

City of Decatur, IL



Comprehensive Annual Financial Report

Fiscal Year January 1 to December 31, 2017

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.



A.E. Staley Building



Scovill Zoo



Millikin University

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



Comprehensive Annual Finance Report

City of Decatur, Illinois

For the period January 1 to December 31, 2017

Prepared by:

Department of Financial Management

Gregg D. Zientara, City Treasurer & Director of Finance

Cover Photo: A statue of Commodore Stephen Decatur (1779-1820) located on the corner of East William Street and North Franklin in front of the Decatur Civic Center. It is the work of sculptor John David Brien and shows Decatur in full military uniform. The monument also includes a mural portraying the burning of the USS Philadelphia which was held in a harbor in Tripoli in 1803. Stephen Decatur lead the mission to destroy the ship. The statue was Dedicated on November 16, 1952 on the Millikin Homestead grounds and later moved to its current location with the addition of the original columns from Steven Decatur High School that was demolished in 1977.

Stephen Decatur died nine years before the City of Decatur was founded in 1829. His most famous quote is etched into the base of the statue, "Our country! In her intercourse with foreign nations may she always be in the right; but right or wrong, our country."

Inside Back Page Photo(s):

Upper left –Decatur welcomes you to our city, the original home of the Chicago Bears. George Halas was 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.

Lower left –Located in Nelson Park, Outlook Adventure Park is one of Decatur's newest additions and is a fun and exciting adventure for the whole family. The park includes mini golf, a ropes course and batting cages.

Middle right – The Decatur Area Arts Council introduces and promotes the arts to the City of Decatur. They provide educational programs and access to the arts to improve the quality of life in the community.

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

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I **Introductory Section**



City of Decatur City Officials

Office	Official	Term of Office	
Mayor	Julie Moore Wolfe	05-01-2017 to 04-30-2019	elected
Council Members			
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
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
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 April 2017 municipal election.

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 8, 2018

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 fiscal year ending December 31, 2017 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 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 one-hundred (100) 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 72,174 inhabitants, according to U.S. Census Bureau 2017 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 72,174 inhabitants, according to U.S. Census Bureau 2017 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	47.1%	49.1%	49.2%
	Female	52.9%	50.9%	50.8%
Age	0 – 24 years of age	32.8%	32.9%	32.9%
	25 – 44	23.9%	26.9%	26.4%
	45 – 64	25.8%	26.3%	26.2%
	65 +	17.5%	13.9%	14.5%
	Median age (in years)	38.6	37.4	37.7
Race	White alone	70.0%	62.2%	61.9%
	Black alone	20.0%	14.1%	12.3%
	American Indian alone	0.3%	0.1%	0.6%
	Asian alone	1.2%	5.1%	5.2%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (same or multiracial)	6.0%	1.9%	2.5%
	Hispanic origin	2.5%	16.6%	17.3%
Marital status	Never married	35%	35%	33%
	Married	43%	49%	50%
	Widowed	7%	6%	6%
	Divorced	15%	10%	11%

Data source: U.S. Census Bureau Fact Finder

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	31,248	4,802,124	117,716,237
Families	Total number	22,967	3,726,448	92,760,395
	Avg. household owner occ	2.30	2.71	2.70
	Avg. household renter occ	2.18	2.42	2.53
Home ownership	Owner occupied	19,283	3,167,081	74,881,068
	Renter occupied	11,965	1,635,043	42,835,169
	Owner occupied	62%	66%	64%
	Renter occupied	38%	34%	36%

Data source: U.S. Census Bureau Fact Finder

Education

The educational profile of the City of Decatur residents age 18 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 18 and older.

	City of Decatur	State	National
Less than Grade 9	3.0%	4.6%	4.9%
Grade 9 – 12, no diploma	9.5%	7.3%	8.3%
High school graduate	34.3%	26.7%	27.8%
Some college, no degree	20.7%	18.4%	18.3%
Associates degree	13.2%	12.6%	13.0%
Bachelors degree	12.4%	19.3%	17.7%
Graduate degree	6.9%	11.1%	10.0%

Data source: U.S. Census Bureau Fact Finder

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 2,000 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 2,500 students.

Employment

The total resident labor force in the City of Decatur per the U.S. Census Bureau analysis was reported as 31,695 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	284	0.9%
Construction	1,519	4.8%
Manufacturing	5,202	16.4%
Wholesale trade	495	1.6%
Retail trade	4,189	13.2%
Transportation/utilities	2,192	6.9%
Information	538	1.7%
Finance/insurance/real estate	1,530	4.8%
Services	14,533	45.9%
Public administration	1,213	3.8%
Total	31,695	100.0%

Data source: U.S. Census Bureau Fact Finder

The employment profile for the City of Decatur is comprised of 69.4% service industries, 9.4% other industries and 21.2% manufacturing and construction industries. Service sector is the largest employment category with 14,533 workers or 45.9% of the workforce population. Other significant employment sectors include manufacturing with 5,202 workers or 16.4% of the workforce, followed by retail trade at 4,189 workers or 13.2%, transportation / utilities at 2,192 workers or 6.9%, finance / insurance / real estate at 1,530 or 4.8%.

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	17,130	54.0%
Services	6,999	22.1%
Blue Collar	7,566	23.9%
Total	31,695	100.0%

Data source: U.S. Census Bureau Fact Finder

The ten (10) largest employers in the City of Decatur are represented in the following chart. Five (5) of the top ten employers are classified in the manufacturing, utility and transportation sectors, three (3) are classified in the service sector, and two (2) are classified in education and government sectors. The top ten employers account for 13,911 workers representing approximately 44% of the labor workforce.

Employer	Employees
Archer Daniels Midland	4,159
Decatur Memorial Hospital	2,142
Caterpillar, Inc.	1,985
Decatur Public School Corporation	1,625
St. Mary's Hospital	1,025
Millikin University	615
The Kelly Group	600
Mueller Co., Inc.	600
Akorn Incorporated	580
Tate & Lyle, Inc.	580
Total	13,911

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 5.5% in the City of Decatur for the composite 2017 calendar year. The seasonally adjusted unemployment rate for the City of Decatur was reported as 4.4% as of April 2018.

The Decatur unemployment situation has improved substantially from 2015 to the present time.

Locale	Unemployment % 2015	Unemployment % 2016	Unemployment % 2017	Unemployment % April, 2018
City of Decatur	6.9%	6.6%	5.5%	4.4%
Bloomington / Normal	4.8%	5.1%	4.1%	3.1%
Champaign / Urbana	5.1%	5.1%	4.2%	3.2%
Peoria	6.3%	6.5%	5.4%	4.1%
Springfield	5.1%	4.9%	4.2%	3.2%
State of Illinois	5.9%	5.9%	5.0%	4.4%
National	5.3%	4.9%	4.4%	3.9%

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

Unemployment levels have declined in 2017 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 31,248 households with an average per capita personal income of \$23,601 per U.S. Census Bureau analysis, which compares to the State of Illinois average per capita income of \$31,502 and the United States per capita income of \$29,829. Median household and average household income levels for the City of Decatur are below both the state and national levels.

\$ whole	Decatur	State	National
Per capita income	23,601	31,502	29,829
Median household income	40,777	59,196	55,322
Average household income	54,221	81,865	77,866

Data source: U.S. Census Bureau Fact Finder

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 U.S. Census Bureau for median home values in year 2016, the median home value for a single-family home in the City of Decatur statistical area was \$80,300 as compared to a median home value in the State of Illinois of \$174,800. The national median home value is \$184,700.

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 economic challenges. 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 2018.

City Fire Station New Construction – City Council approved action to construct replacements to three older aged fire stations. This project will commence in summer 2018 with completion expected in 2020.

Local Motor Fuel Tax Road and Street Resurfacing – 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 – Installation 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 – \$15 million state of art training facility that serves law enforcement agencies across the state. The project was made possible through a contribution from the Howard G. Buffett Foundation.

Decatur Parks District Amphitheater in Nelson Park – Creation of a \$4.25 million, 2,200 seat amphitheater venue on the shore of Lake Decatur in Nelson Park for cultural and entertainment events. Plans are in progress for design and construction to commence with completion in 2019. 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 – \$9 million hotel and restaurant facility that includes 114 guest rooms, conference space and a gourmet restaurant opened to the public in 2017.

Hampton Inn – \$8 million hotel including 80 guest rooms opened to the public in 2017.

Busey Bank FirstTech Renovation – Back office payment processing service provider subsidiary of Busey Bank completed 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, \$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 – \$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.

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 – \$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.

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 final phase of activity with completion expected in 2018.

Lake Decatur Dam Repair Phase I – \$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 – \$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. In early June 2018, the City was awarded \$25 million of federal funding to pursue the Brush College Road project.

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.

7th Ward Sewer Improvement – In early summer 2016, the Decatur City Council approved the project to refurbish and replace certain components of the 7th Ward sewer line. This \$9.2 million project was funded by a loan from the State of Illinois EPA ("IEPA"). This project will replace aging sewer infrastructure in an important residential and commercial corridor of the City. The project is expected to be completed in 2019.

Nelson Park Storm Sewer Improvement – In early 2017, the Decatur City Council approved the project to refurbish and replace certain components of the Nelson Park storm sewer line. This \$4.0 million project was funded by a loan from the State of Illinois EPA ("IEPA"). The project is expected to be completed in 2018.

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 was completed in 2017. 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.

Millikin University – \$22 Million construction of the University Commons Building, opened in 2017, is the new front door to the campus. The 87,000-square-foot facility blends the Staley Library and student center functions into one campus central location to service campus and community events.

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-six (26) 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 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, 2016.

This represents the forty-fifth (45th) 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

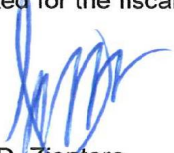
The preparation of this comprehensive annual financial report, for the City of Decatur, was made possible by the dedicated service of the staff of the City Department of Financial Management.

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, City Manager Tim Gleason, 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, 2017.



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

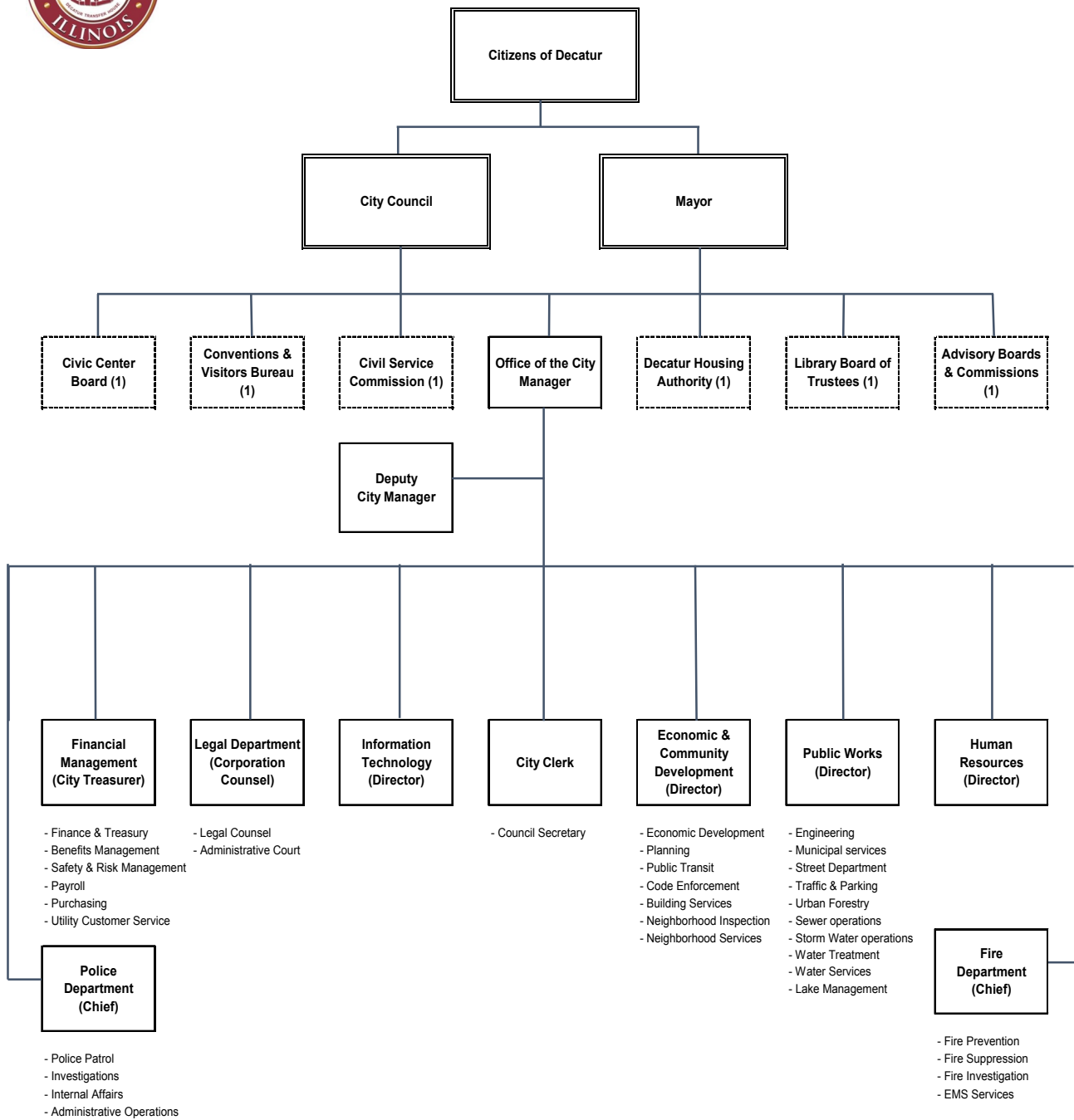
December 31, 2016

Christopher P. Morrell

Executive Director/CEO



City of Decatur, Illinois Organization Chart



Effective as of July 1, 2017

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



II Financial Section

INDEPENDENT AUDITORS' REPORT

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, 2017, 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.

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

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

Opinions

In our opinion, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Beginning net position from previously issued financial statements has been restated related to a change in the application of Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions – an amendments of GASB Statement No. 27, to measure net pension liability and related deferred inflows and outflows as of a measurement date one year prior to the current year end. See Note 19 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 8, 2018 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 solely 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 the effectiveness of the City of Decatur's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Champaign, Illinois
June 8, 2018

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 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, 2017.

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, 2017 and ending December 31, 2017, with comparative financial data for the twelve (12) month fiscal period ending December 31, 2016.

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

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

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

City of Decatur, Illinois

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

The City of Decatur is located within the central heartland of the agricultural region of the State of Illinois and is in the geographic center of the state. The City of Decatur is located one-hundred (100) miles west of the Illinois / Indiana State boundary line, one-hundred and seventy-five (175) miles south of Chicago, one-hundred and twenty (120) miles northeast of St. Louis, Missouri, and within a region of fifty (50) mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois.

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

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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)	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016
Total Assets	144,843,403	140,667,044	189,045,196	176,649,696	333,888,599	317,316,740
Deferred Outflow	7,907,967	14,274,208	1,232,173	1,827,773	9,140,140	16,101,981
Total Liabilities	168,764,824	176,888,286	155,511,812	149,151,270	324,276,636	326,039,556
Deferred Inflows	23,194,556	17,526,181	233,602	66,316	23,428,158	17,592,497
Net Position						
Net investment in capital assets	63,189,005	60,818,124	14,453,717	9,023,087	77,642,722	69,841,211
Restricted	9,074,227	6,002,253	-	-	9,074,227	6,002,253
Unrestricted	(111,471,242)	(106,293,592)	20,078,238	20,236,796	(91,393,004)	(86,056,796)
Total net position (1)	(39,208,010)	(39,473,215)	34,531,955	29,259,883	(4,676,055)	(10,213,332)
Change vs. pr year	265,205	(5,347,703)	5,272,072	11,632,988	5,537,277	6,285,285
Expenses	86,498,156	83,219,770	35,760,234	34,843,399	122,258,390	118,063,169
Revenues	82,255,360	78,257,651	45,540,307	43,747,781	127,795,667	122,005,432

Source: City of Decatur Financial Statement of Net Position and Statement of Activities

(1) Net position for 2016 includes governmental and business-type activity restatement with City election a change in accounting principal in 2017 for net pension liability and related deferred inflows and outflows for its IMRF pension plan per Financial Statement Note 19.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

- Government wide net position (total assets and deferred outflows less total liabilities and deferred inflows) as of December 31, 2017 is a deficit position of \$4,676,055.
- Government wide net position increased by \$5,537,277 or 54% during the fiscal year ending December 31, 2017. Governmental activity net position increased by \$265,205 or 0.7%, and business activity net position increased by \$5,272,072 or 18% during the fiscal year.
- Total assets as of December 31, 2017 of \$333,888,599 increased \$16,571,859 or 5% as compared to total assets as of December 31, 2016.
- Total liabilities as of December 31, 2017 of \$324,276,636 decreased \$1,762,920 or 0.5% as compared to total liabilities as of December 31, 2016.
- Government wide net position of \$77,642,722 are invested in capital assets, net of related debt, and are therefore, not available for spending. \$9,074,227 is classified as restricted primarily for debt service and capital outlay. A negative \$91,393,004 is classified as unrestricted net position, of which \$124,396,315 is long term pension liability, resulting in an unrestricted net position net of long term pension liability of \$33,003,311.
- Government wide revenue achieved in the fiscal year ending December 31, 2017 amounted to \$127,795,667, versus government wide revenue of \$122,005,432 achieved in the fiscal year ending December 31, 2016. Governmental activity revenue achieved in the fiscal year ending December 31, 2017 amounted to \$82,255,360, versus governmental activity revenue of \$78,257,651 achieved in the fiscal year ending December 31, 2016. Business activity revenue achieved in the fiscal year ending December 31, 2017 amounted to \$45,540,307, versus business activity revenue of \$43,747,781 achieved in the fiscal year ending December 31, 2016.
- Government wide program expense in the fiscal year ending December 31, 2017 amounted to \$122,258,390, versus government wide program expense of \$118,063,169 in the fiscal period ending December 31, 2016. Governmental activity program expense in the fiscal year ending December 31, 2017 amounted to \$86,498,156, versus governmental activity program expense of \$83,219,770 in the fiscal period ending December 31, 2016. Business activity program expense in the fiscal year ending December 31, 2017 amounted to \$35,760,234, versus business activity program expense of \$34,843,399 in the fiscal period ending December 31, 2016.
- 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, 2017. 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, 2017. 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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Assets						
Current & other	49,568,174	46,113,298	39,178,678	52,908,518	88,746,852	99,021,816
Capital assets (net)	95,275,229	94,553,746	149,866,518	123,741,178	245,141,747	218,294,924
Total Assets	144,843,403	140,667,044	189,045,196	176,649,696	333,888,599	317,316,740
Deferred Outflows						
Pension liability	7,907,967	14,274,208	1,232,173	1,827,773	9,140,140	16,101,981
Liabilities						
Current	7,791,572	7,546,643	11,305,488	8,128,005	19,097,060	15,674,648
Long term	160,973,252	169,341,643	144,206,324	141,023,265	305,179,576	310,364,908
Total Liabilities	168,764,824	176,888,286	155,511,812	149,151,270	324,276,636	326,039,556
Deferred Inflows						
Future property tax	16,372,617	15,846,657	-	-	16,372,617	15,846,657
Pension liability	6,821,939	1,679,524	233,602	66,316	7,055,541	1,745,840
Total Deferred Inflow	23,194,556	17,526,181	233,602	66,316	23,428,158	17,592,497
Net position (1)						
Net investment in capital assets	63,189,005	60,818,124	14,453,717	9,023,087	77,642,722	69,841,211
Restricted	9,074,227	6,002,253	-	-	9,074,227	6,002,253
Unrestricted	(111,471,242)	(106,293,592)	20,078,238	20,236,796	(91,393,004)	(86,056,796)
Total net position	(39,208,010)	(39,473,215)	34,531,955	29,259,883	(4,676,055)	(10,213,332)

Source: City of Decatur Financial Statement of Net Position and Statement of Activities

(1) Net position for 2016 includes governmental and business-type activity restatement with City election a change in accounting principal in 2017 for net pension liability and related deferred inflows and outflows for its IMRF pension plan per Financial Statement Note 19.

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.

Effective with the fiscal year ending December 31, 2017, the City of Decatur adopted GASB Statement No. 77, *Tax Abatement Disclosures* – disclosure of tax abatement information about 1) a reporting government's own tax abatement agreements and 2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The Tax Abatement Disclosure is presented in Financial Statement Note 18 – Tax Abatements.

As of December 31, 2017, City liabilities and deferred inflows exceeded assets and deferred outflows by \$4,676,055, an improvement of \$5,537,277 from the net position as of December 31, 2016.

Governmental net position of a negative \$39,208,010 decreased from the negative net position of \$39,473,215 as of December 31, 2016, representing an increase in net position of \$265,205, or 0.7%. Business net position of \$34,531,955 increased by \$5,272,072 versus the level at December 31, 2016, an increase of 18%.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

The increase in net position of the City results from an increase in asset position of \$16,571,859 combined with a decrease in deferred outflow position of \$6,961,841, offset by a decrease in liability position of \$1,762,920 and deferred inflow of resources increase of \$5,835,661.

Total assets increased \$16,571,859 or 5% as compared to the asset level of December 31, 2016. The increase in assets is attributed to an increase in capital assets net of \$26,846,823, and an increase in receivables and other assets of \$763,228, offset by a decrease in cash and investments of \$11,038,192.

The decrease in cash and investments can be attributed to a \$14,939,180 decrease in business activities and an increase of \$3,900,988 in governmental activities. The business activity cash and investment decrease is the result of cash flow from operations of \$4,833,985, investment income of \$541,631, offset by debt service payments of \$15,198,398 and capital outlay of \$5,116,398. The governmental activity cash increase is the result of cash flow from operations of \$3,946,940, debt issuance proceeds of \$5,598,748, investment income of \$76,893, offset by debt service payments of \$5,622,404 and capital outlay of \$99,189.

