiscal Year Ended	**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**	**12/31/2017**
PURPOSE OF FUND											
Library	0.38031	0.39196	0.37138	0.32309	0.32533	0.32945	0.34729	0.33111	0.33753	0.34453	0.34553
Police Pension	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226	0.41352	0.44745	0.45004	0.43217	0.47362
Fire Pension	0.33349	0.31260	0.33683	0.33104	0.38973	0.39612	0.43004	0.45341	0.45612	0.53069	0.54570
Municipal Band	0.00814	0.00840	0.00823		0.00651	0.00659	0.00695	0.00716	0.00730	0.00786	0.00775
Corporate										0.04954	0.07499
IMRF Retirement	0.07590	0.08392	0.11544	0.12415		0.00979	0.01154	0.01194	0.02828		
Mass Transit System	0.02541	0.02448	0.02398								
BOND AND INTEREST											
General obligation	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110	0.15500	0.15600	0.27019	0.20418
ALL PURPOSE - TOTAL	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177
Actual Rate Extended	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177



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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fiscal Year Ended	**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**	**12/31/2017**
PURPOSE OF FUND											
Library	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	2,900,023
Police Pension	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	3,975,079
Fire Pension	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	4,580,044
Municipal Band	70,045	75,044	75,059		60,032	60,011	60,036	60,008	60,017	65,020	65,045
Corporate										409,808	629,389
IMRF Retirement	653,123	749,730	1,052,829	1,152,787		89,151	99,686	100,069	232,505		
Mass Transit System	218,654	218,701	218,701								
BOND AND INTEREST											
General obligation	956,192	948,598	201,099	1,246,199	1,236,056	1,423,138	1,305,252	1,299,051	1,282,559	2,235,085	1,713,677
ALL PURPOSE - TOTAL	10,685,396	11,009,825	11,002,265	11,297,500	11,467,272	11,751,638	11,751,936	11,784,238	11,800,112	13,524,998	13,863,257

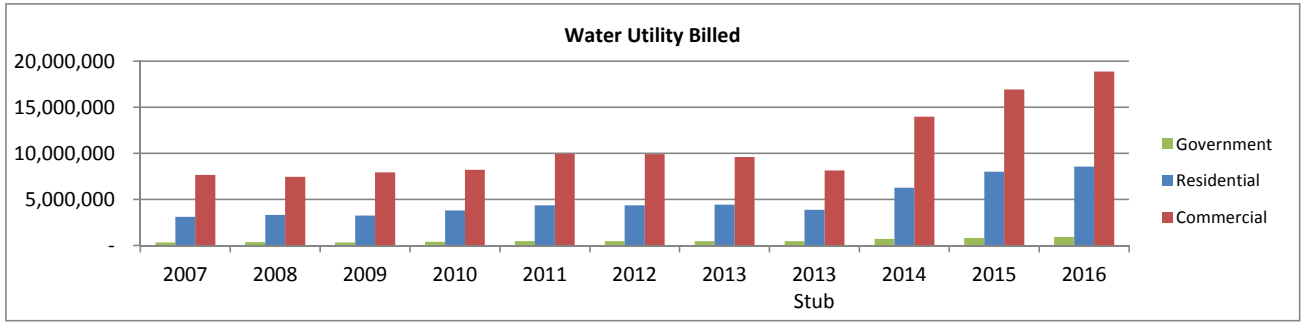
Source: "Certificate of Tax Extension", Office of the Macon County Clerk

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)

Fiscal Year	Water Utility Billed				Direct rate per 700 cubic feet		Actual Receipts
	Residential	Commercial	Government	Total	Domestic and Non-Domestic	Large Users	
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
2016	8,580,181	18,893,937	932,841	28,406,959	4.67	7.18	28,458,953



Note 1: Fiscal years 2007 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)