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 administered by the Illinois Municipal Retirement Fund (IMRF) was \$9,140,140 at December 31, 2017 and represents a decrease from the position of \$16,101,981 as of the prior year end.

Total liabilities decreased \$1,762,920 or 0.5% as compared to the liability level as of December 31, 2016, with a \$8,123,462 decrease in governmental activity liabilities and a \$6,360,542 increase in business activity liabilities.

Governmental activity liability reduction results from a \$7,317,506 decrease in net pension liability, a \$1,770,722 decrease in debt payable offset by a \$244,929 increase in current liabilities and an increase of \$719,837 in compensated absence and other postemployment liabilities. Business activity liability increase results from the issuance of new State of Illinois Environmental Protection Agency debt of \$7,290,829 to finance certain sewer infrastructure rehabilitation, issuance of new 2017 Series general obligation debt refunding the 2008 Series in the amount of \$6,275,000, increase of current and other liabilities of \$3,216,231, offset by in period debt principal payments of \$10,421,518.

Deferred inflows of resources amounted to \$23,428,158, an increase of \$5,835,661 or 33% as compared to the position as of the prior year end; and represents the 2017 property tax levy receivable of \$16,372,617, billed and collectible in 2018 and deferred pension income of \$7,055,541.

Government wide net position of \$77,642,722 is invested in capital assets, net of related debt, and is therefore, not available for spending. \$9,074,227 is classified as restricted primarily for debt service and capital outlay. The unrestricted net position is a negative \$91,393,004, including the net pension liability of \$124,396,315.

Net investment in capital assets of \$77,642,722 represents an increase of \$7,801,511 from the level as of December 31, 2016. Restricted net position increased \$3,071,974 as compared to the level as of December 31, 2016. Unrestricted net position decreased \$5,336,208 as compared to the level as of December 31, 2016.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016	Fiscal Year Ending Dec 31, 2017	Fiscal Year Ending Dec 31, 2016
Revenue						
Program Revenue						
Charge for services	10,540,284	10,264,220	37,596,988	37,447,276	48,137,272	47,711,496
Grants / contributions	6,862,658	5,428,617	7,297,444	5,892,767	14,160,102	11,321,384
General Revenue						
Property tax	16,007,673	15,546,929	-	-	16,007,673	15,546,929
Local sales & use	11,904,856	11,848,821	-	-	11,904,856	11,848,821
State sales & income	18,401,263	17,630,799	-	-	18,401,263	17,630,799
Utility tax	7,424,870	7,489,097	-	-	7,424,870	7,489,097
Food & beverage tax	3,256,550	3,195,648	-	-	3,256,550	3,195,648
Local motor fuel tax	1,816,894	1,399,777	-	-	1,816,894	1,399,777
Hotel use tax	806,373	697,601	-	-	806,373	697,601
Other tax	2,636,706	2,545,850	-	-	2,636,706	2,545,850
Investment earnings	76,893	35,720	541,631	407,738	618,524	443,458
Other revenue	2,520,340	2,174,572	104,244	-	2,624,584	2,174,572
Total Revenue	82,255,360	78,257,651	45,540,307	43,747,781	127,795,667	122,005,432
Expenses						
General government	12,752,905	12,675,556	-	-	12,752,905	12,675,556
Economic development	3,948,538	2,950,916	-	-	3,948,538	2,950,916
Public safety	48,904,535	47,104,920	-	-	48,904,535	47,104,920
Public works	14,950,486	14,180,746	-	-	14,950,486	14,180,746
Culture	568,481	551,580	-	-	568,481	551,580
Education	3,906,273	4,281,706	-	-	3,906,273	4,281,706
Interest on debt	1,466,938	1,474,346	-	-	1,466,938	1,474,346
Water utility	-	-	22,635,554	22,732,240	22,635,554	22,732,240
Public transit	-	-	7,550,679	7,181,746	7,550,679	7,181,746
Waste removal	-	-	664,718	642,358	664,718	642,358
Sewer	-	-	3,992,577	3,326,538	3,992,577	3,326,538
Storm water	-	-	895,461	960,507	895,461	960,507
Fiber optics	-	-	21,245	-	21,245	-
Total Expenses	86,498,156	83,219,770	35,760,234	34,843,399	122,258,390	118,063,169
Change in net position						
Excess (deficiency)	(4,242,796)	(4,962,119)	9,780,073	8,904,382	5,537,277	3,942,263
Transfers	4,508,001	(2,044,301)	(4,508,001)	2,044,301	-	-
Change in net position	265,205	(7,006,420)	5,272,072	10,948,683	5,537,277	3,942,263
Beginning net position (1)	(39,473,215)	(32,466,795)	29,259,883	18,311,200	(10,213,332)	(14,155,595)
Ending net position	(39,208,010)	(39,473,215)	34,531,955	29,259,883	(4,676,055)	(10,213,332)

Source: City of Decatur Financial Statement of Activities

(1) Net position for 2016 includes governmental and business-type activity restatement with City election a change in accounting principal in 2017 for net pension liability and related deferred inflows and outflows for its IMRF pension plan per Financial Statement Note 19.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Governmental Activities

Revenue achieved in the fiscal period ending December 31, 2017 amounted to \$82,255,360 and represents an increase of \$3,997,709 or 5% versus the revenue achieved in the prior fiscal period.

Expenses incurred during the fiscal period ending December 31, 2017 amounted to \$86,498,156 and represents an increase of \$3,278,386 or 4% 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, local motor fuel tax, and the state distributed income tax, offset by reductions in tax revenue attributed to lower sales tax revenues at both the state and local level.

Program revenues increased by \$1,710,105 or 11% versus the prior year, as the City increased prices \$184,243 for licenses and permits effective January 1, 2017 ensuring that prices charged recover the cost of issuance, operating and capital grants increased \$1,434,041 including federal grants for CDBG and HOME programs (\$934,365), and other public safety and community development grants (\$499,676) and other miscellaneous charge for service increases of \$91,821.

Tax revenues increased in fiscal 2017 by \$1,900,663 or 3% versus the prior year. The City increased the property tax levy 2.5% yielding a 3% increase (\$460,744) in governmental activity property tax revenue, local motor fuel tax increase (\$417,117) is primarily the result of a full 12 months of tax collection in 2017 versus 8 months in the start-up year 2016, state sales and income tax increase (\$770,464), and revenue gains on a variety of other taxes (\$252,338).

Other miscellaneous governmental activity revenue increased in fiscal 2017 by \$386,941 or 17% versus the prior year.

Governmental activity expenses of \$86,498,156 increased by \$3,278,386 or 4% versus the prior period.

General government expense of \$12,752,905 increased \$77,349 or 0.6%. Economic development expense of \$3,948,538 increased \$997,622 or 34%. Public Safety expense of \$48,904,535 increased \$1,799,615 or 4%. Public Works expense of \$14,950,486 increased \$769,740 or 5%. Culture and education expense of \$4,474,754 declined versus the prior fiscal year by \$358,532 or 7%. Interest and other charges of \$1,466,938 decreased \$7,408 or 0.5%.

Governmental activity experienced a deficiency of revenues versus expenses in the period of \$4,242,796, an improvement versus the prior fiscal year by \$719,323, the result of the experienced revenue improvement and controlled expense development.

Net transfers in the period, where funds exited business activity to governmental activity amounted to \$4,508,001. In period transfers include payment in lieu of tax (PILOT) transfers from business activity funds to governmental activity funds amounting to \$1,718,054, and the transfer of \$2,789,947 from business activity funds to governmental activity funds related to the refunding liquidation of the 2008 Series general obligation bond debt.

The government activity change in net position during the fiscal period ending December 31, 2017 resulted in an increase in net position of \$265,205.

Management Discussion and Analysis
City of Decatur, Illinois
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Business Activities

Revenue achieved in the fiscal period ending December 31, 2017 amounted to \$45,540,307 and represents an increase of \$1,792,526 or 4% versus the revenue achieved in the prior fiscal period.

Expenses incurred during the fiscal period ending December 31, 2017 amounted to \$35,760,234 and represents an increase of \$916,835 or 3% when compared to the prior fiscal period.

The revenue gain versus the prior fiscal period resulted from increased program revenue in the amount of \$1,554,389 or 4%, with additional miscellaneous revenue increase of \$238,137.

Business activity program revenue includes operating revenues from the water utility, public transit operation, sewer utility, storm water, recycling and fiber optic operations of the City enterprise.

Water Utility revenue achieved of \$30,713,527 increased 2% versus the prior year, driven by a combination of price increase in all customer sectors and volume gains in the industrial sector.

Public Transit revenue achieved of \$7,278,130 increased 11% versus the prior year, driven primarily by the timing of receipt of State of Illinois operating grant funding.

Sewer Utility revenue achieved of \$4,920,792 increased 6% versus the prior year driven primarily by the sewer rate increase of 16% effective May 1, 2017. The City Council approved a series of sewer rate increases effective on May 1 of each year through 2021 in order to provide funding for certain infrastructure capital projects to remedy United States Environmental Protection Agency concerns over combined sewer overflows.

Business activity expense increase of \$916,835 was driven primarily by an increase of \$368,923 or 5% in public transit operation due to increased personnel costs driven by higher employee benefit and worker's compensation insurance expense, and an increase of \$688,399 in waste removal and sewer operations. These increases were offset by a decrease of \$161,732 in water utility and storm water operations.

The business activity change in net position during the fiscal period ending December 31, 2017 resulted in an increase in net position of \$5,272,072 or 52%. The increase in net position resulted primarily from the in period operating surplus of \$9,780,073, offset by the transfer of funds from business activity to governmental activity of \$4,508,001.

Net transfers in the period amounted to \$4,508,001 where funds exited business activity to governmental activity. In period transfers include payment in lieu of tax (PILOT) transfers from business activity funds to governmental activity funds amounting to \$1,718,054, and the transfer of \$2,789,947 from business activity funds to governmental activity funds related to the refunding liquidation of the 2008 Series general obligation bond debt.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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 Year Ending December 31, 2017**

\$ (whole)	General	Library	Debt Service	TIF	Motor Fuel Tax	Local Streets	Non-Major	Total
Total assets	24,884,046	4,220,651	1,803,977	3,432,093	2,108,312	2,127,244	4,657,541	43,233,864
Total liabilities	3,037,471	75,846	-	1,388,716	10,869	87,551	612,056	5,212,509
Deferred inflows	13,086,825	2,853,600	1,055,175	2,319,018	-	-	136,474	19,451,092
Fund balance								
Non-spendable	489,142	-	-	-	-	-	3,200	492,342
Restricted	-	1,291,205	748,802	-	2,097,443	2,039,693	3,018,414	9,195,557
Committed	-	-	-	-	-	-	887,397	887,397
Unassigned	8,270,608	-	-	(275,641)	-	-	-	7,994,967
Total Fund Balance	8,759,750	1,291,205	748,802	(275,641)	2,097,443	2,039,693	3,909,011	18,570,263
Liability/deferred inflows & fund balance	24,884,046	4,220,651	1,803,977	3,432,093	2,108,312	2,127,244	4,657,541	43,233,864
Revenues	65,517,841	3,433,167	1,856,767	2,307,119	2,046,319	1,819,931	5,446,061	82,427,205
Expenditures	65,822,830	3,706,262	2,206,623	2,034,726	1,663,498	4,515,317	7,235,956	87,185,212
In year surplus (deficit)	(304,989)	(273,095)	(349,856)	272,393	382,821	(2,695,386)	(1,789,895)	(4,758,007)
Other sources (uses)	674,727	375,169	283,918	(463,993)	-	3,392,016	2,621,055	6,882,892
Change in fund balance	369,738	102,074	(65,938)	(191,600)	382,821	696,630	831,160	2,124,885
Beginning fund balance	8,390,012	1,189,131	814,740	(84,041)	1,714,622	1,343,063	3,077,851	16,445,378
Ending fund balance	8,759,750	1,291,205	748,802	(275,641)	2,097,443	2,039,693	3,909,011	18,570,263

Source: City of Decatur Financial Statement Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and changes in Fund Balances

As of December 31, 2017, the City governmental funds reported a combined ending fund balance of \$18,750,263.

Non-spendable fund balance of \$492,342 is sequestered for prepaid items and inventory and is therefore not available for spending.

Restricted fund balance of \$9,195,557 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 (\$748,802), transportation & highway motor fuel tax fund (\$2,097,443), public library fund (\$1,291,205), local streets & roads fund (\$2,039,693) and non-major governmental funds (\$3,018,414).

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Committed fund balance of \$887,397 is sequestered for spending on economic development initiatives and public safety capital outlay.

Unassigned fund balance of \$7,994,967, or 43%, is available for spending at the City's discretion, with \$8,270,608 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 and economic development expenses and certain debt service obligations.

As of December 31, 2017, the General Funds balance of \$8,759,750 represents an increase of \$369,738 or 4% from the General Fund balance as of December 31, 2016.

The increase in General Fund balance is attributed to an in-period surplus spending result of \$369,738 for the period from January 1, 2017 to December 31, 2017, including other financing sources, primarily transfers in and loan proceeds of an aggregate amount totaling \$674,727.

As of December 31, 2017, the General Fund unassigned balance of \$8,270,608 is 13% of in-period fiscal year General Fund Revenue of \$65,517,841, 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 \$8,270,608 as of December 31, 2017 represents 13% of expected 2018 General Fund Revenue (\$64.800 million) and 1.5 month's coverage of expected 2018 General Fund Expense (\$67.995 million).

The Public Library experienced an increase in fund balance of \$102,074 during the fiscal period ending December 31, 2017. The increase in fund balance is the result of the in-period surplus. As of December 31, 2017, the Library fund balance of \$1,291,205 is 36% of expected 2018 Library Fund Revenue (\$3,590,215) and 4 month's coverage of expected 2018 Library Fund expense (\$3,573,350).

The Debt Service fund experienced a decrease in fund balance of \$65,938, ending the year with fund balance of \$748,802. 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 2018 debt service obligations of the City. The decrease in fund balance is the result of the in-period deficit.

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, 2017, the TIF Fund balance is a deficit of \$275,641 versus the prior period fund balance deficit of \$84,041. The primary revenue source funding the TIF fund is incremental property tax within the TIF districts. TIF funds have been negatively

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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 2018.

The Motor Fuel Tax ("MFT") Fund ended the year with a fund balance of \$2,097,443, an increase in fund balance of \$382,821 versus the prior year end balance. The fund balance increase 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 \$2,039,693, an increase in fund balance of \$696,630. This 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. The fund balance increase is the result of the timing of expenditures spending down fund balance versus current period revenue receipts. 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, 2017, the Non-Major Governmental Fund balance of \$3,909,011 represents an increase of \$831,160 or 27% from the Non-Major Governmental Fund balance as of December 31, 2016. 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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the fiscal year ending December 31, 2017, versus the fiscal year ending December 31, 2016.

Governmental Fund Revenue

\$ (whole)	Fiscal Year Ending Dec 31, 2017	% of Total	Fiscal Year Ending Dec 31, 2016	% of Total
Tax Based				
Property tax	16,007,673	19.4%	15,546,929	19.8%
Local sales tax	9,938,266	12.1%	10,032,205	12.8%
Utility tax	7,424,870	9.0%	7,489,097	9.5%
Food & beverage tax	3,256,550	4.0%	3,195,648	4.1%
Hotel use tax	806,373	1.0%	697,601	0.9%
Local motor fuel tax	1,816,894	2.2%	1,399,777	1.8%
Other	1,311,998	1.5%	1,157,006	1.5%
Total Tax	40,562,624	49.2%	39,518,263	50.4%
Intergovernmental				
Operating Grants				
General government	3,419,341	4.1%	2,357,173	3.0%
Economic development	-	-	-	-
Public safety	400,742	0.5%	155,360	0.2%
Public works	2,042,575	2.5%	2,175,749	2.8%
Education	-	-	67,141	0.1%
Total Operating Grants	5,862,658	7.1%	4,755,423	6.1%
Tax Based				
Income tax	7,570,203	9.2%	7,410,022	9.4%
State sales tax	11,050,034	13.4%	11,192,737	14.3%
Replacement tax	1,324,708	1.6%	1,358,033	1.7%
Local Use tax	1,966,590	2.4%	1,816,616	2.3%
Other tax	-	-	30,811	0.0%
Total Tax Based	21,911,535	26.6%	21,808,219	27.7%
Total Intergovernmental	27,774,193	33.7%	26,563,642	33.8%
Non Tax Based				
Charge for services	7,762,832	9.5%	7,518,858	9.6%
Fines & fees	1,592,343	1.9%	1,743,097	2.2%
Interest income	66,609	0.1%	25,888	0.0%
Licenses and permits	1,185,109	1.4%	1,002,264	1.3%
Other revenue	3,483,495	4.2%	2,114,408	2.7%
Total non tax based	14,090,388	17.1%	12,404,515	15.8%
Total Revenue	82,427,205	100.0%	78,486,420	100.0%

Source: City of Decatur Financial Statement of Revenues, Expenditures, and Changes in Fund Balances

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, 2017, tax revenues accounted for 75.8% of the total revenue stream funding governmental operations, versus 78.1% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution accounted for 7.1% in the current fiscal period, versus 6.1%

Management Discussion and Analysis
City of Decatur, Illinois
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in the prior fiscal period. The non-tax based revenue stream in the current fiscal period accounted for 17.1% of the total revenue, versus 15.8% in the prior fiscal period.

Sales tax continues to be the primary revenue source funding city operations, followed by property tax, charge for services, income tax, utility 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, 2017, versus the fiscal period ended December 31, 2016.

Government Fund Expenditures

\$ (whole)	Fiscal Year Ending Dec 31, 2017	% of Total	Fiscal Year Ending Dec 31, 2016	% of Total
General government	10,808,083	12.4%	10,764,852	13.6%
Economic development	3,948,538	4.5%	2,950,916	3.7%
Public safety	47,609,789	54.6%	43,885,346	55.6%
Culture	566,949	0.7%	556,674	0.7%
Public works	14,881,435	17.1%	12,644,198	16.0%
Education	3,748,014	4.3%	3,639,593	4.6%
Debt service	5,622,404	6.4%	4,540,598	5.8%
Total Expenditures	87,185,212	100.0%	78,982,177	100.0%

Source: City of Decatur Financial Statement of Revenues, Expenditures, and Changes in Fund Balances

Government fund expenditures in the fiscal year ending December 31, 2017, amounted to \$87,185,212, versus government fund expenditures of \$78,982,177 in the fiscal period ending December 31, 2016, representing an increase in government fund expenditures of \$8,203,035 or 10%.

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 \$10,808,083 increased \$43,231 or 0.4% versus the prior year, in accordance with plans to hold in check general government spending.

Economic development expenditures of \$3,948,538 increased \$997,622 or 34% due to increased spending in CDBG federal programs and TIF redevelopment.

Public safety expenditures of \$47,609,789 increased \$3,724,443 or 9% versus the prior year, due police and fire operational increases of \$1,946,508 or 5%, and public safety capital program expense in period of \$1,777,935.

Management Discussion and Analysis
City of Decatur, Illinois
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Culture expenditure increase of \$10,275 is the result of normal expenditures for caretaking and maintenance of the city owned Library facility and operating expense of the Municipal Band organization.

Public works expenditures of \$14,881,435 increased \$2,237,237 or 18% versus the prior year, due primarily to spending on local road and street resurfacing and replacement projects funded by the local motor fuel tax. In period local motor fuel tax funded project spending of \$3,427,008 increased \$2,275,772 versus the prior year.

Education expenditure increase of \$108,421 resulted from higher year on year operational cost of the Public Library and public programming activities of the City.

Proprietary Funds

Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Net Position
For the Year Ending December 31, 2017

\$ (whole)	Water Utility	Public Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	151,132,507	5,290,395	30,014,085	4,823,050	191,260,037	8,003,951
Deferred outflow	1,232,173	-	-	-	1,232,173	191,671
Total liabilities	134,493,885	2,790,195	17,952,311	2,178,243	157,414,634	3,609,836
Deferred inflow	233,602	-	-	-	233,602	36,338
Net investment capital assets	2,205,938	2,267,165	8,593,931	1,386,683	14,453,717	1,148,436
Unrestricted	15,431,255	233,035	3,467,843	1,258,124	20,390,257	3,401,012
Total net position	17,637,193	2,500,200	12,061,774	2,644,807	34,843,974	4,549,448
Operating revenues	29,859,921	596,872	4,845,790	2,294,405	37,596,988	15,628,133
Operating expenses	18,033,439	7,663,126	3,860,593	1,581,424	31,138,582	15,069,651
Operating income (loss)	11,826,482	(7,066,254)	985,197	712,981	6,458,406	568,482
Non operating rev (exp)	(3,782,496)	6,556,130	(56,982)	333,453	3,050,105	193,340
Income (loss) before transfers	8,043,986	(510,124)	928,215	1,046,434	9,508,511	761,822
Capital contribution	-	116,334	-	-	116,334	-
Transfers	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(4,271,464)	-	(234,775)	(1,762)	(4,508,001)	-
Change in net position	3,772,522	(393,790)	693,440	1,044,672	5,116,844	761,822
Net position beginning	13,180,366	2,893,990	11,368,334	1,600,135	29,042,825	3,679,861
Restatement (1)	684,305	-	-	-	684,305	107,765
Net position ending	17,637,193	2,500,200	12,061,774	2,644,807	34,843,974	4,549,448

Source: City of Decatur Financial Statement Proprietary Funds Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

(1) Net position for 2016 includes governmental and business-type activity restatement with City election a change in accounting principal in 2017 for net pension liability and related deferred inflows and outflows for its IMRF pension plan per Financial Statement Note 19.

Management Discussion and Analysis
City of Decatur, Illinois
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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, 2017, City enterprise funds reported a net position of \$34,843,974, an increase of \$5,116,844 or 17% versus the level as of December 31, 2016.

The net position as of December 31, 2017 includes net investment in capital assets of \$14,453,717, with unrestricted net position of \$20,390,257.

Water Utility operating revenues achieved during the fiscal year ending December 31, 2017 amounted to \$29,859,921, versus water utility operating revenues of \$29,830,034 in the fiscal period ending December 31, 2016, an increase of 0.1% versus the prior year. Water Utility rates were increased 2.5% effective May 1, 2017.

Water Utility operating expense amounted to \$18,033,439 in the current fiscal year versus \$18,232,956 in the prior fiscal period, a decrease of 1%. The operating expense decrease of \$199,517 is a result of utility management holding overall cost increases in check.

Water Utility operating income before debt service interest, non-operating revenue and expense and transfers amounted to \$11,826,482, an increase of \$229,404 versus the prior year.

Non-operating interest and other income of \$853,606, debt service interest expense of \$4,636,102 and transfers to governmental funds of \$4,271,464, reduced Water Utility change in net position to \$3,772,522.

Water Utility net position ended the current year at \$17,637,193. The utility reported a favorable change in net position of \$3,772,522 during the current fiscal year, and can be attributed to the continued favorable development of the financial performance of the Water Utility.

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 \$2,500,200 decreased \$393,790 versus the net position as of December 31, 2016.

Transit operating revenue representing passenger fares amounted to \$596,872 in the current fiscal year versus \$678,441 in the prior fiscal period, a decrease in operating revenue of \$81,569 or 12%. The decline in revenue is attributed to decreased passenger volume in the period.

Transit current fiscal period operating expense amounted to \$7,663,126, versus \$7,287,619 in the prior fiscal period, an increase of \$375,507 or 5%.

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City of Decatur, Illinois
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Public Transit operations are funded primarily by operating and capital grants from the federal and state governmental units. Intergovernmental revenue of \$6,562,834 in the current fiscal year ending December 31, 2017, represented a grant funding level approximating 86% of in-period operating expense, an increase compared to the 81% grant funding level occurring in the prior fiscal period.

Public Transit operations recorded a reduction in net position of \$393,790 during the current fiscal period.

Sewer Utility, with net position of \$12,061,774 experienced an increase in net position of \$693,440 or 6% versus the net position as of December 31, 2016.

Sewer operating revenues achieved during the current fiscal year amounted to \$4,845,790, versus \$4,630,531 in the prior fiscal period, an increase of \$215,259 or 5%. This increase is a result of the City Council, during 2016, adopting 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 \$3,860,593 in the current fiscal year, versus \$3,104,863 in the prior year fiscal period, an increase of \$755,730 or 24%, as the City continues to expend funds improving the sewer infrastructure in accordance with defined plans.

As of December 31, 2017, City internal service funds reported a net position of \$4,549,448, an increase of \$761,822 or 20%, versus the level as of December 31, 2016.

The Internal Service current period net position includes net investment in capital assets of \$1,148,436, a decrease of \$125,956 as compared to December 31, 2016. Unrestricted net position as of December 31, 2017 is \$3,401,012, an increase from the unrestricted net position of \$2,513,234 as of December 31, 2016.

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, 2017	Pension Trust Dec 31, 2016
Total assets	188,364,899	170,707,792
Total liabilities	59,834	62,037
Net position held in trust	188,305,065	170,645,755

Source: City of Decatur Financial Statement of Fiduciary Net Position Pension Trust Funds

As of December 31, 2017, the net position in the pension trust funds increased \$17,659,310 or 10% versus the level of net position as of December 31, 2016.

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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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, 2017 is reported as follows:

\$ (whole)	Original Budget Fiscal Year Ending Dec 31, 2017	Final Budget Fiscal Year Ending Dec 31, 2017	Actual Budgetary Basis Fiscal Year Ending Dec 31, 2017	Variance Favorable (Unfavorable)
Revenue	66,113,280	66,113,280	65,705,213	(408,067)
Expenditures	66,352,445	65,989,445	64,681,145	1,308,300
Other financing net	748,840	388,840	388,761	(79)
Surplus (deficit)	509,675	512,675	1,412,829	900,154

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

The 2017 budget for the fiscal year was presented to the Decatur City Council in December 2016. The Decatur City Council approved the budget in resolution form.

The City of Decatur, operating in an appropriation form of statutory spending approval, submitted the fiscal year (ending December 31, 2017) annual appropriation ordinance to the Decatur City Council in March 2017, in accordance with State of Illinois statutes.

The City General Fund revenue was originally approved at \$66,113,280 for the fiscal period with Council adoption of the 2017 fiscal period annual appropriation in March 2017.

General Fund expenditures were originally appropriated at \$66,352,445 for the fiscal period with Council adoption of the 2017 fiscal period annual appropriation in March 2017. A revision was made to the fiscal period budget, decreasing expenditures to \$65,989,445.

The General Fund budget approved included other financing in the amount of \$748,840, including payment in lieu of taxes and transfers net from other funds. A revision was made to the fiscal period budget, decreasing other financing net to \$388,840.

Fiscal period General Fund revenues achieved of \$65,705,213 was below the approved budget by \$408,067, primarily due to lower tax revenues received in the period.

Fiscal period General Fund expenses of \$64,681,145 were below the appropriated budget by \$1,308,300, 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 \$388,761, under-performed the approved budget by \$79.

The General Fund ended the fiscal year with a surplus position of \$1,412,829 versus the approved final budget surplus of \$512,675.

Management Discussion and Analysis
City of Decatur, Illinois
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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, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
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	1,875,707	1,928,775	21,994,254	17,951,700	23,869,961	19,880,475
Total	10,299,946	10,353,014	26,444,320	22,401,766	36,744,266	32,754,780
Assets depreciated						
Infrastructure	126,855,298	123,278,139	52,840,520	39,319,964	179,695,818	162,598,103
Building & improvement	47,341,954	45,688,426	148,841,519	134,968,693	196,183,473	180,657,119
Vehicles	14,671,158	14,468,765	8,826,027	8,245,214	23,497,185	22,713,979
Office equipment	5,237,181	4,643,500	111,406	104,848	5,348,587	4,748,348
Other equipment	10,055,098	10,434,450	18,532,562	18,175,834	28,587,660	28,610,284
Total Cost	204,160,689	198,513,280	229,152,034	200,814,553	433,312,723	399,327,833
Accumulated depreciation						
Infrastructure	70,284,662	66,667,255	17,890,234	16,943,019	88,174,896	83,610,274
Building & improvement	26,296,464	24,911,189	77,003,071	73,132,950	103,299,535	98,044,139
Vehicles	11,402,214	11,503,358	7,008,172	6,662,358	18,410,386	18,165,716
Office equipment	3,053,045	2,782,641	101,188	101,466	3,154,233	2,884,107
Other equipment	8,149,021	8,448,105	3,727,171	2,635,350	11,876,192	11,083,455
Total Depreciation	119,185,406	114,312,548	105,729,836	99,475,143	224,915,242	213,787,691
Net Depreciated Assets	84,975,283	84,200,732	123,422,198	101,339,410	208,397,481	185,540,142
Capital Assets, net	95,275,229	94,553,746	149,866,518	123,741,176	245,141,747	218,294,922

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 \$245,141,747, net of depreciation, as of December 31, 2017, and represents an increase in net capital assets of \$26,846,825.

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Major Capital Asset Construction in Progress at December 31, 2017

Primary Government		\$	
	Brush College Subway	1,483,547	Continued project
	Decatur Corridor	123,476	Continued project
	NE Drainage Ditch	55,266	Continued project
	Midwest Inland Port	6,293	Continued project
	Police digi-ticket system	8,280	Continued project
	Local motor fuel tax	11,565	New project
	Mound Spring Creek improvements	156,404	New project
	Fire facility renovations	30,876	New project
	Total	1,875,707	
Business Activities			
	Lake Decatur Dredging Basins 1-4	18,974,459	Continued project
	Drainage improvement	19,800	Continued project
	Baltimore Road reconstruction	188,580	Continued project
	Nelson Park sewer	1,646,440	Continued project
	Meadowlark drainage improvement	76,686	Continued project
	32 nd /Fulton drainage improvement	80,143	Continued project
	Clarifier conversion	478,356	Continued project
	Lost Bridge Florian basin	490,217	New project
	McKinley sewer	39,573	New project
	Total	21,994,254	

Source: City of Decatur capital asset records

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2017 of \$245,141,747 increased by \$26,846,825 or 12% when compared to the level as of December 31, 2016.

Construction in progress capital assets and land increased \$3,989,486, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, increased by \$22,857,339 when compared to December 31, 2016.

The cost of capital assets not being depreciated increased from \$32,754,780 at December 31, 2016 to \$36,744,266 at December 31, 2017, an increase of \$3,989,486, due to the increase in construction in progress, governmental activity reduction \$53,068 and business activity increase \$4,042,554.

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 \$12,880,738.

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

Debt Administration

Outstanding long-term debt as of December 31, 2017 is \$179,081,116, an increase of \$2,016,590 or 1% as compared to the outstanding debt issue as of December 31, 2016. 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, 2016	Debt Additions	Debt Retirements	Debt as of Dec 31, 2017	Due within One Year
GO bonds	133,477,588	6,576,216	13,369,721	126,684,083	7,735,779
Notes & loans	37,191,064	12,355,855	4,106,909	45,440,010	4,405,039
Total interest bearing debt	170,668,652	18,932,071	17,476,630	172,124,093	12,140,818
Capital leases	919,378	714,346	494,983	1,138,741	458,363
Compensated absences	5,476,496	3,200,336	2,858,550	5,818,282	2,763,152
Total Debt	177,064,526	22,846,753	20,830,163	179,081,116	15,362,333

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 2017 – The City issued \$6,275,000 Series 2017 General Obligation Refunding Bonds dated December 21, 2017 due December 15, 2024. The bond proceeds were used to refinance certain outstanding indebtedness of the City (2008 Bonds). The bonds have an interest rate of 3.00% to 4.00% 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 \$1,192,856 as of December 31, 2017. The outstanding principal balance is \$878,570 as of December 31, 2017.

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 \$4,485,156 as of December 31, 2017. The outstanding principal balance is \$3,413,727.

Illinois Environmental Protection Agency Sewer Loan 2016 – \$9,203,831 loan with the Illinois Environmental Protection Agency (IEPA) to finance the costs related to the rehabilitation of certain main line sewer infrastructure. Sewer construction remains in process. The City has drawn down \$6,122,854 as of December 31, 2017. The term of the loan is 20 years for a fixed interest rate of 1.75%. The semi-annual repayment dates are scheduled to be March 18 and September 18. The loan repayment schedule has not yet been issued by the IEPA pending project completion.

Illinois Environmental Protection Agency Sewer Loan 2017 – \$4,012,487 loan with the Illinois Environmental Protection Agency (IEPA) to finance the costs related to the rehabilitation of certain main line sewer infrastructure. Sewer construction remains in process. The City has drawn down \$1,167,975 as of December 31, 2017. The term of the loan is 20 years for a fixed interest rate of 1.75%. The semi-

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

annual repayment dates are scheduled to be April 30 and October 30. The loan repayment schedule has not yet been issued by the IEPA pending project completion.

Busey Bank Police Interceptor Vehicles Loan 2017 – \$460,011 loan dated July 28, 2017, to finance the costs related to the acquisition of Police Patrol Vehicles. The term of the loan is 2 years at a fixed interest rate of 1.99% with quarterly principal and interest payments due at January 28, April 28, July 28 and October 28 of each year with a maturity date of July 28, 2019.

Busey Bank Public Works Heavy Equipment Loan 2017 – \$180,624 loan dated August 18, 2017, to finance the costs related to the acquisition of Public Works Heavy Equipment. The term of the loan is 5 years at a fixed interest rate of 3.25% with quarterly principal and interest payments due at February 18, May 18, August 18 and November 18 of each year with a maturity date of August 18, 2022.

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 \$5,818,282, as of December 31, 2017.

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, 2017, the net pension obligation of the City to the three pension plans is \$124,396,315.

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, 2017, the net OPEB obligation of the City to the Retiree Healthcare program is \$1,702,144.

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.

Effective with the fiscal year ending December 31, 2017, the City of Decatur adopted GASB Statement No. 77, *Tax Abatement Disclosures* – disclosure of tax abatement information about 1) a reporting government's own tax abatement agreements and 2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The Tax Abatement Disclosure is presented in Financial Statement Note 18 – Tax Abatements.

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

The City bond rating is A2, upper medium grade rating, as rated by Moody's Investor Services (rating date December 1, 2017) 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 and information technology equipment. 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, 2017 is \$1,138,741, an increase of \$219,363 or 24% as compared to the outstanding lease debt as of December 31, 2016.

\$ (whole)	Debt as of Dec 31, 2016	Debt Additions	Debt Retirements	Debt as of Dec 31, 2017	Due within One Year
Capital lease debt					
Primary Government	781,031	714,346	416,905	1,078,472	398,094
Business Activities	138,347	-	78,078	60,269	60,269
Total Lease Debt	919,378	714,346	494,983	1,138,741	458,363

Source: Notes to Financial Statements, Note 17 Capital Leases

New capital leases issued in the fiscal period include as follows:

PNC Equipment Finance 2017 – \$428,380 lease instrument for acquisition of a Fire Apparatus Pierce Saber Pumper dated March 1, 2017. Lease payment term of 6 years with annual payments commencing March 1, 2018 with final payment on March 1, 2023.

Presidio Technology Capital 2017 – \$285,966 lease instrument for acquisition of Information Technology Data Storage Equipment dated June 2, 2017. Lease payment term of 3 years with annual payments commencing July 1, 2017 with final payment on July 1, 2019.

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, state and 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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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, state and 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, state and 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.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2017

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, 2017 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
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Facsimile: 217 424 2717
Email gziertara@decaturil.gov

City of Decatur, Illinois
June 8, 2018

**CITY OF DECATUR, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 22,093,693	\$ 31,832,919	\$ 53,926,612	\$ 522,318
Investments	-	1,053,570	1,053,570	-
Receivables:				
Property Taxes, Net	16,339,517	-	16,339,517	-
Illinois Municipal Sales Tax	6,315,880	-	6,315,880	-
Other Taxes	2,437,338	-	2,437,338	-
Due from Other Governments	445,735	-	445,735	-
Accounts Receivable	339,556	6,030,004	6,369,560	71,628
Notes Receivable	461,238	-	461,238	-
Grants Receivable	-	-	-	405,448
Other	27,529	4,502	32,031	-
Internal Balances	295,199	(295,199)	-	-
Prepaid Items	523,238	-	523,238	-
Inventories	289,251	552,882	842,133	8,063
Capital Assets Not Being Depreciated	10,299,946	26,444,320	36,744,266	3,130,762
Capital Assets Being Depreciated, Net	84,975,283	123,422,198	208,397,481	2,187,326
Total Assets	<u>144,843,403</u>	<u>189,045,196</u>	<u>333,888,599</u>	<u>6,325,545</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred Amount Related to Pension Liability	<u>7,907,967</u>	<u>1,232,173</u>	<u>9,140,140</u>	<u>-</u>
LIABILITIES				
Accounts Payable	2,632,100	4,894,005	7,526,105	32,423
Contracts Payable	70,765	4,931,621	5,002,386	-
Interest Payable	197,290	1,310,278	1,507,568	-
Claims Payable	2,110,920	-	2,110,920	-
Other Accrued Liabilities	2,779,673	169,584	2,949,257	16,649
Unearned Revenue	824	-	824	18,603
Long-Term Obligations, Due Within One Year:				
Bonds Payable	1,790,235	5,945,544	7,735,779	-
Capital Leases	398,094	60,269	458,363	-
Notes Payable	2,368,064	2,036,975	4,405,039	-
Compensated Absences	2,519,185	243,967	2,763,152	19,894
Long-Term Obligations, Due in More Than One Year:				
Bonds Payable	21,136,968	97,811,336	118,948,304	-
Capital Leases	680,378	-	680,378	-
Notes Payable	5,712,485	35,322,487	41,034,972	-
Net Pension Liability	122,211,805	2,184,510	124,396,315	-
Other Post-Employment Benefits	1,370,558	331,586	1,702,144	-
Compensated Absences	2,785,480	269,650	3,055,130	-
Total Liabilities	<u>168,764,824</u>	<u>155,511,812</u>	<u>324,276,636</u>	<u>87,569</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent Year's Property Taxes	16,372,617	-	16,372,617	-
Deferred Amount Related to Pension Liability	6,821,939	233,602	7,055,541	-
Deferred Operating Contribution Receipts	-	-	-	941,835
Total Deferred Inflows of Resources	<u>23,194,556</u>	<u>233,602</u>	<u>23,428,158</u>	<u>941,835</u>
NET POSITION				
Net Investment in Capital Assets	63,189,005	14,453,717	77,642,722	5,318,088
Restricted for General Government	14,050	-	14,050	-
Restricted for Capital Projects	28,944	-	28,944	-
Restricted for Economic Development	1,916,684	-	1,916,684	-
Restricted for Transportation and Highway	4,205,482	-	4,205,482	-
Restricted for Education	1,558,855	-	1,558,855	-
Restricted for Culture	126,923	-	126,923	-
Restricted for Public Safety	668,331	-	668,331	-
Restricted for Debt Service	554,958	-	554,958	-
Unrestricted Net Position	<u>(111,471,242)</u>	<u>20,078,238</u>	<u>(91,393,004)</u>	<u>(21,947)</u>
Total Net Position	<u>\$ (39,208,010)</u>	<u>\$ 34,531,955</u>	<u>\$ (4,676,055)</u>	<u>\$ 5,296,141</u>

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 12,752,905	\$ 9,835,469	\$ 3,419,341	\$ -	\$ 501,905	\$ -	\$ 501,905	\$ -
Economic Development	3,948,538	-	-	1,000,000	(2,948,538)	-	(2,948,538)	-
Public Safety	48,904,535	658,407	400,742	-	(47,845,386)	-	(47,845,386)	-
Public Works	14,950,486	-	2,042,575	-	(12,907,911)	-	(12,907,911)	-
Culture	568,481	-	-	-	(568,481)	-	(568,481)	-
Education	3,906,273	46,408	-	-	(3,859,865)	-	(3,859,865)	-
Interest and Other Charges	1,466,938	-	-	-	(1,466,938)	-	(1,466,938)	-
Total Governmental Activities	<u>86,498,156</u>	<u>10,540,284</u>	<u>5,862,658</u>	<u>1,000,000</u>	<u>(69,095,214)</u>	<u>-</u>	<u>(69,095,214)</u>	<u>-</u>
Business-Type Activities:								
Water	22,635,554	29,859,921	288,276	-	-	7,512,643	7,512,643	-
Mass Transit	7,550,679	596,872	6,562,834	116,334	-	(274,639)	(274,639)	-
Fiber Optics	21,245	-	330,000	-	-	308,755	308,755	-
Waste Removal	664,718	693,628	-	-	-	28,910	28,910	-
Storm Water	895,461	1,600,777	-	-	-	705,316	705,316	-
Sewer	3,992,577	4,845,790	-	-	-	853,213	853,213	-
Total Business-Type Activities	<u>35,760,234</u>	<u>37,596,988</u>	<u>7,181,110</u>	<u>116,334</u>	<u>-</u>	<u>9,134,198</u>	<u>9,134,198</u>	<u>-</u>
Total Primary Government	<u>\$ 122,258,390</u>	<u>\$ 48,137,272</u>	<u>\$ 13,043,768</u>	<u>\$ 1,116,334</u>	<u>(69,095,214)</u>	<u>9,134,198</u>	<u>(59,961,016)</u>	<u>-</u>
Component Unit								
Civic Center Authority	<u>\$ 1,628,474</u>	<u>\$ 927,216</u>	<u>\$ 450,547</u>	<u>\$ 409,767</u>				<u>159,056</u>
		General Revenues:						
		Taxes:						
		Property Taxes			16,007,673	-	16,007,673	-
		Utility Taxes			7,424,870	-	7,424,870	-
		Food and Beverage Taxes			3,256,550	-	3,256,550	-
		Hotel and Motel Taxes			806,373	-	806,373	-
		Local Sales Tax			9,938,266	-	9,938,266	-
		Local Use Tax			1,966,590	-	1,966,590	-
		Motor Fuel Tax			1,816,894	-	1,816,894	-
		Other Taxes			2,636,706	-	2,636,706	-
		Intergovernmental (State Sales and Income Tax)			18,401,263	-	18,401,263	-
		Investment Earnings			76,893	541,631	618,524	608
		Gain (Loss) on Sale of Capital Assets			36,845	104,244	141,089	(16,466)
		Other General Revenues			2,483,495	-	2,483,495	-
		Transfers			4,508,001	(4,508,001)	-	-
		Total General Revenues and Transfers			<u>69,360,419</u>	<u>(3,862,126)</u>	<u>65,498,293</u>	<u>(15,858)</u>
		CHANGE IN NET POSITION			265,205	5,272,072	5,537,277	143,198
		Net Position - Beginning of Year (As Restated)			<u>(39,473,215)</u>	<u>29,259,883</u>	<u>(10,213,332)</u>	<u>5,152,943</u>
		NET POSITION - END OF YEAR			<u>\$ (39,208,010)</u>	<u>\$ 34,531,955</u>	<u>\$ (4,676,055)</u>	<u>\$ 5,296,141</u>