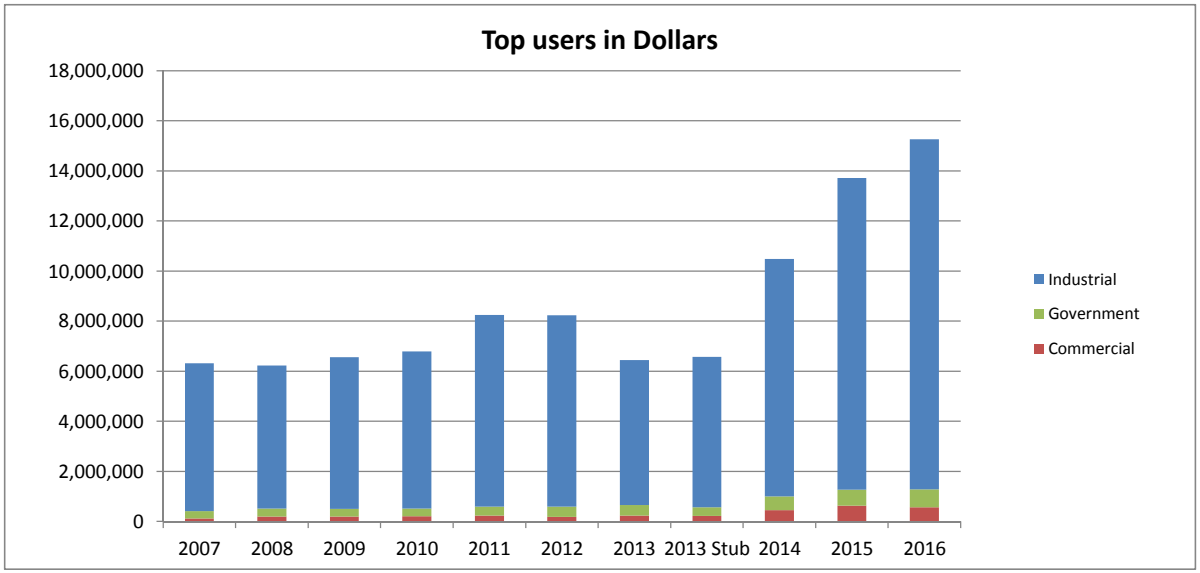
	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Service Charge Per Meter											
Domestic-all meters (monthly)	$ 1.11	$ 1.11	$ 1.27	$ 1.46	$ 1.68	$ 1.68	$ 1.68	$ 2.27	$ 2.95	$ 3.69	$ 3.78
Non-Domestic & large Users (monthly)											
Meter size 5/8"-3/4"	2.99	2.99	3.44	3.95	4.55	4.55	4.55	6.14	7.98	9.98	10.23
Meter size 1"-1 1/2"	11.05	11.05	12.71	14.61	16.81	16.81	16.81	22.69	29.50	36.88	37.80
Meter size 2"-4"	39.00	39.00	44.85	51.58	59.31	59.31	59.31	80.07	104.09	130.11	133.36
Meter size 7"-12"	182.00	182.00	209.30	240.70	276.80	276.80	276.80	373.68	485.78	607.23	622.41
Meter size 14"-18"	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	2,556.33
Usage Charge-cu ft (monthly)											
Domestic and Non-Domestic											
1st 700	1.37	1.37	1.58	1.81	2.08	2.08	2.08	2.81	3.65	4.56	4.67
Next 1,500	1.24	1.24	1.43	1.64	1.89	1.89	1.89	2.55	3.32	4.15	4.25
Next 12,900	1.11	1.11	1.28	1.47	1.69	1.69	1.69	2.28	2.96	3.70	3.79
Next 18,300	0.89	0.89	1.02	1.18	1.35	1.35	1.35	1.82	2.37	2.96	3.03
Next 133,300	0.70	0.70	0.81	0.93	1.06	1.06	1.06	1.43	1.86	2.33	2.39
Next 833,300	0.66	0.66	0.76	0.87	1.00	1.00	1.00	1.35	1.76	2.20	2.26
Next 1,000 000	0.55	0.55	0.63	0.73	0.84	0.84	0.84	1.13	1.47	1.84	1.89
All Over 2,000,000	0.39	0.39	0.45	0.52	0.59	0.59	0.59	0.80	1.04	1.30	1.33
Large User											
1st 700	2.10	2.10	2.42	2.78	3.19	3.19	3.19	4.31	5.60	7.00	7.18
Next 1,500	1.90	1.90	2.19	2.51	2.89	2.89	2.89	3.90	5.07	6.34	6.50
Next 12,900	1.69	1.69	1.94	2.24	2.57	2.57	2.57	3.47	4.51	5.64	5.78
Next 18,300	1.36	1.36	1.56	1.80	2.07	2.07	2.07	2.79	3.63	4.54	4.65
Next 133,300	1.08	1.08	1.24	1.43	1.64	1.64	1.64	2.21	2.87	3.59	3.68
Next 833,300	1.00	1.00	1.15	1.32	1.52	1.52	1.52	2.05	2.67	3.34	3.42
Next 1,000 000	0.84	0.84	0.97	1.11	1.28	1.28	1.28	1.73	2.25	2.81	2.88
All Over 2,000,000	0.60	0.60	0.69	0.79	0.91	0.91	0.91	1.23	1.60	2.00	2.05

Note: Fiscal years 2007 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)

Fiscal Year	Total Water Billed	Revenue of Top 10 Customers in Category			Percentage of Total
		Industrial	Commercial	Government	
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%
2016	28,406,959	13,984,499	566,015	711,030	53.7%



Note 1: Fiscal years 2007 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.