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2017**

	Major Governmental Funds							
	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Local Streets and Roads Fund	Nonmajor Governmental Funds	Total
ASSETS								
Cash and Investments	\$ 5,531,237	\$ 1,334,704	\$ 1,045,919	\$ 1,762,134	\$ 748,369	\$ 1,977,693	\$ 3,998,424	\$ 16,398,480
Receivables:								
Property Taxes, Net	10,080,864	2,853,600	2,285,918	-	1,055,175	-	63,960	16,339,517
Illinois Municipal Sales Tax	6,216,580	-	99,300	-	-	-	-	6,315,880
Other Taxes	2,215,307	32,347	956	5,767	-	149,551	33,410	2,437,338
Due from Other Governments	15,084	-	-	340,411	-	-	90,240	445,735
Due from Other Funds	199	-	-	-	-	-	106	305
Accounts Receivable	309,227	-	-	-	-	-	6,963	316,190
Notes Receivable	-	-	-	-	-	-	461,238	461,238
Other	26,406	-	-	-	433	-	-	26,839
Prepaid Items	470,038	-	-	-	-	-	3,200	473,238
Inventories	19,104	-	-	-	-	-	-	19,104
Total Assets	\$ 24,884,046	\$ 4,220,651	\$ 3,432,093	\$ 2,108,312	\$ 1,803,977	\$ 2,127,244	\$ 4,657,541	\$ 43,233,864
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 810,616	\$ 12,410	\$ 1,388,716	\$ 10,869	\$ -	\$ 71,008	\$ 98,788	\$ 2,392,407
Contracts Payable	230	-	-	-	-	16,543	53,992	70,765
Other Accrued Liabilities	2,222,568	63,436	-	-	-	-	459,170	2,745,174
Due to Other Funds	4,057	-	-	-	-	-	106	4,163
Total Liabilities	3,037,471	75,846	1,388,716	10,869	-	87,551	612,056	5,212,509
DEFERRED INFLOWS OF RESOURCES								
Subsequent Year's Property Taxes	10,080,864	2,853,600	2,319,018	-	1,055,175	-	63,960	16,372,617
Unavailable Taxes and Grants	3,005,961	-	-	-	-	-	72,514	3,078,475
Total Deferred Inflows of Resources	13,086,825	2,853,600	2,319,018	-	1,055,175	-	136,474	19,451,092
FUND BALANCES								
Nonspendable:								
Prepaid Items	470,038	-	-	-	-	-	3,200	473,238
Inventories	19,104	-	-	-	-	-	-	19,104
Restricted:								
Transportation and Highway	-	-	-	2,097,443	-	2,039,693	-	4,137,136
General Government	-	-	-	-	-	-	14,050	14,050
Culture	-	-	-	-	-	-	126,923	126,923
Economic Development	-	-	-	-	-	-	1,915,116	1,915,116
Public Safety	-	-	-	-	-	-	665,731	665,731
Education	-	1,291,205	-	-	-	-	267,650	1,558,855
Capital Projects	-	-	-	-	-	-	28,944	28,944
Debt Service	-	-	-	-	748,802	-	-	748,802
Committed:								
Economic Development	-	-	-	-	-	-	300,849	300,849
Public Safety	-	-	-	-	-	-	586,548	586,548
Unassigned	8,270,608	-	(275,641)	-	-	-	-	7,994,967
Total Fund Balances	8,759,750	1,291,205	(275,641)	2,097,443	748,802	2,039,693	3,909,011	18,570,263
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,884,046	\$ 4,220,651	\$ 3,432,093	\$ 2,108,312	\$ 1,803,977	\$ 2,127,244	\$ 4,657,541	\$ 43,233,864

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS – BALANCE SHEET TO
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Total Fund Balances - Governmental Funds	\$	18,570,263
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital Assets	\$ 214,460,635	
Accumulated Depreciation	<u>(119,185,406)</u>	
Net Capital Assets		95,275,229

Deferred inflows of resources related to taxes and grants receivable are not available until future periods; therefore, they are not reported in the funds.		3,078,475
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Net deferred inflows and outflows of resources related to pensions are applicable to future periods; therefore, they are not reported in the funds.		1,086,028
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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 assets are included above and long term liabilities below).		3,949,091
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due.		(193,844)
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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	(5,304,665)	
Net Pension Obligation	(122,211,805)	
Post-Employment Benefits	(1,370,558)	
Capital Leases	(1,078,472)	
Bonds Payable	(22,927,203)	
Notes Payable	<u>(8,080,549)</u>	
Total Long-Term Liabilities		<u>(160,973,252)</u>

Net Position of Governmental Activities	\$	<u><u>(39,208,010)</u></u>
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**CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Major Governmental Funds						Nonmajor Governmental Funds	Total
	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Local Streets and Roads Fund		
REVENUES								
Taxes	\$ 31,952,460	\$ 2,871,942	\$ 2,126,418	\$ -	\$ 1,697,084	\$ 1,816,894	\$ 97,826	\$ 40,562,624
Charges for Service	7,412,832	-	-	-	-	-	350,000	7,762,832
Investment Income and Net Increase in Fair Value of Investments	35,166	1,753	1,985	3,584	1,711	3,037	19,373	66,609
Intergovernmental	22,414,034	296,320	178,716	2,031,214	-	-	2,853,909	27,774,193
Licenses and Permits	1,185,109	-	-	-	-	-	-	1,185,109
Fines and Fees	1,239,028	46,408	-	-	-	-	306,907	1,592,343
Other Revenue	1,279,212	216,744	-	11,521	157,972	-	1,818,046	3,483,495
Total Revenues	<u>65,517,841</u>	<u>3,433,167</u>	<u>2,307,119</u>	<u>2,046,319</u>	<u>1,856,767</u>	<u>1,819,931</u>	<u>5,446,061</u>	<u>82,427,205</u>
EXPENDITURES								
Current:								
General Government	10,808,083	-	-	-	-	-	-	10,808,083
Economic Development	-	-	1,336,463	-	-	-	2,612,075	3,948,538
Public Safety	45,007,805	-	-	-	-	-	2,601,984	47,609,789
Culture	-	-	-	-	-	-	566,949	566,949
Public Works	9,365,792	-	-	1,663,498	-	3,427,008	425,137	14,881,435
Education	-	3,706,262	-	-	-	-	41,752	3,748,014
Debt Service:								
Principal Retirement	599,685	-	164,000	-	1,417,990	1,071,429	962,058	4,215,162
Interest and Other Charges	41,465	-	534,263	-	788,633	16,880	26,001	1,407,242
Total Expenditures	<u>65,822,830</u>	<u>3,706,262</u>	<u>2,034,726</u>	<u>1,663,498</u>	<u>2,206,623</u>	<u>4,515,317</u>	<u>7,235,956</u>	<u>87,185,212</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(304,989)</u>	<u>(273,095)</u>	<u>272,393</u>	<u>382,821</u>	<u>(349,856)</u>	<u>(2,695,386)</u>	<u>(1,789,895)</u>	<u>(4,758,007)</u>
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets	5,302	13,132	-	-	-	-	11,649	30,083
Payment to Refunded Bond Escrow Agent	-	-	(3,253,940)	-	-	-	-	(3,253,940)
Issuance of Debt	285,966	-	-	-	-	3,392,016	1,920,766	5,598,748
Transfers In	1,063,840	362,037	2,789,947	-	283,918	-	688,640	5,188,382
Transfers Out	(680,381)	-	-	-	-	-	-	(680,381)
Total Other Financing Sources (Uses)	<u>674,727</u>	<u>375,169</u>	<u>(463,993)</u>	<u>-</u>	<u>283,918</u>	<u>3,392,016</u>	<u>2,621,055</u>	<u>6,882,892</u>
Net Change in Fund Balances	369,738	102,074	(191,600)	382,821	(65,938)	696,630	831,160	2,124,885
FUND BALANCES								
Beginning of Year	<u>8,390,012</u>	<u>1,189,131</u>	<u>(84,041)</u>	<u>1,714,622</u>	<u>814,740</u>	<u>1,343,063</u>	<u>3,077,851</u>	<u>16,445,378</u>
End of Year	<u>\$ 8,759,750</u>	<u>\$ 1,291,205</u>	<u>\$ (275,641)</u>	<u>\$ 2,097,443</u>	<u>\$ 748,802</u>	<u>\$ 2,039,693</u>	<u>\$ 3,909,011</u>	<u>\$ 18,570,263</u>

See accompanying Notes to Financial Statements.

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Net Change in Total Fund Balance \$ 2,124,885

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 (218,974)

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	\$ (346,744)	
Increase in Accrued Interest on Debt	(34,406)	
		(381,150)

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	7,233,091	
Depreciation	(6,555,206)	
		677,885

The effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) which do not affect change in fund balance.

Proceeds from Sale of Capital Assets	(30,083)	
Loss on Disposal of Capital Assets	(171,187)	
		(201,270)

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.

606,594
(Continued)

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

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	\$ 416,905	
Note and Bond Obligations	<u>7,051,883</u>	\$ 7,468,788

Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statements of Activities. (80,191)

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	(714,346)	
Note and Bond Obligations	<u>(4,884,402)</u>	(5,598,748)

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. (4,177,322)

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	<u>44,708</u>	
Change in Net Position of Governmental Activities	<u>\$ 265,205</u>	

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Major Enterprise Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS	Water Fund	Sewer Fund	Mass Transit Fund			
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 23,488,055	\$ 6,325,600	\$ 17,454	\$ 2,001,810	\$ 31,832,919	\$ 5,695,213
Investments	1,053,570	-	-	-	1,053,570	-
Receivables:						
Accounts Receivable	2,966,632	287,733	2,509,057	266,582	6,030,004	23,366
Interest Receivable	4,502	-	-	-	4,502	-
Other Receivable	-	-	-	-	-	690
Due from Other Funds	1,919,642	-	-	-	1,919,642	-
Inventories	332,919	-	219,963	-	552,882	270,147
Prepaid Expenses	-	-	-	-	-	50,000
Total Current Assets	29,765,320	6,613,333	2,746,474	2,268,392	41,393,519	6,039,416
Capital Assets:						
Land	3,550,667	-	899,399	-	4,450,066	-
Construction in Progress	19,452,815	529,791	-	2,011,648	21,994,254	-
Buildings	46,768,047	525,630	4,273,733	535,724	52,103,134	-
Improvements Other Than Buildings	119,149,735	30,218,026	211,140	-	149,578,901	-
Machinery and Equipment	18,790,785	1,141,943	7,523,626	13,645	27,469,999	8,765,086
Subtotal	207,712,049	32,415,390	12,907,898	2,561,017	255,596,354	8,765,086
Less: Accumulated Depreciation	86,344,862	9,014,638	10,363,977	6,359	105,729,836	6,800,551
Total Capital Assets	121,367,187	23,400,752	2,543,921	2,554,658	149,866,518	1,964,535
Total Noncurrent Assets	121,367,187	23,400,752	2,543,921	2,554,658	149,866,518	1,964,535
Total Assets	151,132,507	30,014,085	5,290,395	4,823,050	191,260,037	8,003,951
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount Related to Pension	1,232,173	-	-	-	1,232,173	191,671
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	934,651	2,893,851	202,310	863,193	4,894,005	239,693
Contracts Payable	4,578,854	205,692	-	147,075	4,931,621	-
Claims Payable	-	-	-	-	-	2,110,920
Interest Payable	1,259,886	45,724	4,668	-	1,310,278	3,446
Other Accrued Liabilities	100,153	223	69,208	-	169,584	34,499
Compensated Absences	85,113	-	158,854	-	243,967	-
Unearned Revenue	-	-	-	-	-	824
Capital Lease Payable	10,051	50,218	-	-	60,269	-
Notes Payable	1,575,013	426,531	35,431	-	2,036,975	69,604
Bonds Payable	5,945,544	-	-	-	5,945,544	-
Due to Other Funds	-	-	1,902,822	-	1,902,822	12,962
Total Current Liabilities	14,489,265	3,622,239	2,373,293	1,010,268	21,495,065	2,471,948
NONCURRENT LIABILITIES						
Compensated Absences	94,073	-	175,577	-	269,650	-
Net Pension Liability	2,184,510	-	-	-	2,184,510	339,813
Other Post-Employment Benefits	331,586	-	-	-	331,586	51,580
Notes Payable	19,583,115	14,330,072	241,325	1,167,975	35,322,487	746,495
Bonds Payable	97,811,336	-	-	-	97,811,336	-
Total Noncurrent Liabilities	120,004,620	14,330,072	416,902	1,167,975	135,919,569	1,137,888
Total Liabilities	134,493,885	17,952,311	2,790,195	2,178,243	157,414,634	3,609,836
DEFERRED INFLOWS OF RESOURCES						
Deferred Amount Related to Pension	233,602	-	-	-	233,602	36,338
NET POSITION						
Net Investment in Capital Assets	2,205,938	8,593,931	2,267,165	1,386,683	14,453,717	1,148,436
Unrestricted	15,431,255	3,467,843	233,035	1,258,124	20,390,257	3,401,012
Total Net Position	\$ 17,637,193	\$ 12,061,774	\$ 2,500,200	\$ 2,644,807	34,843,974	\$ 4,549,448
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					(312,019)	
Net Position of Business-Type Activities					\$ 34,531,955	

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities					Governmental
	Major Enterprise Funds				Activities -	
	Water	Sewer	Mass Transit	Nonmajor	Total	Internal
	Fund	Fund	Fund	Enterprise	Enterprise	Service
				Funds	Funds	Funds
OPERATING REVENUES						
Charges for Services	\$ 29,776,652	\$ 4,845,586	\$ 595,950	\$ 2,294,405	\$ 37,512,593	\$ 13,244,529
Payroll Deductions/Retiree Contributions	-	-	-	-	-	2,250,751
Other Revenue	83,269	204	922	-	84,395	142,853
Total Operating Revenues	29,859,921	4,845,790	596,872	2,294,405	37,596,988	15,638,133
OPERATING EXPENSES						
Personnel Services	4,229,338	-	5,199,574	-	9,428,912	720,648
Contractual Services	5,289,541	3,215,931	784,790	1,511,659	10,801,921	1,295,639
Supplies	2,710,810	47,523	908,760	66,045	3,733,138	935,518
Other Charges	485,811	9,202	354,066	-	849,079	11,752,745
Depreciation and Amortization	5,317,939	587,937	415,936	3,720	6,325,532	365,101
Total Operating Expenses	18,033,439	3,860,593	7,663,126	1,581,424	31,138,582	15,069,651
OPERATING INCOME (LOSS)	11,826,482	985,197	(7,066,254)	712,981	6,458,406	568,482
NONOPERATING REVENUES (EXPENSES)						
Investment Income and Net Increase in						
Fair Value of Investments	524,521	13,002	655	3,453	541,631	10,284
Intergovernmental Revenue	288,276	-	6,562,834	330,000	7,181,110	-
Interest and Other Charges	(4,636,102)	(131,984)	(8,794)	-	(4,776,880)	(24,976)
Gain on Disposal of Assets	40,809	62,000	1,435	-	104,244	208,032
Total Nonoperating Revenues (Expenses)	(3,782,496)	(56,982)	6,556,130	333,453	3,050,105	193,340
INCOME (LOSS) BEFORE						
OTHER FINANCING SOURCES (USES)	8,043,986	928,215	(510,124)	1,046,434	9,508,511	761,822
OTHER FINANCING SOURCES (USES)						
Capital Contributions	-	-	116,334	-	116,334	-
Transfers Out	(4,271,464)	(234,775)	-	(1,762)	(4,508,001)	-
Net Other Financing Sources (Uses)	(4,271,464)	(234,775)	116,334	(1,762)	(4,391,667)	-
CHANGE IN NET POSITION	3,772,522	693,440	(393,790)	1,044,672	5,116,844	761,822
NET POSITION						
Beginning of Year (As Restated)	13,864,671	11,368,334	2,893,990	1,600,135		3,787,626
End of Year	\$ 17,637,193	\$ 12,061,774	\$ 2,500,200	\$ 2,644,807		\$ 4,549,448

Reconciliation to Statement of Activities:

Certain amounts for the Internal Service Funds are allocated to
business-type activities in the Statement of Activities

155,228
\$ 5,272,072

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities					Governmental Activities -
	Major Enterprise Funds					Internal Service Funds
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Charges for Services	\$ 28,467,768	\$ 4,826,465	\$ (602,477)	\$ 1,954,582	\$ 34,646,338	\$ 15,615,591
Cash Paid to Suppliers for Goods and Services	(8,415,285)	(2,808,147)	(528,272)	(1,644,591)	(13,396,295)	(14,266,406)
Cash Paid to Employees/Contract Employees	(3,715,550)	-	(5,183,990)	-	(8,899,540)	(629,314)
Net Cash Provided (Used) by Operating Activities	16,336,933	2,018,318	(6,314,739)	309,991	12,350,503	719,871
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental Revenue	288,276	-	6,377,468	330,000	6,995,744	-
Cash Transfers to Other Funds	(4,271,464)	(234,775)	-	(1,762)	(4,508,001)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,983,188)	(234,775)	6,377,468	328,238	2,487,743	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	(20,435,447)	(7,375,570)	(39,692)	(1,388,620)	(29,239,329)	(383,170)
Proceeds from the Acquisition of Debt	6,576,216	6,122,854	-	1,167,975	13,867,045	180,624
Proceeds from the Sale of Capital Assets	40,809	62,000	1,435	-	104,244	208,032
Principal Payment on Debt	(9,903,967)	(484,336)	(33,215)	-	(10,421,518)	(36,599)
Interest Payments and Other Charges	(4,595,293)	(174,134)	(9,549)	-	(4,778,976)	(24,445)
Net Cash Used by Capital and Related Financing Activities	(28,317,682)	(1,849,186)	(81,021)	(220,645)	(30,468,534)	(55,558)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Investments	(998,281)	-	-	-	(998,281)	-
Proceeds from Sale of Investments	18,611,272	-	-	-	18,611,272	-
Investment Income	524,521	13,002	655	3,453	541,631	10,284
Net Cash Provided (Used) by Investing Activities	18,137,512	13,002	655	3,453	18,154,622	10,284
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,173,575	(52,641)	(17,637)	421,037	2,524,334	674,597
Cash and Cash Equivalents - Beginning of Year	21,314,480	6,378,241	35,091	1,580,773	29,308,585	5,020,616
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 23,488,055</u>	<u>\$ 6,325,600</u>	<u>\$ 17,454</u>	<u>\$ 2,001,810</u>	<u>\$ 31,832,919</u>	<u>\$ 5,695,213</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 11,826,482	\$ 985,197	\$ (7,066,254)	\$ 712,981	\$ 6,458,406	\$ 568,482
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	5,317,939	587,937	415,936	3,720	6,325,532	365,101
Unrealized Gain on Investments	(1,599)	-	-	-	(1,599)	-
Effects of Changes in Operating Assets and Liabilities:						
Receivables	72,706	(19,325)	(1,199,349)	(9,823)	(1,155,791)	(22,710)
Other Receivable	36,740	-	-	-	36,740	-
Inventories	91,366	-	(26,427)	-	64,939	(1,451)
Prepaid Items	-	-	-	-	-	135,000
Due from Other Funds	(1,500,000)	-	-	-	(1,500,000)	-
Accounts Payable	(30,700)	290,265	45,771	(209,583)	95,753	(414,016)
Contracts Payable	10,211	174,244	-	142,696	327,151	-
Compensated Absences	(20,974)	-	-	-	(20,974)	-
OPEB	90,264	-	-	-	90,264	14,041
Other Liabilities	29,386	-	15,584	-	44,970	9,365
Deferred Outflows	101,120	-	-	-	101,120	15,111
Net Pension Liability	313,992	-	-	-	313,992	50,780
Due to Other Funds	-	-	1,500,000	-	1,500,000	-
Unearned Revenue	-	-	-	(330,000)	(330,000)	168
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,336,933</u>	<u>\$ 2,018,318</u>	<u>\$ (6,314,739)</u>	<u>\$ 309,991</u>	<u>\$ 12,350,503</u>	<u>\$ 719,871</u>

NONCASH TRANSACTIONS

Property and equipment purchases in the Sewer Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$2,289,307.

Property and equipment purchases in the Storm Water Fund for prior year which the cash had not been disbursed but rather was in accounts payable amounted to \$14,193, which was reversed out in the current year.

Property and equipment purchases in the Water Fund for prior year which the cash had not been disbursed but rather was in accounts payable or contracts payable amounted to \$8,490,390, 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 \$22,392.

Property and equipment purchases in the Sewer Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$393,359.

Property and equipment purchases in the Mass Transit Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$62,228.

Property and equipment purchases in the Mass Transit Fund received via capital contributions amounted to \$116,334.

Property and equipment purchases in the Fiber Optics Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$413,516.

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017**

ASSETS

Cash and Short-Term Investments	\$ 8,118,892
Accrued Interest	405,339
Investments, at Fair Value:	
U.S. Government Obligations	31,059,623
Mutual Funds	58,510,630
Common Stock	61,536,796
Certificate of Deposits	247,479
Annuities	141,405
International Bonds	198,852
Municipal Bonds	3,111,336
Corporate Bonds	25,034,547
Total Investments	<u>179,840,668</u>
 Total Assets	 <u><u>\$ 188,364,899</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	<u>\$ 59,834</u>
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NET POSITION

Net Position Restricted for Pensions	<u>188,305,065</u>
 Total Liabilities and Net Position	 <u><u>\$ 188,364,899</u></u>

See accompanying Notes to Financial Statements.

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

ADDITIONS

Contributions:

Employer	\$ 9,584,064
Plan Member	2,028,124
Miscellaneous Revenue	195
Total Contributions	<u>11,612,383</u>

Investment Earnings:

Interest and Dividends	1,713,233
Net Increase in the Fair Value of Investments	<u>19,865,227</u>
Total Investment Income	21,578,460

Less: Investment Expense	<u>418,772</u>
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Net Investment Income	<u>21,159,688</u>
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Total Additions	<u>32,772,071</u>
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DEDUCTIONS

Benefits and Refunds	14,903,904
Administrative Expense	<u>208,857</u>
Total Deductions	<u>15,112,761</u>

CHANGE IN NET POSITION

17,659,310

Net Position - Beginning of Year	<u>170,645,755</u>
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NET POSITION - END OF YEAR

\$ 188,305,065

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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:

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basis of Presentation

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

City-Wide Financial Statements

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

Fund Financial Statements

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds (Continued)

Proprietary Fund Types:

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.