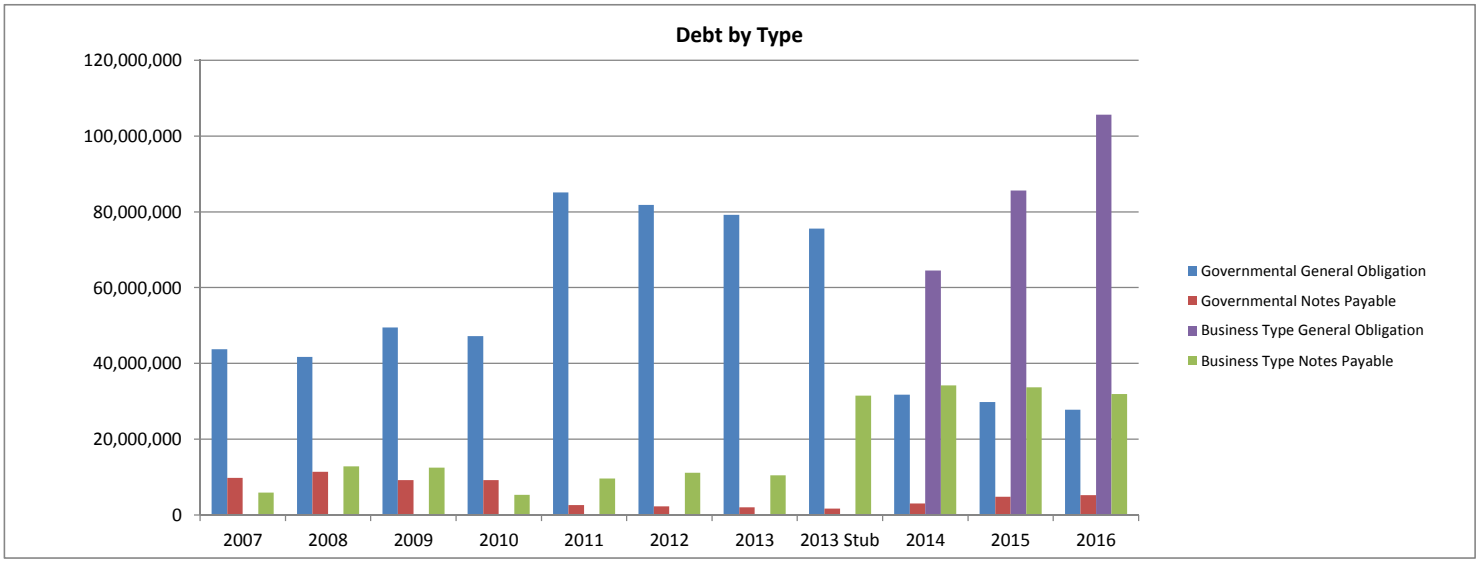
Source: City water utility records.

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)

	Governmental Activities		Business-Type Activities					
Fiscal Year	General Obligation	Notes Payable	General Obligation	Notes Payable	Total Primary Government	Assessed Value	Percentage of Assessed Valuation	Per Capita
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
2016	27,807,841	5,268,074	105,669,747	31,922,990	170,668,652	827,227,091	20.63%	2242
Percent of total debt	16.29%	3.09%	61.92%	18.70%	100.00%			



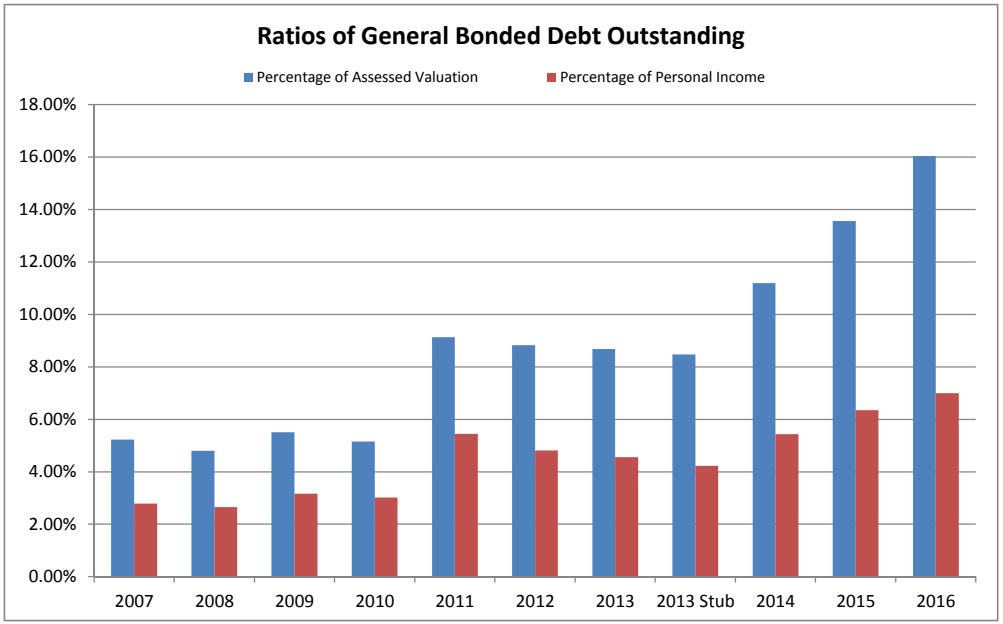
Note 1: Fiscal years 2007 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