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.

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.

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.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sewer lines, water mains), 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 acquisition 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 \$541,609 was capitalized.

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Treasurer for tax billing to property owners.

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, 2017 an allowance for uncollectible real property taxes equivalent to 1% of the current year's levy.

Since the 2017 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.

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 OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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.

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.

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".

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.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Appropriated Budget and Budgetary Accounting (Continued)

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.

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 \$45,132,312, and the respective bank balances totaled \$46,498,320, not including cash on hand of \$6,615.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is 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

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

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

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

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%. 44% of the government's investments in municipal bonds were rated Aaa by Moody's, 16% were rated Aa1, 6% were rated Aa2, 28% were rated AA+, 3% were rated AA, and 3% were not rated. 8% of the government's investments in corporate bonds were rated Aaa by Moody's, 3% were rated Aa1, 5% were rated Aa2, 4% were rated Aa3, 15% were rated A1, 15% were rated A2, 24% were rated A3, 14% were rated Baa1, 6% were rated Baa2, 3% were rated Baa3, and 3% were not rated.

Custodial Credit Risk

Custodial credit risk is 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, 2017, the City's bank deposits were fully collateralized.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is 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, 2017, the City's investments representing greater than 5% of their total fund investments was U.S. Treasury Bond (\$10,835,465). At December 31, 2017, the Police Pension Funds' investments representing greater than 5% of their total fund investments was American Funds (\$35,211,489), Fannie Mae Pools (\$5,870,113), T. Rowe Price (\$14,059,397), and United States Treasury (\$7,261,421). At December 31, 2017, the Firefighters' Pension Funds' investments representing greater than 5% of their total fund investments was Goldman Sachs (\$5,985,855), IShares TR (\$9,328,528), T. Rowe Price (\$7,540,382), U.S. Treasury Note (\$5,985,602), and Vanguard (\$5,102,352).

As of December 31, 2017, 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	\$ 7,088,679	\$ 7,088,679	\$ -	\$ -	\$ -
Certificates of Deposit	247,479	-	247,479	-	-
U.S. Government Agencies	17,227,213	1,350	3,045,594	2,814,109	11,366,160
Corporate Bonds	25,034,547	1,832,892	13,330,962	7,829,611	2,041,082
Municipal Bonds	3,147,339	85,000	1,152,671	569,676	1,339,992
U.S. Treasury Bonds	12,573,496	6,533,437	4,887,415	-	1,152,644
U.S. Treasury Notes	11,366,187	266,189	6,298,343	4,801,655	-
U.S. Treasury Bills	354,306	354,306	-	-	-
U.S. Treasury Inflation	373,886	-	-	373,886	-
Annuities	141,405	141,405	-	-	-
Mutual Funds	58,510,630	58,510,630	-	-	-
Common Stock	61,536,796	61,536,796	-	-	-
Foreign Stock	198,852	-	198,852	-	-
Total	<u>\$ 197,800,815</u>	<u>\$ 136,350,684</u>	<u>\$ 29,161,316</u>	<u>\$ 16,388,937</u>	<u>\$ 15,899,878</u>

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, 2017:

Level 1 Inputs of \$61,910,682 – including Common and Foreign stock.

Level 2 Inputs of \$128,801,454 – including U.S. Government agencies, U.S. Treasury securities, municipal bonds, corporate bonds, mutual funds, and annuities.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (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, 2017, the City had \$67,285 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, 2017, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of \$1,774 and bank deposits of \$536,830.

Reconciliation of this footnote to the financial statements:

	Primary Government
Carrying Amount of Bank Deposits – per Note Above	\$ 45,132,312
Cash on Hand – per Note Above	6,615
Investments – per Note Above (Including Illinois Funds)	197,800,815
Total	<u>\$ 242,939,742</u>
	Primary Government
Statement of Net Position	
Cash and Cash Equivalents	\$ 53,926,612
Investments	1,053,570
Statement of Fiduciary Net Position - Pension Trust Funds	
Cash and Short-Term Investments	8,118,892
Long-Term Investments	179,840,668
Total	<u>\$ 242,939,742</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of December 31, 2017 are summarized below:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 199	\$ 4,057
CDBG Fund	-	106
Mass Transit Fund	-	1,902,822
Fleet Maintenance Fund	-	12,962
Water Fund	1,919,642	-
DCDF Fund	106	-
Total	<u>\$ 1,919,947</u>	<u>\$ 1,919,947</u>

Interfund receivables and payables are primarily used to record:

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

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	\$ 1,063,840	\$ 680,381
Library	362,037	-
TIF	2,789,947	-
Debt Service	283,918	-
Nonmajor Governmental Funds	688,640	-
Major Enterprise Funds		
Water	-	4,271,464
Sewer	-	234,775
Nonmajor Enterprise Funds	-	1,762
Total	<u>\$ 5,188,382</u>	<u>\$ 5,188,382</u>

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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government

	Balance December 31, 2016	Additions	Deletions	Transfers	Balance December 31, 2017
Governmental Activities *					
Capital Assets Not Being Depreciated					
Land	\$ 8,424,239	\$ -	\$ -	\$ -	\$ 8,424,239
Construction in Progress	1,928,775	99,189	152,257	-	1,875,707
Subtotal	10,353,014	99,189	152,257	-	10,299,946
Capital Assets Being Depreciated					
Infrastructure	123,278,139	3,577,159	-	-	126,855,298
Buildings and Improvements	45,688,426	1,658,322	4,794	-	47,341,954
Vehicles	14,468,765	1,136,909	705,339	(229,177)	14,671,158
Office Equipment	4,643,500	655,785	62,104	-	5,237,181
Other Equipment	10,434,450	688,059	992,431	(74,980)	10,055,098
Subtotal	198,513,280	7,716,234	1,764,668	(304,157)	204,160,689
Less Accumulated Depreciation for:					
Infrastructure	(66,667,255)	(3,617,407)	-	-	(70,284,662)
Buildings and Improvements	(24,911,189)	(1,390,069)	(4,794)	-	(26,296,464)
Vehicles	(11,503,358)	(814,442)	(686,409)	229,177	(11,402,214)
Office Equipment	(2,782,641)	(332,508)	(62,104)	-	(3,053,045)
Other Equipment	(8,448,105)	(765,881)	(989,985)	74,980	(8,149,021)
Total Accumulated Depreciation	(114,312,548)	(6,920,307)	(1,743,292)	304,157	(119,185,406)
Total Capital Assets Being Depreciated, Net	84,200,732	795,927	21,376	-	84,975,283
Total Governmental Activities Capital Assets, Net	\$ 94,553,746	\$ 895,116	\$ 173,633	\$ -	\$ 95,275,229
*Includes internal service funds					
Business-Type Activities					
Capital Assets Not Being Depreciated					
Land	\$ 4,450,066	\$ -	\$ -	\$ -	\$ 4,450,066
Construction in Progress	17,951,700	5,116,398	1,073,844	-	21,994,254
Subtotal	22,401,766	5,116,398	1,073,844	-	26,444,320
Capital Assets Being Depreciated					
Infrastructure	39,319,964	13,520,556	-	-	52,840,520
Buildings and Improvements	134,968,693	13,889,677	16,851	-	148,841,519
Vehicles	8,245,214	592,160	240,524	229,177	8,826,027
Office Equipment	104,848	13,645	7,087	-	111,406
Other Equipment	18,175,834	395,972	114,224	74,980	18,532,562
Subtotal	200,814,553	28,412,010	378,686	304,157	229,152,034
Less Accumulated Depreciation for:					
Infrastructure	(16,943,019)	(947,215)	-	-	(17,890,234)
Buildings and Improvements	(73,132,950)	(3,886,972)	(16,851)	-	(77,003,071)
Vehicles	(6,662,358)	(357,161)	(240,524)	(229,177)	(7,008,172)
Office Equipment	(101,466)	(6,808)	(7,086)	-	(101,188)
Other Equipment	(2,635,350)	(1,127,376)	(110,535)	(74,980)	(3,727,171)
Total Accumulated Depreciation	(99,475,143)	(6,325,532)	(374,996)	(304,157)	(105,729,836)
Total Capital Assets Being Depreciated, Net	101,339,410	22,086,478	3,690	-	123,422,198
Total Business-Type Activities Capital Assets, Net	\$ 123,741,176	\$ 27,202,876	\$ 1,077,534	\$ -	\$ 149,866,518

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Depreciation expense of \$6,555,206 and \$6,325,532 was charged to the governmental and business-type activities functional expense categories, respectively, as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>	<u>Business-Type Activities</u>	<u>Depreciation</u>
General Government	\$ 1,911,802	Water	\$ 5,317,939
Public Safety	907,300	Mass Transit	415,936
Public Works	520,376	Fiber Optics	1,245
Culture and Recreation	3,215,728	Sewer	587,937
Total	<u>\$ 6,555,206</u>	Storm Water	2,475
		Total	<u>\$ 6,325,532</u>

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended December 31, 2017 was as follows:

	<u>Balance December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,130,762	\$ -	\$ -	\$ 3,130,762
Capital Assets Being Depreciated				
Buildings and Equipment	13,334,800	450,547	48,165	13,737,182
Less Accumulated Depreciation for:				
Buildings and Equipment	(11,295,169)	(286,385)	(31,698)	(11,549,856)
Total Capital Assets Being Depreciated, Net	<u>2,039,631</u>	<u>164,162</u>	<u>16,467</u>	<u>2,187,326</u>
Civic Center Capital Assets, Net	<u>\$ 5,170,393</u>	<u>\$ 164,162</u>	<u>\$ 16,467</u>	<u>\$ 5,318,088</u>

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, 2017, less the allowance for uncollectible accounts. Any other uncollectible amounts are not believed to be material.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 RECEIVABLES (CONTINUED)

Governmental Activities

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Position
Other Taxes						
Hotel and Motel Tax	\$ 43,682	\$ -	\$ -	\$ -	\$ -	\$ 43,682
Food and Beverage Tax	302,255	956	-	-	-	303,211
Cable TV Tax	255,934	-	-	-	-	255,934
Utility Tax	873,079	-	-	-	-	873,079
Motor Fuel Tax	-	149,551	-	-	-	149,551
State Sales Tax	-	33,410	-	-	-	33,410
State Route Maintenance	52,373	5,767	-	-	-	58,140
State Income Tax	578,459	-	-	-	-	578,459
State Replacement Tax	109,525	32,347	-	-	-	141,872
Total Other Taxes	<u>\$ 2,215,307</u>	<u>\$ 222,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,437,338</u>
Due from Other Governments						
Grants	\$ 15,084	\$ 90,240	\$ -	\$ -	\$ -	\$ 105,324
Allotments	-	340,411	-	-	-	340,411
Total Due from Other Governments	<u>\$ 15,084</u>	<u>\$ 430,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 445,735</u>
Accounts Receivable						
General Billings	\$ 154,717	\$ -	\$ -	\$ 6,963	\$ 23,366	\$ 185,046
Outstanding Parking Tickets	365,917	-	-	-	-	365,917
Allowance for Uncollectible Portion	(211,407)	-	-	-	-	(211,407)
Total Accounts Receivable	<u>\$ 309,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,963</u>	<u>\$ 23,366</u>	<u>\$ 339,556</u>
Notes Receivable						
Installment Notes	\$ -	\$ 243,612	\$ -	\$ -	\$ -	\$ 243,612
Home Program Loans	-	292,898	-	-	-	292,898
Allowance for Uncollectible Notes	-	(75,272)	-	-	-	(75,272)
Total Notes Receivable	<u>\$ -</u>	<u>\$ 461,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,238</u>
Other						
Investment Income	<u>\$ 26,406</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ -</u>	<u>\$ 690</u>	<u>\$ 27,529</u>

Notes receivable include loans made through the DCDF, Inc. housing rehabilitation program under the terms of mortgage-secured installment notes with interest rates ranging from zero to 6%. 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	\$ 2,521,288
Watermain Tapping	14,019
Sanitary District	431,325
Grants	2,509,057
Recycling Fees	63,677
Sewer Billings	287,733
Storm Water	202,905
Interest Receivable	4,502
Total Accounts Receivable	<u>\$ 6,034,506</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT

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

	Obligations Outstanding at December 31, 2016	Debt Additions	Debt Retirement	Obligations Outstanding at December 31, 2017	Due Within One Year
Governmental Activities *					
General Obligation Bonds:					
Series of 2008	\$ 3,151,440	\$ -	\$ 3,151,440	\$ -	\$ -
Series of 2010A	7,910,000	-	205,000	7,705,000	470,000
Series of 2010B	8,170,320	-	419,490	7,750,830	442,500
Series of 2010C	1,845,000	-	205,000	1,640,000	210,000
Series of 2010D	235,000	-	235,000	-	-
Series of 2012	6,110,000	-	620,000	5,490,000	630,000
(Less) Plus Deferred Amounts for:					
Issuance Premiums	386,081	-	44,708	341,373	37,735
Total General Obligation Bonds	27,807,841	-	4,880,638	22,927,203	1,790,235
Notes Payable:					
HUD Section 108, 2002-A	1,185,000	-	185,000	1,000,000	190,000
2013 Regions Note	882,523	-	37,085	845,438	46,625
2014 Busey Bank	769,165	-	302,981	466,184	309,308
2014 Soy Capital Bank	688,706	-	109,155	579,551	112,089
2015 Busey Fire Note	381,296	-	59,992	321,304	61,372
2015 Busey Police Note	107,763	-	107,763	-	-
2016 Busey Fire Note	160,481	1,032,375	314,286	878,570	314,286
2016 Busey Street Note	1,093,140	3,392,016	1,071,429	3,413,727	1,071,428
2017 Busey Police Note	-	460,011	56,507	403,504	228,856
2017 Busey Public Works	-	180,624	8,354	172,270	34,100
Total Notes Payable	5,268,074	5,065,026	2,252,552	8,080,548	2,368,064
Compensated Absences	4,957,921	2,958,971	2,612,227	5,304,665	2,519,185
Capital Leases	781,031	714,346	416,905	1,078,472	398,094
Total Governmental Activities	<u>\$ 38,814,867</u>	<u>\$ 8,738,343</u>	<u>\$ 10,162,322</u>	<u>\$ 37,390,888</u>	<u>\$ 7,075,578</u>

*Includes internal service funds

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

	Obligations Outstanding at December 31, 2016	Debt Additions	Debt Retirement	Obligations Outstanding December 31, 2017	Due Within One Year
Business-Type Activities					
General Obligation Bonds:					
Series of 2008	\$ 4,143,560	\$ -	\$ 4,143,560	\$ -	\$ -
Series of 2010B	14,909,680	-	765,510	14,144,170	807,500
Series of 2013	13,375,000	-	1,250,000	12,125,000	1,285,000
Series of 2014	22,490,000	-	860,000	21,630,000	885,000
Series of 2015	22,515,000	-	815,000	21,700,000	840,000
Series of 2016	22,205,000	-	235,000	21,970,000	765,000
Series of 2017	-	6,275,000	-	6,275,000	900,000
(Less) Plus Deferred Amounts for:					
Issuance Premiums	6,031,507	301,216	420,013	5,912,710	463,044
Total General Obligation Bonds	105,669,747	6,576,216	8,489,083	103,756,880	5,945,544
Notes Payable:					
2001 IEPA Loan	2,343,336	-	419,307	1,924,029	431,576
IEPA Water Loan	5,425,209	-	361,681	5,063,528	361,681
2013 IEPA Sewer Loan	6,962,117	-	326,896	6,635,221	333,236
2013 Regions Note	14,928,832	-	627,512	14,301,320	788,948
2014 IEPA Loan	2,089,987	-	91,461	1,998,526	93,295
2014 Soy Capital Bank	173,509	-	27,500	146,009	28,239
2016 IEPA Sewer Loan	-	6,122,854	-	6,122,854	-
2017 IEPA Storm Sewer Loan	-	1,167,975	-	1,167,975	-
Total Notes Payable	31,922,990	7,290,829	1,854,357	37,359,462	2,036,975
Compensated Absences	518,575	241,365	246,323	513,617	243,967
Capital Leases	138,347	-	78,078	60,269	60,269
Total Business-Type Activities	<u>\$ 138,249,659</u>	<u>\$ 14,108,410</u>	<u>\$ 10,667,841</u>	<u>\$ 141,690,228</u>	<u>\$ 8,286,755</u>

See Note 17 for more detail of the capital lease obligations.

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

Long-term bond and note obligations outstanding at December 31, 2017 are comprised of the following:

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% to refinance certain outstanding indebtedness of the City and to finance capital improvements in the City. This bond was refunded during 2017 with the issuance of the Series 2017 General Obligation Bonds. The refunding proceeds were placed in escrow in December 2017 and were used to fully pay off the 2008 bonds in January 2018. The 2008 bonds were considered defeased as of December 31, 2017 and are not included as a City liability. Net present value of savings was estimated at \$286,739.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

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) to refund Series 2005, 2005A, and 2008A general obligation notes which were used for various capital projects. Remaining funds were used to finance capital improvements in the City.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	580,000	327,633	907,633
2023-2027	3,700,000	1,068,598	4,768,598
2028-2030	1,395,000	182,400	1,577,400
Total	<u>\$ 7,705,000</u>	<u>\$ 3,140,436</u>	<u>\$ 10,845,436</u>

General Obligation Bonds, Series 2010B

\$28,270,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030; interest of 1.50% to 7.00% (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Treasury Rebate</u>	<u>Total Debt Service</u>
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	1,585,000	1,010,118	(376,665)	2,218,453
2023-2027	8,840,000	3,659,700	(1,396,516)	11,103,184
2028-2030	6,010,000	834,525	(339,734)	6,504,791
Total	<u>\$ 21,895,000</u>	<u>\$ 10,195,857</u>	<u>\$ (3,847,441)</u>	<u>\$ 28,243,416</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

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% (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City.

Fiscal Year	Principal	Interest	Total Debt Service
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	240,000	30,200	270,200
2023-2024	515,000	31,200	546,200
Total	<u>\$ 1,640,000</u>	<u>\$ 272,400</u>	<u>\$ 1,912,400</u>

General Obligation Bonds, Series 2010D

\$1,805,000 2010 General Obligation Bonds dated November 3, 2010; interest of 2.00% to 4.00% (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. These bonds matured on December 15, 2017.

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% (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
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	695,000	61,806	756,806
2023-2025	2,195,000	82,994	2,277,994
Total	<u>\$ 5,490,000</u>	<u>\$ 533,578</u>	<u>\$ 6,023,578</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

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% (principal and interest to be serviced by annual tax levy) to refund Series 2004B general obligation bonds which were used to refund the 2000 and 1985 general obligation bonds used in the construction of the water treatment facility.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	1,540,000	290,000	1,830,000
2023-2025	5,120,000	385,500	5,505,500
Total	<u>\$ 12,125,000</u>	<u>\$ 2,519,375</u>	<u>\$ 14,644,375</u>

General Obligation Bonds, Series 2014

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	1,035,000	817,738	1,852,738
2023-2027	5,940,000	3,277,963	9,217,963
2028-2032	7,415,000	1,781,606	9,196,606
2033-2034	3,485,000	176,375	3,661,375
Total	<u>\$ 21,630,000</u>	<u>\$ 9,715,131</u>	<u>\$ 31,345,131</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

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% (principal and interest to be serviced by annual tax levy) to finance phase 2 of six (6) year \$90.4m project to dredge Lake Decatur basins 1-4.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	970,000	769,425	1,739,425
2023-2027	5,405,000	3,284,150	8,689,150
2028-2032	6,880,000	1,809,825	8,689,825
2033-2035	4,905,000	304,813	5,209,813
Total	<u>\$ 21,700,000</u>	<u>\$ 9,576,538</u>	<u>\$ 31,276,538</u>

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% (principal and interest to be serviced by annual tax levy) to finance phase 3 of six (6) year project to dredge Lake Decatur basins 1-4. As of December 31, 2017, approximately \$5,763,810 of the proceeds remains unexpended.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	890,000	826,006	1,716,006
2023-2027	5,175,000	3,397,406	8,572,406
2028-2032	6,455,000	2,123,753	8,578,753
2033-2036	6,235,000	584,000	6,819,000
Total	<u>\$ 21,970,000</u>	<u>\$ 10,613,015</u>	<u>\$ 32,583,015</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

General Obligation Bonds, Series 2017

\$6,275,000 Series 2017 General Obligation Bonds dated December 21, 2017 due December 15, 2024; interest of 3.00% to 4.00% (principal and interest to be serviced by annual tax levy) to refinance certain outstanding indebtedness of the City (2008 Bonds).

Fiscal Year	Principal	Interest	Total Debt Service
2018	\$ 900,000	\$ 228,871	\$ 1,128,871
2019	925,000	205,750	1,130,750
2020	950,000	178,000	1,128,000
2021	995,000	140,000	1,135,000
2022	1,045,000	100,200	1,145,200
2023-2024	1,460,000	73,000	1,533,000
Total	<u>\$ 6,275,000</u>	<u>\$ 925,821</u>	<u>\$ 7,200,821</u>

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%.

Fiscal Year	Principal	Interest	Total Debt Service
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	<u>\$ 1,000,000</u>	<u>\$ 184,276</u>	<u>\$ 1,184,276</u>

Illinois Environmental Protection Agency 2001 Loan

\$7,172,169 loan with the Illinois Environmental Protection Agency (IEPA) to finance the costs relating to the construction of the Nitrate Removal facility. The term of the loan is for 20 years with an annual fixed loan rate of 2.905%. The semi-annual repayment dates for both principal and interest are June 1 and December 1.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Illinois Environmental Protection Agency 2001 Loan (Continued)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
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	<u>\$ 1,924,029</u>	<u>\$ 135,615</u>	<u>\$ 2,059,644</u>

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
2018	\$ 361,681	-	\$ 361,681
2019	361,681	-	361,681
2020	361,681	-	361,681
2021	361,681	-	361,681
2022	361,681	-	361,681
2023-2027	1,808,403	-	1,808,403
2028-2031	1,446,720	-	1,446,720
Total	<u>\$ 5,063,528</u>	<u>\$ -</u>	<u>\$ 5,063,528</u>

Illinois Environmental Protection Agency Sewer Loan - 2013

\$8,353,821 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.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan - 2013 (Continued)

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	359,848	99,848	459,696
2023-2027	1,906,663	391,815	2,298,478
2028-2032	2,098,855	199,623	2,298,478
2033-2034	897,633	21,759	919,392
Total	<u>\$ 6,635,221</u>	<u>\$ 1,179,606</u>	<u>\$ 7,814,827</u>

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	1,127,893	380,607	1,508,500
2023-2027	6,958,056	1,239,694	8,197,750
2028	3,298,369	75,062	3,373,431
Total	<u>\$ 15,146,758</u>	<u>\$ 3,566,173</u>	<u>\$ 18,712,931</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

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
2018	\$ 309,308	\$ 6,931	\$ 316,239
2019	156,876	887	157,763
Total	<u>\$ 466,184</u>	<u>\$ 7,818</u>	<u>\$ 474,002</u>

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
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	101,005	31,698	132,703
2023-2027	536,224	127,287	663,511
2028-2032	592,178	71,333	663,511
2033-2035	384,567	13,537	398,104
Total	<u>\$ 1,998,526</u>	<u>\$ 390,111</u>	<u>\$ 2,388,637</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 140,328	\$ 20,672	\$ 161,000
2019	144,399	16,601	161,000
2020	148,499	12,501	161,000
2021	152,692	8,308	161,000
2022	139,642	3,482	143,124
Total	<u>\$ 725,560</u>	<u>\$ 61,564</u>	<u>\$ 787,124</u>

Busey Bank Fire Apparatus Pierce Impel Pumper 2015 Loan

\$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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	<u>\$ 321,304</u>	<u>\$ 22,506</u>	<u>\$ 343,810</u>

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. This note matured on September 22, 2017.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

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 \$1,192,856 as of December 31, 2017. 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. The outstanding principal balance is \$878,570 as of December 31, 2017.

Busey Bank Local Road and 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 \$4,485,156 as of December 31, 2017. 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. The outstanding principal balance is \$3,413,727 as of December 31, 2017.

Illinois Environmental Protection Agency Sewer Loan - 2016

\$9,203,831 loan with the Illinois Environmental Protection Agency (IEPA) to finance the costs related to the rehabilitation of certain main line sewer infrastructure. Sewer construction remains in process. The City has drawn down \$6,122,854 as of December 31, 2017. The term of the loan is 20 years for a fixed interest rate of 1.75%. The semi-annual repayment dates are scheduled to be March 18 and September 18. The loan repayment schedule has not yet been issued by the IEPA pending project completion.

Busey Bank Police Interceptor Vehicles - 2017

\$460,011 loan with Busey Bank dated July 28, 2017, to finance the costs related to the acquisition of Police Patrol Vehicles. The term of the loan is 2 years at a fixed interest rate of 1.99% with quarterly principal and interest payments due at January 28, April 28, July 28, and October 28 of each year with a maturity date of July 28, 2019.

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 228,856	\$ 6,329	\$ 235,185
2019	174,648	1,741	176,389
Total	<u>\$ 403,504</u>	<u>\$ 8,070</u>	<u>\$ 411,574</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Busey Bank Public Works Heavy Equipment - 2017

\$180,624 loan with Busey Bank dated August 18, 2017, to finance the costs related to acquisition of Public Works Heavy Equipment. The term of the loan is 5 years at a fixed interest rate of 3.25% with quarterly principal and interest payments due February 18, May 18, August 18, and November 18 of each year with a maturity date of August 18, 2022.

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2018	\$ 34,100	\$ 5,186	\$ 39,286
2019	35,221	4,064	39,285
2020	36,380	2,905	39,285
2021	37,577	1,709	39,286
2022	28,992	472	29,464
Total	<u>\$ 172,270</u>	<u>\$ 14,336</u>	<u>\$ 186,606</u>

Illinois Environmental Protection Agency Storm Sewer Loan - 2017

\$4,012,487 loan with the Illinois Environmental Protection Agency (IEPA) to finance the costs related to the rehabilitation and separation of certain storm sewer infrastructure. Sewer construction remains in process. The City has drawn down \$1,167,975 as of December 31, 2017. The term of the loan is 20 years for a fixed interest rate of 1.75%. The semi-annual repayment dates are scheduled to be April 30 and October 30. The loan repayment schedule has not been issued by the IEPA pending project completion.

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 \$5,304,665 for Governmental Activities and \$5,818,282 including Business-type Activities. The Governmental Activities costs are substantially paid through the General Fund and the Library Fund.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 LONG-TERM DEBT (CONTINUED)

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.

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, 2017 is \$5,508,000.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

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.

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

IMRF (Continued)

Employees Covered by Benefit Terms

As of December 31, 2017, 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	<u><u>742</u></u>

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% and for 2017 was 12.27%. For the fiscal year ended December 31, 2017, the City contributed \$1,861,991 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. This was a change in measurement date from the prior year, in which current fiscal year-end was the measurement date. See Note 19 regarding the change in the application of an accounting principal and restatement of beginning balances related to this. 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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

IMRF (Continued)

Actuarial Assumptions (Continued)

- 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 2012). 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 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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	5.75%
Alternative Investments	9	2.65 - 7.35%
Cash Equivalents	1	2.25%
Total	<u>100%</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 PENSION PLANS (CONTINUED)

IMRF (Continued)

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).

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, 2016 (as Restated)	\$ 101,325,044	\$ 88,338,974	\$ 12,986,070
Changes for the Year:			
Service Cost	1,558,483	-	1,558,483
Interest on the Total Pension Liability	7,425,184	-	7,425,184
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(1,363,508)	-	(1,363,508)
Changes of Assumptions	(338,253)	-	(338,253)
Contributions - Employer	-	1,795,318	(1,795,318)
Contributions - Employees	-	665,417	(665,417)
Net Investment Income	-	6,686,921	(6,686,921)
Benefit Payments, Including Refunds			
of Employee Contributions	(5,429,754)	(5,429,754)	-
Other	-	(93,500)	93,500
Net Changes	<u>1,852,152</u>	<u>3,624,402</u>	<u>(1,772,250)</u>
Balances at December 31, 2017	<u>\$ 103,177,196</u>	<u>\$ 91,963,376</u>	<u>\$ 11,213,820</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 PENSION PLANS (CONTINUED)

IMRF (Continued)

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 Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	<u>\$ 23,346,556</u>	<u>\$ 11,213,820</u>	<u>\$ 1,137,167</u>

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

For the year ended December 31, 2017, the City recognized pension expense of \$3,935,432. At December 31, 2017, 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
<u>Deferred Amounts Related to Pensions</u>		
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences Between Expected and Actual	\$ 322,983	\$ 970,389
Changes of Assumptions	268,817	228,768
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>3,871,362</u>	<u>-</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	4,463,162	1,199,157
Pension Contributions Made Subsequent to the Measurement Date	<u>1,861,991</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 6,325,153</u>	<u>\$ 1,199,157</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

IMRF (Continued)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
Related to Pensions (Continued)**

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 1,327,857
2019	875,446
2020	1,096,431
2021	(35,729)
2022	-
Thereafter	-
Total	<u>\$ 3,264,005</u>

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Defined Benefit Single-Employer Pension Plans (Continued)

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	\$ 1,483,799	\$ 6,635,093	\$ 8,118,892
Accrued Interest	239,406	165,933	405,339
Long-Term Investments, at Fair Value:			
U.S. Government Obligations	20,379,487	10,680,136	31,059,623
Mutual Funds	49,270,886	9,239,744	58,510,630
Common Stock	20,501,002	41,035,794	61,536,796
Certificates of Deposit	247,479	-	247,479
Annuities	-	141,405	141,405
International Bonds	198,852	-	198,852
Municipal Bonds	1,875,490	1,235,846	3,111,336
Corporate Bonds	15,043,849	9,990,698	25,034,547
Total Long-Term Investments	<u>107,517,045</u>	<u>72,323,623</u>	<u>179,840,668</u>
 Total Assets	<u>\$ 109,240,250</u>	<u>\$ 79,124,649</u>	<u>\$ 188,364,899</u>
 LIABILITIES AND NET POSITION			
Accounts Payable	\$ 53,519	\$ 6,315	\$ 59,834
 NET POSITION			
Held in Trust for Pension Benefits	<u>109,186,731</u>	<u>79,118,334</u>	<u>188,305,065</u>
 Total Liabilities and Net Position	<u>\$ 109,240,250</u>	<u>\$ 79,124,649</u>	<u>\$ 188,364,899</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Defined Benefit Single-Employer Pension Plans (Continued)

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,440,715	\$ 5,143,349	\$ 9,584,064
Plan Member	1,173,624	854,500	2,028,124
Miscellaneous Revenue	42	153	195
Total Contributions	<u>5,614,381</u>	<u>5,998,002</u>	<u>11,612,383</u>
Investment Earnings:			
Interest and Dividends	1,069,502	643,731	1,713,233
Net Increase in the Fair Value of Investments	<u>12,100,317</u>	<u>7,764,910</u>	<u>19,865,227</u>
Total Investment Income	<u>13,169,819</u>	<u>8,408,641</u>	<u>21,578,460</u>
Less: Investment Expense	<u>279,876</u>	<u>138,896</u>	<u>418,772</u>
Net Investment Income	<u>12,889,943</u>	<u>8,269,745</u>	<u>21,159,688</u>
Total Additions	<u>18,504,324</u>	<u>14,267,747</u>	<u>32,772,071</u>
DEDUCTIONS			
Benefits and Refunds	7,523,342	7,380,562	14,903,904
Administrative Expense	<u>129,701</u>	<u>79,156</u>	<u>208,857</u>
Total Deductions	<u>7,653,043</u>	<u>7,459,718</u>	<u>15,112,761</u>
CHANGE IN NET POSITION	10,851,281	6,808,029	17,659,310
Net Position - Beginning of Year	<u>98,335,450</u>	<u>72,310,305</u>	<u>170,645,755</u>
NET POSITION - END OF YEAR	<u><u>\$ 109,186,731</u></u>	<u><u>\$ 79,118,334</u></u>	<u><u>\$ 188,305,065</u></u>

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 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, 2017, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated	
Employees Entitled to but not yet Receiving Benefits	179
Current Employees:	
Vested and Nonvested	<u>148</u>
Total	<u><u>327</u></u>

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

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

Plan Description (Continued)

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, 2017 is as follows:

Total Pension Liability	\$ 159,530,163
Plan Fiduciary Net Position	<u>109,207,387</u>
Net Pension Liability	<u><u>\$ 50,322,776</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.46%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	January 1, 2018
Measurement Date	December 31, 2017
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 2018

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

Net Pension Liability (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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2%	.58%
Core Fixed Income	34%	2.52%
Broad U.S. Equities	64%	3.81%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% 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, 2018. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	\$73,180,274	\$50,322,776	\$31,697,042

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

Net Pension Liability (Continued)

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

Total Pension Liability	
Service Cost	\$ 2,314,062
Interest	11,187,658
Difference in Expected and Actual Experiences	-
Changes of Assumptions/Methods	-
Effect of Economic/Geographic Gains or Losses	3,003,408
Benefit Payments	<u>(7,523,341)</u>
Net Change in Total Pension Liability	8,981,787
Total Pension Liability - Beginning	<u>150,548,376</u>
Total Pension Liability - Ending (A)	<u><u>\$ 159,530,163</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 4,440,715
Contributions - Employee	1,173,624
Net Investment Income	13,313,242
Benefit Payments	(7,523,341)
Administrative Expense	<u>(415,135)</u>
Net Change in Plan Fiduciary Net Position	10,989,105
Plan Fiduciary Net Position - Beginning	<u>98,218,282</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 109,207,387</u></u>
 Net Pension Liability (A) - (B)	<u><u>\$ 50,322,776</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 68.46%
 Covered Payroll	 \$ 12,420,855
 Net Pension Liability as a Percentage of Covered Payroll	 405.15%

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

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

For the year ended December 31, 2017, the City will recognize a pension expense of \$5,353,540. On December 31, 2017, 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	\$ 2,414,504	\$ 769,078
Net Difference Between Projected and Actual Earnings	-	2,855,414
Total Deferred Amounts Related to Pensions	<u>\$ 2,414,504</u>	<u>\$ 3,624,492</u>

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

<u>Year Ending December 31,</u>	Net Deferred Inflows of Resources
2018	\$ (53,874)
2019	288,082
2020	(885,498)
2021	(617,586)
2022	58,888
Thereafter	-
Total	<u>\$ (1,209,988)</u>

Fire Pension Plan

Plan Description

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

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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Fire Pension Plan (Continued)

Plan Description (Continued)

All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

At December 31, 2017, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated	
Employees Entitled to but not yet Receiving Benefits	135
Current Employees:	
Vested and Nonvested	103
Total	<u>238</u>

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held on the date of retirement. The pension shall be increased by 1/12 of 2.5% 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.

Net Pension Liability

The components of the net pension liability of the Fire Pension Plan as of December 31, 2017 is as follows:

Total Pension Liability	\$ 141,978,454
Plan Fiduciary Net Position	<u>79,118,735</u>
Net Pension Liability	<u>\$ 62,859,719</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.73%
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**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Fire Pension Plan (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	January 1, 2018
Measurement Date	December 31, 2017
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 2018

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	7%	.58%
Core Fixed Income	30%	2.52%
Broad U.S. Equities	63%	3.81%

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Fire Pension Plan (Continued)

Net Pension Liability (Continued)

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, 2018. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	6.0%	7.0%	8.0%
Net Pension Liability	\$80,837,582	\$62,859,719	\$47,965,245

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PENSION PLANS (CONTINUED)

Fire Pension Plan (Continued)

Net Pension Liability (Continued)

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

Total Pension Liability	
Service Cost	\$ 2,107,727
Interest	9,630,886
Effect of Plan Changes	-
Effect of Economic/Demographic Gain (Loss)	(1,483,822)
Benefit Payments	(7,380,562)
Net Change in Total Pension Liability	2,874,229
Total Pension Liability - Beginning	139,104,225
Total Pension Liability - Ending (A)	<u>\$ 141,978,454</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,143,349
Contributions - Employee	854,500
Net Investment Income	8,405,901
Benefit Payments	(7,380,562)
Administrative Expense	(214,760)
Net Change in Plan Fiduciary Net Position	6,808,428
Plan Fiduciary Net Position - Beginning	72,310,307
Plan Fiduciary Net Position - Ending (B)	<u>\$ 79,118,735</u>
 Net Pension Liability (A) - (B)	<u>\$ 62,859,719</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.73%
 Covered Payroll	\$ 8,732,570
 Net Pension Liability as a Percentage of Covered Payroll	719.83%

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 PENSION PLANS (CONTINUED)

Fire Pension Plan (Continued)

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

For the year ended December 31, 2017, the City will recognize a pension expense of \$6,809,686. On December 31, 2017, 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	\$ 400,483	\$ 1,154,084
Net Difference Between Projected and Actual Earnings	-	1,077,808
Total Deferred Amounts Related to Pensions	<u>\$ 400,483</u>	<u>\$ 2,231,892</u>

<u>Year Ending December 31,</u>	Net Deferred Inflows of Resources
2018	\$ 211,840
2019	(146,421)
2020	(1,052,129)
2021	(844,699)
2022	-
Thereafter	-
Total	<u>\$ (1,831,409)</u>

Pension Summary

For the year ended December 31, 2017, aggregate data for the City's three pension plans is summarized by the following table.

	IMRF	Police Pension	Fire Pension	Total
Net Pension Liability	\$ 11,213,820	\$ 50,322,776	\$ 62,859,719	\$ 124,396,315
Deferred Outflows of Resources	6,325,153	2,414,504	400,483	9,140,140
Deferred Inflows of Resources	1,199,157	3,624,492	2,231,892	7,055,541
Pension Expense	3,935,432	5,353,540	6,809,686	16,098,658

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017, 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:

1. 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% 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.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 12 COMMITMENTS (CONTINUED)

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.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 505,841
2019	520,595
2020	531,133
2021	531,133
2022	531,133
2023-2027	2,750,827
2028-2032	2,888,368
2033-2035	829,563
Total	<u>\$ 9,088,593</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 38,784
2019	22,848
Total	<u>\$ 61,632</u>

Other Commitments:

At December 31, 2017, the City had contractual commitments of approximately \$35 million for capital improvement programs.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 RISK MANAGEMENT

The City is self-insured for workers' 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 \$10,738,648 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 of \$1,175,905 and the nonmedical claims liability of \$935,015 at December 31, 2017 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, 2017 **and 2016** were:

	2017	2016
Nonmedical Claims Liability		
Beginning of Fiscal Year Liability	\$ 1,734,206	\$ 2,220,865
Current Year Claims and Changes in Estimates	1,536,908	374,620
Claims Payments	(2,336,099)	(861,279)
Total	<u>\$ 935,015</u>	<u>\$ 1,734,206</u>
Medical Claims Liability		
Beginning of Fiscal Year Liability	\$ 995,016	\$ 631,364
Current Year Claims and Changes in Estimates	7,265,374	8,239,389
Claims Payments	(7,084,485)	(7,875,737)
Total	<u>\$ 1,175,905</u>	<u>\$ 995,016</u>

NOTE 14 RELATED PARTY TRANSACTIONS

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)

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 2017, the City contributed \$826,702 to the Authority, \$409,867 for fiscal 2017 and \$416,835 for fiscal 2018.

NOTE 15 FUND EQUITY

The following fund had a deficit net position or deficit fund balance at December 31, 2017:

TIF Fund	\$ 275,641
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The above deficit is expected to be eliminated from future revenues and/or transfers.

NOTE 16 OTHER POST-EMPLOYMENT BENEFITS

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.

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.

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, 2017, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	117
Active Employees	<u>467</u>
Total	<u><u>584</u></u>
Participating Employers	<u><u>1</u></u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 16 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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% of the premium cost for single and dependent coverage.

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, 2017 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, 2017. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the three preceding years were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2017	\$ 879,483	47.31%	\$ 1,702,144
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, 2017 was calculated as follows:

Annual Required Contribution	\$ 917,800
Interest on Net Prior Year OPEB Obligation	40,880
Adjustment to Annual Required Contribution	(79,197)
Annual OPEB Cost	879,483
Contributions Made	416,126
Increase in Net OPEB Obligation	463,357
Net OPEB Obligation - Beginning of Year	1,238,787
Net OPEB Obligation - End of Year	<u>\$ 1,702,144</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 16 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017 was as follows:

Actuarial Accrued Liability (AAL)	\$ 9,639,900
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,639,900
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 35,313,738
UAAL as a Percentage of Covered Payroll	27.30%

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.

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	\$ 917,800
Contribution Made	\$ 416,216
Actuarial Valuation Date	January 1, 2017

Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level % of Pay Method
Amortization Period	25 Years
Asset Valuation Method	N/A

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 16 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions:

Discount Rate	3.30%
Projected Salary Increase	N/A
Healthcare Trend Rate	Fire – 8.00%, Police and City - 7.90% in 2017; 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 include a fire truck, a sewer truck, water trucks, a traffic truck, fire command vehicle, a VOIP telephone system, a fire apparatus pierce pumper, and IT data storage equipment. 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. Original cost and accumulated depreciation included in capital assets for these items are as follows:

<u>Assets</u>	<u>Amount</u>
Fire Truck	\$ 947,850
Sewer Truck	321,998
Water Truck	33,988
Water Truck	25,150
Traffic Truck	31,114
Fire Vehicles	62,860
VOIP System	351,560
Pierce Pumper	428,380
IT Data Storage	285,966
Less: Accumulated Depreciation	(713,033)
Total	<u><u>\$ 1,775,833</u></u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 17 CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017 were as follows:

Future Minimum Lease Payments						
	Fire Truck	Traffic Truck	Fire Vehicles	VOIP System	Pierce Pumper	IT Data Storage
2018	\$ 148,104	\$ 6,554	\$ 21,640	\$ 78,403	\$ 77,541	\$ 95,322
2019	-	1,640	10,820	78,403	77,541	95,322
2020	-	-	-	78,403	77,541	-
2021	-	-	-	78,403	77,541	-
2022	-	-	-	-	77,541	-
Thereafter	-	-	-	-	77,541	-
Minimum Lease Payments	148,104	8,194	32,460	313,612	465,246	190,644
Less: Amount of Interest	(3,429)	(122)	(560)	(38,813)	(36,864)	-
Total	<u>\$ 144,675</u>	<u>\$ 8,072</u>	<u>\$ 31,900</u>	<u>\$ 274,799</u>	<u>\$ 428,382</u>	<u>\$ 190,644</u>

Future Minimum Lease Payments				
	Water Truck	Sewer Truck	Water Truck	Fund Activities
2018	\$ 3,549	\$ 50,869	\$ 5,298	\$ 59,716
2019	-	-	1,327	1,327
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
Thereafter	-	-	-	-
Minimum Lease Payments	3,549	50,869	6,625	61,043
Less: Amount of Interest	(25)	(651)	(98)	(774)
Total	<u>\$ 3,524</u>	<u>\$ 50,218</u>	<u>\$ 6,527</u>	<u>\$ 60,269</u>

NOTE 18 TAX ABATEMENTS

Tax abatements, as defined by Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures* (GASB 77), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 18 TAX ABATEMENTS (CONTINUED)

Enterprise Zone Credits

Enterprise zone credits are available to local businesses under the state Economic Development Opportunity Act of 2016. Under the Act, localities may grant property tax abatements of business" property tax bills for the purpose of attracting or retaining businesses within their jurisdictions and certified by the State of Illinois. The City's estimated net reduced property tax resulting from Enterprise Zone abatement for the year ending December 31, 2017 was \$456,558.