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
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
2016	133,477,588	814,740	132,662,848	16.04%	7.00%	1,743



Note: Fiscal years 2007 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	$ 127,060,000	100.00%	$ 127,060,000
Less: Self-Supporting Debt (1)	(114,056,500)		(114,056,500)
Net Direct Bonded Debt	$ 13,003,500		$ 13,003,500
OVERLAPPING DEBT			
Macon County (2)	$ 330,000	51.42%	$ 169,686
Decatur Park District (3)	-	96.50%	-
Community Unit School District Number 1 (3)	7,315,000	35.53%	2,599,020
Community Unit School District Number 2 (3)	5,620,000	11.64%	654,168
Community Unit School District Number 3 (3)	11,525,000	10.28%	1,184,770
Community Unit School District Number 9	625,000	0.67%	4,188
Community Unit School District Number 11	11,220,000	36.19%	4,060,518
Community Unit School District Number 15 (3)	7,185,000	14.49%	1,041,107
Community Unit School District Number 61 (3)	10,980,000	94.86%	10,415,628
Community Unit School District Number 100	1,570,000	0.05%	785
Richland Community College District Number 537	18,255,000	36.13%	6,595,532
NET OVERLAPPING BONDED DEBT			$ 26,725,402
NET DIRECT BONDED DEBT AND OVERLAPPING BONDED DEBT			$ 39,728,902
2015 Estimated Full Valuation for Tax Levy 2015 payable in 2016			$ 2,481,681,273
2015 EAV for Tax Levy 2015 payable in 2016			$ 827,227,091
Population (current estimate)			74,654
Full Valuation Per Capita			$ 33,281
Per Capita Net Direct Bonded Debt			$ 174
Per Capita Net Direct Bonded Debt and Overlapping Bonded Debt			$ 532

(1) City expects to continue to abate all of the property tax levies for debt service on its General Obligation Bonds, Series 2008, Series 2013, Series 2014 and Series 2015 and a portion of the tax levies for its General Obligation Bonds, Series 2010A, Series 2010B 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 from sources other than general taxation and self-supporting debt

(4) 2011-2015 American Community Survey 5-year estimates, U.S. Census Bureau

Sources: Office of the Macon County Clerk and the City of Decatur Office of the City Treasurer

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

Fiscal Year	Population	Per Capita Personal Income	Personal Income (thousands of dollars)	Median Age	School Enrollment	Unemployment Rate
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%
2016	76,122	24,913	1,896,427	39.8	15,728	7.0%

Note: Fiscal years 2007 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 Demographic 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

	December 31, 2016			April 30, 2007		
Employer	**Employees**	**Rank**	**Percentage of Total City Employement**	**Employees**	**Rank**	**Percentage of Total City Employement**
Archer Daniels Midland Co.	4199	1	13.92%	4000	1	11.58%
Decatur Memorial Hospital	2200	2	7.30%	2443	3	7.07%
Decatur Public Schools	1812	3	6.01%	1500	4	4.34%
Caterpillar, Inc.	1650	4	5.47%	3200	2	9.26%
St. Mary's Hospital	987	5	3.27%	1100	5	3.18%
Tate & Lyle fka AE Staley Mfg. Co.	975	6	3.23%	800	6	2.32%
Ameren aka Illinois Power Company	683	7	2.26%	**	**	**
Mueller Co., Inc.	600	8	1.99%	750	7	2.17%
County of Macon	536	9	1.78%	600	8	1.74%
Norfolk Southern Railway	522	10	1.73%	**	**	**
City of Dectaur	**	**	**	595	9	1.72%
Millikin University	**	**	**	500	10	1.45%
Richland Community College	**	**	**	500	10	1.45%

Source: Economic Development Foundation and Illinois Department of Employment Security

Operating Information

These schedules contain service and infrastructure facts and data to assist reader understanding of the information as contained in the City of Decatur financial report and its relation to the services and activities provided by the City to its stakeholders.