Tax Increment Financing Abatements

Illinois's Tax Increment Financing Act enables cities to finance certain redevelopment costs with the revenue generated from (1) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (2) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced.

The City's estimated net reduced tax revenue resulting from the TIFs for the year ending December 31, 2017 are as follows:

	Sales Tax	Property Tax	Total
101 E. Prairie St Conklin Building	\$ -	\$ 8,096	\$ 8,096
219-245 N. Main St Goods Building	-	4,466	4,466
Southeast Plaza Phase II Airport Plaza JV	110,988	321,536	432,524
Pines Shopping Center Save-A-Lot	29,653	74,006	103,659
Eastgate Commons Rural King Strip Phase I	211,204	94,360	305,564
Near North TIF Tax Agreement	-	44,548	44,548
Slumberland Store	78,423	-	78,423
Jackson Ford	44,487	15,545	60,032
Harrison Management Group LLC	67,524	-	67,524
Evergreen Hospitality, LLC	39,846	-	39,846
Pace Hospitality, LLC	7,957	-	7,957
Southside TIF	-	10,719	10,719
Grand & Oakland TIF	51,706	130,537	182,243
FirsTech, Inc	-	5,540	5,540
Total	<u>\$ 641,788</u>	<u>\$ 709,353</u>	<u>\$ 1,351,141</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

The City elected to change the application of an accounting principal in 2017 and changed the measurement date used for the actuarial calculations for the net pension liability and related deferred inflows and outflows for its IMRF pension plan, to allow for more timely reporting. This required restating beginning net position.

Net position has been restated as follows related to this change in accounting principle:

	Governmental Activities	Business-Type Activities	Water Fund	Fleet Fund
Net Position, Beginning of Year, Year, as Previously Reported	\$ (42,197,867)	\$ 28,575,578	\$ 13,180,366	\$ 1,850,616
Adjustment for Change in Net Pension Liability and Related Deferred Inflows and Outflows	<u>2,724,652</u>	<u>684,305</u>	<u>684,305</u>	<u>107,765</u>
Net Position, Beginning of Year, as Restated	<u><u>\$ (39,473,215)</u></u>	<u><u>\$ 29,259,883</u></u>	<u><u>\$ 13,864,671</u></u>	<u><u>\$ 1,958,381</u></u>



III Required Supplementary Information

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS – PENSIONS 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
2017	\$ 1,737,470	\$ 1,737,470	\$ -	\$ 14,160,313	12.27%
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
2017	\$ 4,353,985	\$ 4,440,715	\$ (86,730)	\$ 12,420,855	35.75%
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
2017	\$ 5,229,880	\$ 5,143,349	\$ 86,531	\$ 8,732,570	58.90%
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
1/1/2017	\$ -	\$ 9,639,900	\$ 9,639,900	\$ -	\$ 35,313,738	27.30%
1/1/2016	-	9,894,045	9,894,045	-	34,613,220	28.60%
1/1/2015	-	8,917,600	8,917,650	-	35,402,944	25.20%
1/1/2014	-	9,143,999	9,143,999	-	34,222,364	26.70%

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 the City's net pension liability for the Police Pension Plan:

	Calendar Year Ended December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 2,314,062	\$ 2,329,042	\$ 2,344,035	\$ 2,726,891
Interest	11,187,658	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	3,003,408	(1,494,924)	(678,659)	-
Benefit Payments	(7,523,341)	(7,061,048)	(6,824,723)	(6,102,938)
Net Change in Total Pension Liability	8,981,787	4,631,511	5,708,921	12,321,172
Total Pension Liability – Beginning	150,548,376	145,916,865	140,207,944	127,886,772
Total Pension Liability – Ending (A)	<u>\$ 159,530,163</u>	<u>\$ 150,548,376</u>	<u>\$ 145,916,865</u>	<u>\$ 140,207,944</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 4,440,715	\$ 4,213,121	\$ 4,229,151	\$ 4,277,221
Contributions – Employee	1,173,624	1,251,329	1,240,308	1,186,391
Net Investment Income	13,313,242	8,167,736	24,273	5,790,077
Benefit Payments	(7,523,341)	(7,061,048)	(6,824,723)	(6,102,938)
Administrative Expense	(415,135)	(351,980)	(264,895)	(64,986)
Net Change in Plan Fiduciary Net Position	10,989,105	6,219,158	(1,595,886)	5,085,765
Plan Fiduciary Net Position – Beginning	98,218,282	91,999,124	93,595,010	88,509,245
Plan Fiduciary Net Position – Ending (B)	<u>\$ 109,207,387</u>	<u>\$ 98,218,282</u>	<u>\$ 91,999,124</u>	<u>\$ 93,595,010</u>
Net Pension Liability (A) – (B)	<u>\$ 50,322,776</u>	<u>\$ 52,330,094</u>	<u>\$ 53,917,741</u>	<u>\$ 46,612,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.46%	65.24%	63.05%	66.75%
Covered Payroll	\$ 12,420,855	\$ 11,996,768	\$ 12,391,182	\$ 12,227,509
Net Pension Liability as a Percentage of Covered Payroll	405%	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 PENSION PLAN
(Unaudited)

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

	Calendar Year Ended December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 2,107,727	\$ 2,065,510	\$ 2,051,437	\$ 2,183,902
Interest	9,630,886	9,334,747	9,344,391	8,357,081
Difference in Expected/Actual Experience	(1,483,822)	-	-	2,180,908
Changes of Assumptions/Methods	-	-	-	9,131,603
Effect of Liability Gain or Losses	-	147,773	2,865,795	-
Benefit Payments	(7,380,562)	(7,339,489)	(7,030,555)	(6,743,544)
Net Change in Total Pension Liability	2,874,229	4,208,541	7,231,068	15,109,950
Total Pension Liability – Beginning	139,104,225	134,895,684	127,664,616	112,554,666
Total Pension Liability – Ending (A)	<u>\$ 141,978,454</u>	<u>\$ 139,104,225</u>	<u>\$ 134,895,684</u>	<u>\$ 127,664,616</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 5,143,349	\$ 5,023,785	\$ 4,265,438	\$ 4,232,824
Contributions – Employee	854,500	833,972	847,728	809,470
Net Investment Income	8,405,901	4,989,376	460,973	4,671,711
Benefit Payments	(7,380,562)	(7,339,489)	(7,030,555)	(6,743,544)
Administrative Expense	(214,760)	(319,375)	(264,992)	(252,605)
Net Change in Plan Fiduciary Net Position	6,808,428	3,188,269	(1,721,408)	2,717,856
Plan Fiduciary Net Position – Beginning	72,310,307	69,122,038	70,843,446	68,125,590
Plan Fiduciary Net Position – Ending (B)	<u>\$ 79,118,735</u>	<u>\$ 72,310,307</u>	<u>\$ 69,122,038</u>	<u>\$ 70,843,446</u>
Net Pension Liability (A) – (B)	<u>\$ 62,859,719</u>	<u>\$ 66,793,918</u>	<u>\$ 65,773,646</u>	<u>\$ 56,821,170</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.73%	51.98%	51.24%	55.49%
Covered Payroll	\$ 8,732,570	\$ 8,907,509	\$ 8,779,591	\$ 8,250,783
Net Pension Liability as a Percentage of Covered Payroll	720%	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 PENSION PLANS
(Unaudited)**

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

Police Pension	
Fiscal Year Ended	Rate
2017	13.78%
2016	9.02%
2015	0.02%

Firefighter Pension	
Fiscal Year Ended	Rate
2017	11.84%
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 City net pension liability for IMRF:

	<u>2017</u>	<u>2016</u>
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	(5,429,754)	(5,622,411)
Net Change in Total Pension Liability	<u>1,852,152</u>	<u>4,110,315</u>
Total Pension Liability – Beginning	101,325,044	97,214,729
Total Pension Liability – Ending (A)	<u><u>\$ 103,177,196</u></u>	<u><u>\$ 101,325,044</u></u>
Plan Fiduciary Net Position		
Contributions – Employer	\$ 1,795,318	\$ 1,787,566
Contributions – Employees	665,417	717,309
Net Investment Income	6,686,921	753,618
Benefit Payments	(5,429,754)	(5,622,441)
Other (Net Transfer)	(93,500)	(106,040)
Net Change in Plan Fiduciary Net Position	<u>3,624,402</u>	<u>(2,469,988)</u>
Plan Fiduciary Net Position – Beginning	88,338,974	90,808,962
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 91,963,376</u></u>	<u><u>\$ 88,338,974</u></u>
Net Position Liability – Ending (A) - (B)	<u><u>\$ 11,213,820</u></u>	<u><u>\$ 12,986,070</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.13%	87.18%
Covered Payroll	\$ 13,708,943	\$ 14,232,174
Net Pension Liability as a Percentage of Covered Payroll	81.80%	91.24%

Additional years will be added to this 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, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$ 22,210,465	\$ 22,210,465	\$ 22,200,380	\$ (10,085)
Charges for Service	7,146,464	7,146,464	7,359,795	213,331
Investment Income and Net Increase in Fair Value of Investments	9,100	9,100	12,664	3,564
Intergovernmental	33,008,300	33,008,300	32,429,609	(578,691)
Licenses and Permits	1,042,000	1,042,000	1,184,959	142,959
Fines and Fees	1,338,000	1,338,000	1,238,620	(99,380)
Other Revenue	1,358,951	1,358,951	1,279,186	(79,765)
Total Revenues	<u>66,113,280</u>	<u>66,113,280</u>	<u>65,705,213</u>	<u>(408,067)</u>
EXPENDITURES				
Current:				
Legislative	44,630	44,630	51,927	(7,297)
Executive	615,184	615,184	671,932	(56,748)
Management Services	1,991,757	1,991,757	1,867,297	124,460
Legal	1,051,592	1,051,592	989,026	62,566
Financial Management	4,693,971	4,497,971	4,688,905	(190,934)
Police	26,582,958	26,582,958	25,697,447	885,511
Fire	18,287,904	18,120,904	18,079,358	41,546
Planning and Neighborhood Services	2,361,473	2,361,473	2,173,457	188,016
Public Works	9,649,368	9,649,368	9,393,451	255,917
Other Nondepartmental Charges	612,738	612,738	607,475	5,263
Debt Services:				
Principal Retirement	421,575	421,575	420,975	600
Interest and Other Charges	39,295	39,295	39,895	(600)
Total Expenditures	<u>66,352,445</u>	<u>65,989,445</u>	<u>64,681,145</u>	<u>1,308,300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(239,165)</u>	<u>123,835</u>	<u>1,024,068</u>	<u>900,233</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Asset	-	-	5,302	5,302
Transfers In	1,063,840	1,063,840	1,063,840	-
Transfers Out	(315,000)	(675,000)	(680,381)	(5,381)
Total Other Financing Sources (Uses)	<u>748,840</u>	<u>388,840</u>	<u>388,761</u>	<u>(79)</u>
Net Change in Fund Balance	<u>\$ 509,675</u>	<u>\$ 512,675</u>	<u>1,412,829</u>	<u>\$ 900,154</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			<u>(1,043,091)</u>	
Net Change in Fund Balance - GAAP Basis			369,738	
Fund Balance - Beginning of Year			<u>8,390,012</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,759,750</u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Taxes	\$ 2,842,000	\$ 2,871,942	\$ 29,942
Investment Income and Net Increase in Fair Value of Investments	75	1,753	1,678
Intergovernmental	354,000	312,952	(41,048)
Fines and Fees	50,550	46,408	(4,142)
Other Revenue	392,000	216,744	(175,256)
Total Revenues	<u>3,638,625</u>	<u>3,449,799</u>	<u>(188,826)</u>
EXPENDITURES			
Current:			
Education	<u>4,053,324</u>	<u>3,871,762</u>	<u>181,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(414,699)</u>	<u>(421,963)</u>	<u>(7,264)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	388,565	362,037	(26,528)
Transfers Out	<u>(26,528)</u>	<u>-</u>	<u>26,528</u>
Total Other Financing Sources (Uses)	<u>362,037</u>	<u>362,037</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (52,662)</u>	<u>(59,926)</u>	<u>\$ (7,264)</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS		<u>162,000</u>	
Net Change in Fund Balance - GAAP Basis		102,074	
Fund Balance - Beginning of Year		<u>1,189,131</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 1,291,205</u></u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
TIF DISTRICT FUND
YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Property Taxes	\$ 1,870,850	\$ 1,897,469	\$ 26,619
Intergovernmental	437,400	410,921	(26,479)
Investment Income	-	1,985	1,985
Total Revenues	<u>2,308,250</u>	<u>2,310,375</u>	<u>2,125</u>
EXPENDITURES			
Current:			
Economic Development	<u>1,278,600</u>	<u>1,169,740</u>	<u>108,860</u>
Debt Services:			
Principal Retirement	164,000	164,000	-
Interest and Other Charges	534,263	534,263	-
Total Expenses	<u>1,976,863</u>	<u>1,868,003</u>	<u>108,860</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	<u>331,387</u>	<u>442,372</u>	<u>110,985</u>
OTHER FINANCING SOURCES			
Payment to Refunded Bond Escrow Agent	(3,253,940)	(3,253,940)	-
Transfers In	2,789,947	2,789,947	-
Total Other Financing Sources (Uses)	<u>(463,993)</u>	<u>(463,993)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (132,606)</u>	<u>(21,621)</u>	<u>\$ 110,985</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS		<u>(169,979)</u>	
Net Change in Fund Balance - GAAP Basis		(191,600)	
Fund Balance - Beginning of Year		<u>(84,041)</u>	
FUND BALANCE - END OF YEAR		<u>\$ (275,641)</u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ 350	\$ 3,584	\$ 3,234
Intergovernmental:			
Motor Fuel Tax	2,024,000	1,953,992	(70,008)
Other	87,600	110,726	23,126
Other Revenue	16,000	11,521	(4,479)
Total Revenues	<u>2,127,950</u>	<u>2,079,823</u>	<u>(48,127)</u>
EXPENDITURES			
Public Works:			
Street Repair and Maintenance	<u>2,469,264</u>	<u>1,741,008</u>	<u>728,256</u>
Net Change in Fund Balance	<u>\$ (341,314)</u>	338,815	<u>\$ 680,129</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS		<u>44,006</u>	
Net Change in Fund Balance - GAAP Basis		382,821	
Fund Balance - Beginning of Year		<u>1,714,622</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,097,443</u>	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
LOCAL STREETS AND ROADS FUND
YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income and Net Increase in Fair Value of Investments	\$ -	\$ 3,037	\$ 3,037
Intergovernmental	1,800,000	1,818,235	18,235
Total Revenues	<u>1,800,000</u>	<u>1,821,272</u>	<u>21,272</u>
EXPENDITURES			
Current:			
Public Works	3,500,000	3,397,608	102,392
Debt Services:			
Principal Retirement	1,071,429	1,071,429	-
Interest and Other Charges	-	16,880	(16,880)
Total Expenses	<u>4,571,429</u>	<u>4,485,917</u>	<u>85,512</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	(2,771,429)	(2,664,645)	106,784
OTHER FINANCING SOURCES			
Loan Proceeds	<u>3,500,000</u>	<u>3,392,016</u>	<u>(107,984)</u>
Net Change in Fund Balance	<u>\$ 728,571</u>	<u>727,371</u>	<u>\$ (1,200)</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS		<u>(30,741)</u>	
Net Change in Fund Balance - GAAP Basis		696,630	
Fund Balance - Beginning of Year		<u>1,343,063</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,039,693</u>	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

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.

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 3 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2017 CONTRIBUTION RATE*

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 2017 Contribution Rates

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26-year closed 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	The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation.

**CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

**NOTE 3 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE
CALCULATION OF THE 2017 CONTRIBUTION RATE (CONTINUED)**

Police Pension Plan

Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	23 Years as of January 1, 2018
Amortization Growth Rate	3.5%
Asset Valuation Method	Market value
Inflation	2.5% per year
Salary Increases	3.5% per year until the assumed retirement age
Investment Rate of Return	7.5% per year
Retirement Age	Rates of retirement for age 50 to 65 were used.

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

Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2018
Termination Rates	See table below
Disability Rates	See table below. It is assumed that 100% of disability retirements and pre-retirement deaths are service related.

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

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

**NOTE 3 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE
CALCULATION OF THE 2017 CONTRIBUTION RATE (CONTINUED)**

Fire Pension Plan

Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	23 Years as of January 1, 2018
Amortization Growth Rate	3.5%
Asset Valuation Method	Market value
Inflation	2.5% per year
Salary Increases	3.5% per year until the assumed retirement age
Investment Rate of Return	7.0% per year
Retirement Age	Rates of retirement for age 50 to 65 were used

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

Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2018
Termination Rates	See table below
Disability Rates	See table below

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



IV Supplementary Information

Governmental Funds

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, 2017

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Property Taxes	\$ 1,679,375	\$ 1,697,084	\$ 17,709
Investment Income	-	1,711	1,711
Other Revenue	445,530	157,972	(287,558)
Total Revenues	<u>2,124,905</u>	<u>1,856,767</u>	<u>(268,138)</u>
EXPENDITURES			
Debt Service:			
Principal and Interest	1,417,990	1,417,990	-
Interest and Fiscal Charges	790,748	788,633	2,115
Total Expenditures	<u>2,208,738</u>	<u>2,206,623</u>	<u>2,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(83,833)</u>	<u>(349,856)</u>	<u>(266,023)</u>
OTHER FINANCING SOURCES			
Transfers In	<u>283,918</u>	<u>283,918</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 200,085</u>	<u>\$ (65,938)</u>	<u>\$ (266,023)</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

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 Foreign Fire Tax Fund accounts for the foreign fire tax revenue received to be used for certain fire department expenses.

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.

**CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

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.

The Community Revitalization Fund accounts for cash receipts and expenditures incurred from grant monies received related to the City's Community Revitalization program.

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, 2017**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and Investments	\$ 3,814,875	\$ 183,549	\$ 3,998,424
Receivables:			
Property Taxes, Net	63,960	-	63,960
Other Taxes	33,410	-	33,410
Due from Other Governments	90,240	-	90,240
Due from Other Funds	106	-	106
Accounts Receivable	-	6,963	6,963
Notes Receivable	461,238	-	461,238
Prepaid Expenses	3,200	-	3,200
	<u>\$ 4,467,029</u>	<u>\$ 190,512</u>	<u>\$ 4,657,541</u>
Total Assets			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 98,788	\$ -	\$ 98,788
Contracts Payable	-	53,992	53,992
Other Accrued Liabilities	459,170	-	459,170
Due to Other Funds	106	-	106
Total Liabilities	<u>558,064</u>	<u>53,992</u>	<u>612,056</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes and Grants	72,514	-	72,514
Subsequent Year's Property Taxes	63,960	-	63,960
Total Deferred Inflows of Resources	<u>136,474</u>	<u>-</u>	<u>136,474</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	3,200	-	3,200
Restricted:			
General Government	14,050	-	14,050
Culture	126,923	-	126,923
Economic Development	1,915,116	-	1,915,116
Public Safety	665,731	-	665,731
Education	267,650	-	267,650
Public Works	-	28,944	28,944
Committed:			
Economic Development	300,849	-	300,849
Public Safety	478,972	107,576	586,548
Total Fund Balances	<u>3,772,491</u>	<u>136,520</u>	<u>3,909,011</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,467,029</u>	<u>\$ 190,512</u>	<u>\$ 4,657,541</u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Taxes	\$ 97,826	\$ -	\$ 97,826
Investment Income	18,641	732	19,373
Charges for Services	350,000	-	350,000
Intergovernmental	2,853,909	-	2,853,909
Fines and Fees	306,907	-	306,907
Other Revenues	1,780,069	37,977	1,818,046
Total Revenues	<u>5,407,352</u>	<u>38,709</u>	<u>5,446,061</u>
EXPENDITURES			
Current:			
Economic Development	2,612,075	-	2,612,075
Public Safety	1,010,890	1,591,094	2,601,984
Culture	566,949	-	566,949
Public Works	57,506	367,631	425,137
Education	41,752	-	41,752
Debt Service:			
Principal Retirement	425,282	536,776	962,058
Interest and Other Charges	3,449	22,552	26,001
Total Expenditures	<u>4,717,903</u>	<u>2,518,053</u>	<u>7,235,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>689,449</u>	<u>(2,479,344)</u>	<u>(1,789,895)</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	11,372	277	11,649
Transfers In	368,259	320,381	688,640
Loan Proceeds/Debt Issuance	460,011	1,460,755	1,920,766
Total Other Financing Sources (Uses)	<u>839,642</u>	<u>1,781,413</u>	<u>2,621,055</u>
Net Change in Fund Balances	1,529,091	(697,931)	831,160
Fund Balances - Beginning of Year	<u>2,243,400</u>	<u>834,451</u>	<u>3,077,851</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,772,491</u></u>	<u><u>\$ 136,520</u></u>	<u><u>\$ 3,909,011</u></u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017**