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

Function	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Public safety											
Police											
Calls for Service	66,732	65,439	63,776	58,443	59,766	58,800	60,729	42,430	58,088	59,072	56,319
Traffic Citations	6,804	14,188	15,689	16,650	13,072	10,530	11,591	8,567	11,870	8,938	8,632
Parking Tickets	1,688	1,225	1,153	1,124	1,015	1,504	1,866	1,306	1,473	892	1,188
Fire											
Call Outs	8,623	8,931	8,790	8,659	9,030	9,320	8,711	5,795	8,712	10,317	11,079
Inspections	616	834	1,658	206	1,450	265	789	1,142	1,509	1,262	793
Public works											
Street Surface Improv (LA MI)	20.5	22.5	15.4	37.4	4.6	5.2	16.7	4.1	4.0	3.3	13.9
Potholes Repaired	10,200	16,722	16,589	31,670	22,059	13,579	21,063	12,158	66,091	48,734	43,939
Pavement markings-paint (LF)	448,412	275,461	71,690	53,739	300	652,808	235,822	322,774	280,103	40,321	392,563
Culture and recreation											
Library Items Loaned	635,162	596,504	611,071	638,186	593,111	501,740	487,803	303,323	422,369	376,140	300,646
Extension (bookmobiles)	89,925	57,550	56,269	61,840	0	0	0	0	0	0	0
General Government											
Bldg Permits New Home	10	10	8	20	16	9	8	8	12	11	13
Bldg Permits New Home (Value)	$1,018,074	$1,400,265	$1,130,000	$3,907,500	$1,307,070	$3,232,835	$2,051,000	$1,855,900	$1,908,700	$1,902,000	$2,047,000
Bldg permits All Residential (Value)	$14,418,656	$12,288,415	$11,635,902	$9,067,293	$8,793,456	$7,781,179	$8,790,906	$6,058,924	$7,502,246	$6,837,313	$7,558,641
Bldg permits All Other (Value)	$67,033,509	$40,366,718	$51,992,426	$53,135,825	$26,112,075	$55,983,451	$26,183,706	$31,109,047	$44,999,233	$42,366,920	$78,815,276
Water											
Water Consumption (CU FT)	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	803,866,983	811,794,925
Metered Services	31,489	31,557	31,489	31,466	31,459	31,433	31,410	31,393	31,376	31,418	31,381
Sediment Dredged (Dry TON)	201,227	180,435	302,145	154,713	104,224	412,170	0	0	324,620	2,727,652	3,181,651
Parking											
Tickets Issued **Note 1**	15,543	15,091	15,709	15,310	15,617	15,524	6,984	4,045	7,606	6,127	4,567
Parking Lot Maintenance (Hours)	1,498	1,582	1,538	1,120	1,703	1,210	940	688	1,415	425	522
Mass Transit											
Buses & Trolleys (Ridership)	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	1,236,846
Paratransit Vans/Taxis	34,050	34,068	34,142	32,270	27,496	27,432	35,234	24,398	35,947	32,537	34,260
Waste removal											
Recycling (Pounds)	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	7,650,830
Sewer											
Sanitary Sewer Televised (LF)	208,991	250,000	469,923	150,000	225,000	330,000	211,266	176,783	304,500	286,388	287,572

Note 1: 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 2: Fiscal years 2007 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

	Fiscal Year										
Function	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Public safety											
Police											
Patrol Units	32	38	37	41	54	45	53	45	44	38	38
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Public works											
Bridges	17	17	17	18	18	18	19	19	19	19	19
Sidewalks (ft)	536,944	536,944	536,944	536,944	536,944	536,944	544,144	548,044	544,144	544,144	544,144
Streets (sq yd)	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	1,579,506
Storm Sewers (ft)	284,203	284,203	288,204	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)	527	527	527	527	527	527	527	527	531	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	5	5	5	5	5	5	5	5	5	5	5
Mass Transit											
Buses	25	25	25	32	23	23	23	22	22	22	22
Trolleys	2	2	2	2	2	2	2	2	2	2	2
Sewer											
Sanitary Sewers (ft)	370,179	370,179	370,179	370,179	370,179	370,179	370,179	370,179	396,189	396,189	396,189

Note: Fiscal years 2007 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

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Function											
General government	81	87	51	47	46	48	50	48	47	48	48
Public safety											
Police											
Officers	165	160	175	165	161	169	170	165	151	160	157
Civilians	21	23	24	25	25	23	25	21	29	32	29
Fire											
Firefighters and officers	110	114	117	116	115	111	116	110	106	110	109
Civilians	2	2	2	2	2	2	2	1	1	1	1
Public works	82	83	80	71	70	73	71	68	65	65	66
Development Service			33	28	28	29	24	21	19	20	18
Water	47	51	52	46	47	43	42	38	43	45	45
Civil City full time head count	508	520	534	500	494	498	500	472	461	481	473
Additional Full Time Staff											
Library	46	46	48	39	34	36	36	29	28	27	24
Full Time Equivalent of Temporary Staff											
General government	2	2	1	1					1	1	1
Library	15	14	14	13	13	13	14	13	11	11	8
Water	4	4	4	3	4	4	3	5	3	3	3
Total full time equivalent employees	21	20	19	17	17	17	17	18	15	15	12
Total Full-time Equivalent	575	586	601	556	545	551	553	519	504	523	509

Source: City of Decatur Records.

Note 1: Fiscal years 2007 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 effective October 1, 2016 to September 30, 2017

	Limit Type	$ Limit	Basis	Deductible SIR	Maintenance Deductible	Annual Premium
Commercial Package Property & Liability						$ 261,419
Property coverage						
Property	Limit			150,000	1,000	included above
Automobile physical damage	Limit	$ 1,000,000		25,000	1,000	included above
Mobile equipment	Limit	$ 1,000,000		75,000	1,000	included above
Flood & surface water	Limit	$ 1,000,000	each occurrence / annual aggregate	150,000		included above
Earthquake	Limit	$ 1,000,000	each occurrence / annual aggregate	150,000		included above
Named windstorm	Limit	$ 1,000,000	each occurrence	150,000		included above
Business income w/wo rental value	Limit	$ 550,000	each occurrence	150,000		included above
Additional property coverage						
Data processing systems / media	Limit	$ 1,000,000				included above
Data processing extra expense	Limit	$ 300,000				included above
Valuable papers	Limit	$ 1,000,000				included above
Fine arts	Limit	$ 225,000				included above
Accounts receivable	Limit	$ 1,000,000				included above
Extra expense	Limit	$ 1,000,000				included above
Mobile equipment	Limit	$ 1,000,000				included above
Transit	Limit	$ 1,000,000				included above
Rental value	Limit	$ 550,000				included above
Newly acquired property	Limit	$ 1,000,000				included above
Automatic acquisition clause	Limit	$ 1,000,000				included above
General Liability coverage						
General liability	Limit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Automobile liability	Limit	$ 10,000,000	each accident	150,000		included above
Law enforcement liability	Limit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Additional liability coverage						
Uninsured/Underinsured Motorist	Limit	$ 20,000	any one person			included above
Uninsured/Underinsured Motorist	Limit	$ 40,000	any one occurrence			included above
Errors & omissions	Sublimit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Employment practice	Sublimit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Sexual harassment	Sublimit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Sexual abuse	Sublimit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Employee benefits	Limit	$ 10,000,000	each occurrence / annual aggregate	150,000		included above
Excess Property						$ 73,764
Property & automobile phys damage	Limit	$ 215,469,549		1,000,000		included above
Flood & earthquake	Limit	$ 11,150,000				included above
Additional coverage						
Ordinance or law	Limit	$ 1,000,000				included above
Mobile equipment	Limit	$ 1,008,115				included above
Vehicles	Limit	$ 18,429,030				included above
Newly acquired locations	Limit	$ 2,000,000				included above
Municipal sales tax revenues	Limit	$ 11,000,000				included above
EDP equipment	Limit	$ 2,817,000				included above
EDP media	Limit	$ 2,516,000				included above
Valuable papers	Limit	$ 1,350,000				included above

City of Decatur, Illinois
Insurance Coverage
Coverage effective October 1, 2016 to September 30, 2017

	Limit Type	$ Limit	Basis	Deductible SIR	Maintenance Deductible	Annual Premium
Equipment Breakdown						$ 7,002
Blanket	Limit	$ 100,000,000		5,000		included above
Additional coverage						
Ammomia contamination		$ 1,000,000				included above
Expiditing expense		$ 1,000,000				included above
Water damage		$ 1,000,000				included above
Electronic data		$ 1,000,000				included above
Spoilage		$ 1,000,000				included above
Debris removal		$ 1,000,000				included above
Business income loss of utilities		$ 1,000,000				included above
Business income pollutant clean-up		$ 100,000				included above
Off premises property damage		$ 1,000,000				included above
Unintentional error & omissions		$ 100,000				included above
Business income dependent premises		$ 1,000,000				included above
Newly acquired premises		180 days				included above
Blanket		$ 250,000				included above
Fungus pollutant clean-up		$ 50,000				included above
Crime						$ 3,202
EE theft	Limit	$ 500,000	per loss coverage	5,000		included above
Forgery or alteration	Limit	$ 500,000	single loss	5,000		included above
Inside premises	Limit	$ 500,000	single loss	5,000		included above
Outside premises	Limit	$ 500,000	single loss	5,000		included above
Compuer fraud	Limit	$ 500,000	single loss	5,000		included above
Funds transfer fraud	Limit	$ 500,000	single loss	5,000		included above
Money orders & counterfeit currency	Limit	$ 500,000	single loss	5,000		included above
Cyber Liability						$ 13,938
Privacy liability	Limit	$ 1,000,000	each claim / aggregate	25,000		included above
Data breach - standard	Limit	$ 250,000	each claim / aggregate	25,000		included above
Data breach - side car	Limit	$ 500,000	each claim / aggregate	25,000		included above
Network security	Limit	$ 1,000,000	each claim / aggregate	25,000		included above
Internet media	Limit	$ 1,000,000	each claim / aggregate	25,000		included above
Network extortion	Limit	$ 1,000,000	each claim / aggregate	25,000		included above
Digital asset	Limit	$ 500,000	each claim / aggregate	25,000		included above
Business interuption	Limit	$ 500,000	each claim / aggregate	25,000		included above
Aggregate limit for all coverage	Limit	$ 1,000,000				included above
Excess Workers Compensation						$ 652,429
Workers compensation	Limit	Statuatory	per occurrence	500,000		included above
Employee liability	Limit		per occurrence	500,000		included above
Advisory & Broker						$ 62,000
Annual agency fee						

Data source: City of Decatur Office of the City Treasurer

IX Single Audit Section

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants *	14.218	B-14-MC-17-0008	$ 267,734	$ -
	14.218	B-15-MC-17-0008	200,352	-
	14.218	B-16-MC-17-0008	437,758	-
Subtotal Community Development Block Grants/Entitlement Grants			905,844	-
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14.239	M-09-MC-17-0203	86,844	-
	14.239	M-11-MC-17-0203	7,581	-
	14.239	M-12-MC-17-0203	20,732	-
	14.239	M-13-MC-17-0203	113,093	-
	14.239	M-14-MC-17-0203	103,184	-
	14.239	M-15-MC-17-0203	19,828	-
Subtotal HOME Investment Partnerships Program in Affordable Grants/ Entitlement Grants			351,262	-
Total U.S. Department of Housing and Urban Development			1,257,106	-
U.S. Department of Justice				
Direct Programs:				
JAG Grant	16.738	2015-DJ-BX-0067	22,871	-
Subtotal			22,871	-
BulletProof Vest Partnership Program	16.607	1121-0235 - 2015	5,067	-
Total U.S. Department of Justice			27,938	-
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(55)	74,897	-
IL Highway Planning	20.205	SPR-PL-3000(73)	83,516	-
IL Highway Planning	20.205	702202	24,023	-
IL Highway Planning	20.205	729012	88,909	-
Subtotal Higway Planning and Construction Cluster			271,345	-
STEP Grant	20.616	AP-16-0113	34,844	-
STEP Grant	20.600	AP-17-0175	12,028	-
Subtotal Highway Safety Cluster			46,872	-
Technical Studies Guide	20.505	IL-80-0012	18,562	-
Technical Studies Guide	20.505	IL-80-0017	16,129	-
Subtotal			34,691	-
Subtotal Passed-through Illinois Department of Transportation			352,908	-

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
Direct Programs:				
Federal Transit Formula Grants *	20.507	IL-90-X760-00	1,461,807	-
Subtotal			1,461,807	-
Total U.S. Department of Transportation			1,814,715	-
U.S. Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
Clean Water Revolving Fund	66.458	L17-5280	2,534	-
Subtotal Passed-through Illinois Environmental Protection Agency			2,534	-
Direct Programs:				
Brownfield Grant	66.818	BF-00E00879	132	-
Total U.S. Environmental Protection Agency			2,666	-
National Endowment for the Humanities				
Passed-through Secretary of State:				
Project Next Generation	45.310	16-3028-PNG	8,462	-
Department of Homeland Security				
Direct Program:				
Assistance to Firefighter	97.044	EMW 2014-FO-4630	40,910	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,151,797	$ -

***** Denotes a major program

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, 2016

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, 2016. 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 modified 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.

This information is an integral part of the accompanying schedule.

CliftonLarsonAllen LLP
CLAconnect.com

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, 2016, 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 June 21, 2017. Our report includes a reference to other auditors who audited the financial statements of the Civic Center, as described in our report on the City's financial statements. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Civic Center, discretely presented component unit, were not audited in accordance with *Government Auditing Standards*; therefore, the procedures described below do not include the operations of Civic Center.
.

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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and question costs that we consider to be material weaknesses (Finding 2016-001).

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.

CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017

CliftonLarsonAllen LLP
CLAconnect.com

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, 2016. 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2016-002 and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item Findings 2016-002 and 2016-003 that we consider to be significant deficiencies.

The City of Decatur, Illinois's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Decatur, Illinois's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

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

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards
Internal control over major programs:

- Material weakness identified? ___ Yes x No
- Significant deficiencies identified that are not considered to be material weaknesses? x 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)? x Yes ___ No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

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

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section II – Financial Statement Findings

FINDING NO. 2016-001 - MATERIAL ADJUSTING ENTRIES

Repeat Finding: Prior year finding 2015-001.

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 two significant adjustments were required during the audit process for the financial statements to be in accordance with GAAP:

- A prior period adjustment to correct beginning net position and fund balance related to an error in a prior year TIF Fund liability.
- A prior period adjustment to correct beginning net position related to a loss on disposal in a prior year that was not recorded.

Effect: Beginning net position/fund balance was misstated.

Cause: The prior period adjustment in the TIF fund was due to an error in calculation. The prior period adjustment related to the disposal of fixed assets was due to an oversight when removing the fixed assets from the depreciation schedule.

Recommendation: The City should closely review its asset and liability 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 FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section III – Federal Award Findings and Questioned Costs

Finding No. 2016-002 - CONTROLS OVER REPORTING

Federal Agency/Program: U.S. Department of Transportation - 20.507 – Federal Transit Formula Grants

Questioned Costs: None

Criteria or Specific Requirement: Federal guidelines require progress reports (MPR) and Federal financial reports (FFR) to be submitted on a quarterly basis.

Condition: During the course of the audit, none of the required quarterly reports were submitted timely in the award year. There was also one instance where the report submitted included inaccurate information.

Context: Only one quarterly report was filed and it was filed after the award year (the other quarters would have reported $0). The fourth quarter report was submitted on October 31, 2016 and included inaccurate dates of the expenditures. There was no documented review of the report filed.

Effect: A lack of internal control over reporting can lead to expenses being reported incorrectly and not within the correct award period.

Cause: Due to a change in management at Decatur Mass Transit, the reporting requirements and related internal controls were not known or followed.

Recommendation: We recommend putting in place a procedure for preparation of the quarterly reports and have a separate individual review the quarterly reports for accuracy prior to submission. This review should be documented.

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

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: Mass Transit Administrator / City Treasurer and Director of Finance

Expected Completion: The Plan in ongoing

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding No. 2016-003 – CONTROLS OVER PROCUREMENT

Federal Agency/Program: U.S. Department of Transportation - 20.507 – Federal Transit Formula Grants

Questioned Costs: None

Criteria or Specific Requirement: Federal guidelines require the entity to have procedures documented to verify the vendor of a covered transaction (over $25,000) is not debarred, suspended, or otherwise excluded prior to entering into a covered transaction.

Condition: During the course of the audit, it was noted that Decatur Mass Transit does not have a policy or procedure in place to verify whether a contractor or vendor is suspended or debarred.

Context: Noted one transaction in which there was no documentation maintained as to whether the vendor was suspended or debarred.

Effect: A lack of internal control procedures can lead to noncompliance with grant requirements.

Cause: Due to a change in management at Decatur Mass Transit, the requirement to verify and document that vendors are not suspended or debarred was unknown.

Recommendation: We recommend putting in place a procedure to verify vendors or contracts are not suspended or debarred and maintaining documentation that evidence.

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. The City will prepare a policy and procedure that will define responsibility and behavior of the organization to remove the risk of finding repeat in the future.

City Official Responsible: Mass Transit Administrator / City Treasurer and Director of Finance

Expected Completion: December 31, 2017

Decatur, Illinois
Home to:

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

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

- *Macon County History Museum*
- *Children's Museum of Illinois*
- *Hieronymus Mueller Museum*
- *Chevrolet Hall of Fame Museum*
- *African American Cultural Museum*
- *David Erlenson Gallary at Richland CC*
- *Anne Lloyd Gallery & Madden Arts Center*
- *Oglesby Mansion*
- *James Millikin Homestead*
- *Friends Creek Conservation District*
- *Decatur Parks System & Trails*

City of Decatur, Illinois

Contact Information:

Office of the City Manager

217-424-2801

One Gary K Anderson Plaza

Decatur, IL 62523

www.decaturil.gov