	Economic Development Fund	HOME Fund	CDBG Fund	DUATS Funds	Drug Enforcement Fund	Public Safety Fund	Municipal Band Fund	Foreign Fire Tax Fund	PEG Fund	DCDF Fund	Major Moves Fund	Building Fund	Community Revitalization Fund	Police Capital Fund	Total
ASSETS															
Cash and Investments	\$ 268,410	\$ 84,018	\$ 3,225	\$ 60,316	\$ 718,795	\$ 247,073	\$ 30,050	\$ 172,235	\$ 268,149	\$ 123,914	\$ 103,671	\$ 136,295	\$ 1,117,529	\$ 481,195	\$ 3,814,875
Receivables:															
Property Taxes, Net	-	-	-	-	-	-	63,960	-	-	-	-	-	-	-	63,960
Other Taxes	33,410	-	-	-	-	-	-	-	-	-	-	-	-	-	33,410
Due from Other Governments	1,568	10,843	22,981	54,848	-	-	-	-	-	-	-	-	-	-	90,240
Due from Other Funds	-	-	-	-	-	-	-	-	-	106	-	-	-	-	106
Notes Receivable	-	233,026	11,012	-	-	-	-	-	-	217,200	-	-	-	-	461,238
Prepaid Expenses	-	-	-	-	3,200	-	-	-	-	-	-	-	-	-	3,200
Total Assets	<u>\$ 303,388</u>	<u>\$ 327,887</u>	<u>\$ 37,218</u>	<u>\$ 115,164</u>	<u>\$ 721,995</u>	<u>\$ 247,073</u>	<u>\$ 94,010</u>	<u>\$ 172,235</u>	<u>\$ 268,149</u>	<u>\$ 341,220</u>	<u>\$ 103,671</u>	<u>\$ 136,295</u>	<u>\$ 1,117,529</u>	<u>\$ 481,195</u>	<u>\$ 4,467,029</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES															
LIABILITIES															
Accounts Payable	\$ 971	\$ 1	\$ 4,305	\$ 144	\$ 7,416	3,186	\$ 2,616	\$ -	\$ 499	\$ 1	\$ 21,275	\$ 36,806	\$ 19,345	\$ 2,223	\$ 98,788
Due to Other Funds	-	-	106	-	-	-	-	-	-	-	-	-	-	-	106
Other Accrued Liabilities	-	-	-	-	459,170	-	-	-	-	-	-	-	-	-	459,170
Total Liabilities	<u>971</u>	<u>1</u>	<u>4,411</u>	<u>144</u>	<u>466,586</u>	<u>3,186</u>	<u>2,616</u>	<u>-</u>	<u>499</u>	<u>1</u>	<u>21,275</u>	<u>36,806</u>	<u>19,345</u>	<u>2,223</u>	<u>558,064</u>
DEFERRED INFLOWS OF RESOURCES															
Unavailable Taxes and Grants	1,568	-	-	-	2,600	-	-	-	-	-	68,346	-	-	-	72,514
Subsequent Year's Property Taxes	-	-	-	-	-	-	63,960	-	-	-	-	-	-	-	63,960
Total Deferred Inflows of Resources	<u>1,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>63,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,474</u>
FUND BALANCES															
Nonspendable:															
Prepaid Items	-	-	-	-	3,200	-	-	-	-	-	-	-	-	-	3,200
Restricted:															
General Government	-	-	-	-	-	-	-	-	-	-	14,050	-	-	-	14,050
Culture	-	-	-	-	-	-	27,434	-	-	-	-	99,489	-	-	126,923
Economic Development	-	327,886	32,807	115,020	-	-	-	-	-	341,219	-	-	1,098,184	-	1,915,116
Public Safety	-	-	-	-	249,609	243,887	-	172,235	-	-	-	-	-	-	665,731
Education	-	-	-	-	-	-	-	-	267,650	-	-	-	-	-	267,650
Committed:															
Economic Development	300,849	-	-	-	-	-	-	-	-	-	-	-	-	-	300,849
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	478,972	478,972
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	<u>300,849</u>	<u>327,886</u>	<u>32,807</u>	<u>115,020</u>	<u>252,809</u>	<u>243,887</u>	<u>27,434</u>	<u>172,235</u>	<u>267,650</u>	<u>341,219</u>	<u>14,050</u>	<u>99,489</u>	<u>1,098,184</u>	<u>478,972</u>	<u>3,772,491</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 303,388</u>	<u>\$ 327,887</u>	<u>\$ 37,218</u>	<u>\$ 115,164</u>	<u>\$ 721,995</u>	<u>\$ 247,073</u>	<u>\$ 94,010</u>	<u>\$ 172,235</u>	<u>\$ 268,149</u>	<u>\$ 341,220</u>	<u>\$ 103,671</u>	<u>\$ 136,295</u>	<u>\$ 1,117,529</u>	<u>\$ 481,195</u>	<u>\$ 4,467,029</u>

CITY OF DECATUR, ILLINOIS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017

	Economic Development Fund	HOME Fund	CDBG Fund	DUATS Fund	Drug Enforcement Fund	Public Safety Fund	Municipal Band Fund	Foreign Fire Tax Fund	PEG Fund	DCDF Fund	Major Moves Fund	Building Fund	Grant Fund	Community Revitalization Fund	Police Capital Fund	Total
REVENUES																
Taxes	\$ 33,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,826
Investment Income and Net Increase in Fair Value of Investments	580	5,044	-	162	205	429	53	150	500	10,266	232	196	-	212	612	18,641
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000	350,000
Intergovernmental	42,252	561,343	1,633,410	257,619	-	3,000	-	344,924	-	-	11,361	-	-	-	-	2,853,909
Fines and Fees	-	-	-	-	218,938	87,969	-	-	-	-	-	-	-	-	-	306,907
Other Revenue	-	-	1,129	640	26,533	30,375	22,471	4,825	83,717	-	-	593,783	-	1,016,596	-	1,780,069
Total Revenues	<u>76,242</u>	<u>566,387</u>	<u>1,634,539</u>	<u>258,421</u>	<u>245,676</u>	<u>121,773</u>	<u>86,940</u>	<u>349,899</u>	<u>84,217</u>	<u>10,266</u>	<u>11,593</u>	<u>593,979</u>	<u>-</u>	<u>1,016,808</u>	<u>350,612</u>	<u>5,407,352</u>
EXPENDITURES																
Current:																
Economic Development	109,622	555,721	1,449,249	264,120	-	-	-	-	-	12,185	-	-	2,554	218,624	-	2,612,075
Public Safety	-	-	-	-	287,452	47,939	-	177,664	-	-	-	-	-	-	497,835	1,010,890
Culture	-	-	-	-	-	-	95,602	-	-	-	-	471,347	-	-	-	566,949
Public Works	-	-	-	-	-	-	-	-	-	-	57,506	-	-	-	-	57,506
Education	-	-	-	-	-	-	-	-	41,752	-	-	-	-	-	-	41,752
Debt Services:																
Principal Retirement	-	-	185,000	-	-	-	-	-	-	-	-	-	-	-	240,282	425,282
Interest and Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,449	3,449
Total Expenditures	<u>109,622</u>	<u>555,721</u>	<u>1,634,249</u>	<u>264,120</u>	<u>287,452</u>	<u>47,939</u>	<u>95,602</u>	<u>177,664</u>	<u>41,752</u>	<u>12,185</u>	<u>57,506</u>	<u>471,347</u>	<u>2,554</u>	<u>218,624</u>	<u>741,566</u>	<u>4,717,903</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(33,380)</u>	<u>10,666</u>	<u>290</u>	<u>(5,699)</u>	<u>(41,776)</u>	<u>73,834</u>	<u>(8,662)</u>	<u>172,235</u>	<u>42,465</u>	<u>(1,919)</u>	<u>(45,913)</u>	<u>122,632</u>	<u>(2,554)</u>	<u>798,184</u>	<u>(390,954)</u>	<u>689,449</u>
OTHER FINANCING SOURCES (USES)																
Sale of Capital Assets	-	-	10	-	4,032	100	-	-	-	-	-	-	-	-	7,230	11,372
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	460,011	460,011
Transfers In	-	-	-	-	-	-	8,259	-	-	-	60,000	-	-	300,000	-	368,259
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>4,032</u>	<u>100</u>	<u>8,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>467,241</u>	<u>839,642</u>
Net Change in Fund Balances	<u>(33,380)</u>	<u>10,666</u>	<u>300</u>	<u>(5,699)</u>	<u>(37,744)</u>	<u>73,934</u>	<u>(403)</u>	<u>172,235</u>	<u>42,465</u>	<u>(1,919)</u>	<u>14,087</u>	<u>122,632</u>	<u>(2,554)</u>	<u>1,098,184</u>	<u>76,287</u>	<u>1,529,091</u>
Fund Balances (Deficit) - Beginning of Year	<u>334,229</u>	<u>317,220</u>	<u>32,507</u>	<u>120,719</u>	<u>290,553</u>	<u>169,953</u>	<u>27,837</u>	<u>-</u>	<u>225,185</u>	<u>343,138</u>	<u>(37)</u>	<u>(23,143)</u>	<u>2,554</u>	<u>-</u>	<u>402,685</u>	<u>2,243,400</u>
FUND BALANCES - END OF YEAR	<u>\$ 300,849</u>	<u>\$ 327,886</u>	<u>\$ 32,807</u>	<u>\$ 115,020</u>	<u>\$ 252,809</u>	<u>\$ 243,887</u>	<u>\$ 27,434</u>	<u>\$ 172,235</u>	<u>\$ 267,650</u>	<u>\$ 341,219</u>	<u>\$ 14,050</u>	<u>\$ 99,489</u>	<u>\$ -</u>	<u>\$ 1,098,184</u>	<u>\$ 478,972</u>	<u>\$ 3,772,491</u>

**CITY OF DECATUR, ILLINOIS
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	\$ 468,000	\$ 42,252	\$ (425,748)
Investment Income	-	580	580
Total Revenues	<u>468,000</u>	<u>42,832</u>	<u>(425,168)</u>
EXPENDITURES			
Economic Development	<u>728,500</u>	<u>112,732</u>	<u>615,768</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (260,500)</u></u>	<u><u>\$ (69,900)</u></u>	<u><u>\$ 190,600</u></u>

**CITY OF DECATUR, ILLINOIS
HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Federal Grants	\$ 743,419	\$ 562,253	\$ (181,166)
Loan Repayment	56,214	48,574	(7,640)
Investment Income	-	33	33
Total Revenues	<u>799,633</u>	<u>610,860</u>	<u>(188,773)</u>
EXPENDITURES			
Economic Development	<u>223,946</u>	<u>562,482</u>	<u>(338,536)</u>
OTHER FINANCING USES			
Transfers Out	<u>(99,105)</u>	<u>-</u>	<u>99,105</u>
NET CHANGE IN FUND BALANCE	<u>\$ 476,582</u>	<u>\$ 48,378</u>	<u>\$ (428,204)</u>

**CITY OF DECATUR, ILLINOIS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Federal Grant	\$ 2,635,814	\$ 1,644,258	\$ (991,556)
Other Revenue	700	2,538	3,238
Total Revenue	<u>2,636,514</u>	<u>1,646,796</u>	<u>(988,318)</u>
EXPENDITURES			
Economic Development:			
Public Services	1,736,443	1,028,399	708,044
Personnel Services	374,429	416,174	(41,745)
Contractual Services	68,434	13,119	55,315
Supplies	43,800	137	43,663
Other Charges	5,700	1,485	4,215
Debt Services:			
Principal Retirement	180,000	185,000	(5,000)
Interest and Other Charges	-	-	-
Total Expenditures	<u>2,408,806</u>	<u>1,644,314</u>	<u>764,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>227,708</u>	<u>2,482</u>	<u>(225,226)</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	10	10
NET CHANGE IN FUND BALANCE	<u><u>\$ 227,708</u></u>	<u><u>\$ 2,492</u></u>	<u><u>\$ (225,216)</u></u>

CITY OF DECATUR, ILLINOIS
DUATS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	\$ 260,000	\$ 263,849	\$ 3,849
Investment Income	-	162	162
Other Revenues	-	640	640
Total Revenue	<u>260,000</u>	<u>264,651</u>	<u>4,651</u>
EXPENDITURES			
Economic Development	<u>230,000</u>	<u>264,113</u>	<u>(34,113)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 30,000</u></u>	<u><u>\$ 538</u></u>	<u><u>\$ (29,462)</u></u>

**CITY OF DECATUR, ILLINOIS
 DRUG ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ 200	\$ 205	\$ 5
Fines and Fees	182,000	218,938	36,938
Other Revenue	100	26,533	26,433
Total Revenues	<u>182,300</u>	<u>245,676</u>	<u>63,376</u>
EXPENDITURES			
Public Safety	<u>413,392</u>	<u>288,859</u>	<u>124,533</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	<u>-</u>	<u>4,032</u>	<u>4,032</u>
NET CHANGE IN FUND BALANCE	<u>\$ (231,092)</u>	<u>\$ (39,151)</u>	<u>\$ 191,941</u>

**CITY OF DECATUR, ILLINOIS
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Intergovernmental	\$ 100,000	\$ 3,000	\$ (97,000)
Fines and Fees	125,800	87,969	(37,831)
Investment Income	110	429	319
Other Revenues	3,000	30,375	27,375
Total Revenues	<u>228,910</u>	<u>121,773</u>	<u>(107,137)</u>
EXPENDITURES			
Public Safety	<u>262,700</u>	<u>44,753</u>	<u>217,947</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	<u>5,000</u>	<u>100</u>	<u>(4,900)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (28,790)</u></u>	<u><u>\$ 77,020</u></u>	<u><u>\$ 105,810</u></u>

**CITY OF DECATUR, ILLINOIS
MUNICIPAL BAND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Property Taxes	\$ 63,700	\$ 64,416	\$ 716
Investment Income	-	53	53
Other Revenue	20,000	22,471	2,471
Total Revenues	<u>83,700</u>	<u>86,940</u>	<u>3,240</u>
EXPENDITURES			
Culture	<u>98,459</u>	<u>93,326</u>	<u>5,133</u>
OTHER FINANCING SOURCES			
Transfer In	<u>8,259</u>	<u>8,259</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (6,500)</u></u>	<u><u>\$ 1,873</u></u>	<u><u>\$ 8,373</u></u>

CITY OF DECATUR, ILLINOIS
PEG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 500	\$ 500
Other Revenue	105,000	83,717	(21,283)
Total Revenues	<u>105,000</u>	<u>84,217</u>	<u>(20,783)</u>
EXPENDITURES			
Education	<u>75,164</u>	<u>41,253</u>	<u>33,911</u>
NET CHANGE IN FUND BALANCE	<u>\$ 29,836</u>	<u>\$ 42,964</u>	<u>\$ 13,128</u>

CITY OF DECATUR, ILLINOIS
DCDF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 55	\$ 55
Other Revenue	35,300	33,465	(1,835)
Total Revenues	<u>35,300</u>	<u>33,520</u>	<u>(1,780)</u>
EXPENDITURES			
Economic Development	<u>117,423</u>	<u>17,251</u>	<u>100,172</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (82,123)</u></u>	<u><u>\$ 16,269</u></u>	<u><u>\$ 98,392</u></u>

CITY OF DECATUR, ILLINOIS
MAJOR MOVES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 232	\$ 232
EXPENDITURES			
Public Works	60,000	41,231	18,769
OTHER FINANCING SOURCES			
Transfers In	-	60,000	60,000
NET CHANGE IN FUND BALANCE	<u>\$ (60,000)</u>	<u>\$ 19,001</u>	<u>\$ 79,001</u>

**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, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 196	\$ 196
Other Revenue	593,784	593,783	(1)
Total Revenues	<u>593,784</u>	<u>593,979</u>	<u>195</u>
EXPENDITURES			
Culture	<u>589,516</u>	<u>483,683</u>	<u>105,833</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 4,268</u></u>	<u><u>\$ 110,296</u></u>	<u><u>\$ 106,028</u></u>

CITY OF DECATUR, ILLINOIS
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
EXPENDITURES			
Economic Development	\$ 4,000	\$ 2,554	\$ 1,446
NET CHANGE IN FUND BALANCE	<u>\$ (4,000)</u>	<u>\$ (2,554)</u>	<u>\$ 1,446</u>

**CITY OF DECATUR, ILLINOIS
COMMUNITY REVITALIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Other Revenue	\$ -	\$ 1,016,596	\$ 1,016,596
EXPENDITURES			
Economic Development	300,000	199,279	100,721
Total Expenditures	300,000	199,279	100,721
NET CHANGE IN FUND BALANCE	<u>\$ (300,000)</u>	<u>\$ 817,317</u>	<u>\$ 1,117,317</u>

CITY OF DECATUR, ILLINOIS
POLICE CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Charges for Services	\$ 350,000	\$ 350,000	\$ -
Investment Income	300	612	312
Total Revenues	<u>350,300</u>	<u>350,612</u>	<u>312</u>
EXPENDITURES			
Public Safety	452,204	224,198	228,006
Debt Services:			
Principal Retirement	107,763	56,508	51,255
Interest and Other Charges	809	2,288	(1,479)
Total Expenditures	<u>560,776</u>	<u>282,994</u>	<u>277,782</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	<u>5,000</u>	<u>7,230</u>	<u>2,230</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (205,476)</u></u>	<u><u>\$ 74,848</u></u>	<u><u>\$ 280,324</u></u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017**

	Capital Projects Fund	2010 Project Fund	Fire Capital Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 21,981	\$ -	\$ 161,568	\$ 183,549
Receivables:				
Accounts Receivable	<u>6,963</u>	<u>-</u>	<u>-</u>	<u>6,963</u>
Total Assets	<u><u>\$ 28,944</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 161,568</u></u>	<u><u>\$ 190,512</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Contracts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,992</u>	<u>\$ 53,992</u>
Fund Balances				
Restricted:				
Public Works	28,944	-	-	28,944
Committed:				
Public Safety	<u>-</u>	<u>-</u>	<u>107,576</u>	<u>107,576</u>
Total Fund Balances	<u>28,944</u>	<u>-</u>	<u>107,576</u>	<u>136,520</u>
Total Liabilities and Fund Balances	<u><u>\$ 28,944</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 161,568</u></u>	<u><u>\$ 190,512</u></u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Capital Projects Fund	2010 Project Fund	Fire Capital Fund	Total
REVENUES				
Investment Income	\$ 76	\$ 58	\$ 598	\$ 732
Other Revenues	-	-	37,977	37,977
Total Revenues	<u>76</u>	<u>58</u>	<u>38,575</u>	<u>38,709</u>
EXPENDITURES				
Current:				
Public Safety	-	-	1,591,094	1,591,094
Public Works	30,207	337,424	-	367,631
Debt Service:				
Principal Retirement	-	-	536,776	536,776
Interest and Other Charges	-	-	22,552	22,552
Total Expenditures	<u>30,207</u>	<u>337,424</u>	<u>2,150,422</u>	<u>2,518,053</u>
Deficiency of Revenues Over Expenditures	(30,131)	(337,366)	(2,111,847)	(2,479,344)
OTHER FINANCING USES				
Sale of Capital Assets	-	-	277	277
Loan Proceeds	-	-	1,460,755	1,460,755
Transfer In	-	-	320,381	320,381
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,781,413</u>	<u>1,781,413</u>
NET CHANGE IN FUND BALANCE	(30,131)	(337,366)	(330,434)	(697,931)
Fund Balances - Beginning of Year	<u>59,075</u>	<u>337,366</u>	<u>438,010</u>	<u>834,451</u>
FUND BALANCES - END OF YEAR	<u>\$ 28,944</u>	<u>\$ -</u>	<u>\$ 107,576</u>	<u>\$ 136,520</u>

**CITY OF DECATUR, ILLINOIS
CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Investment Income	\$ -	\$ 76	\$ 76
EXPENDITURES			
Public Works	-	30,207	(30,207)
Deficiency of Revenues Over Expenditures	-	(30,131)	(30,131)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (30,131)</u>	<u>\$ (30,131)</u>

CITY OF DECATUR, ILLINOIS
2010 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 58	\$ 58
EXPENDITURES			
Public Works	326,000	342,781	(16,781)
NET CHANGE IN FUND BALANCE	<u>\$ (326,000)</u>	<u>\$ (342,723)</u>	<u>\$ (16,723)</u>

CITY OF DECATUR, ILLINOIS
FIRE CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment Income	\$ -	\$ 598	\$ 598
Other Revenue	45,000	37,977	(7,023)
Total Revenues	<u>45,000</u>	<u>38,575</u>	<u>(6,425)</u>
EXPENDITURES			
Public Safety	2,268,545	1,155,311	1,113,234
Debt Service:			
Principal Retirement	395,021	536,776	(141,755)
Interest and Other Charges	9,668	22,552	(12,884)
Total Expenditures	<u>2,673,234</u>	<u>1,714,639</u>	<u>958,595</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	277	277
Loan Proceeds	2,000,000	1,032,375	(967,625)
Transfers In	315,000	320,382	5,382
Total Other Financing Sources	<u>2,315,000</u>	<u>1,353,034</u>	<u>(961,966)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (313,234)</u></u>	<u><u>\$ (323,030)</u></u>	<u><u>\$ (9,796)</u></u>



V Supplementary Information

Nonmajor Enterprise Funds

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

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, 2017**

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 46,881	\$ 1,684,013	\$ 270,916	\$ 2,001,810
Receivables:				
Accounts Receivable	63,677	202,905	-	266,582
Total Current Assets	<u>110,558</u>	<u>1,886,918</u>	<u>270,916</u>	<u>2,268,392</u>
Property, Plant, and Equipment:				
Infrastructure	-	96,208	439,516	535,724
Construction in Progress	-	2,011,648	-	2,011,648
Machinery and Equipment	-	-	13,645	13,645
Less: Accumulated Depreciation	-	5,114	1,245	6,359
Total Property, Plant, and Equipment	<u>-</u>	<u>2,102,742</u>	<u>451,916</u>	<u>2,554,658</u>
Total Assets	<u><u>\$ 110,558</u></u>	<u><u>\$ 3,989,660</u></u>	<u><u>\$ 722,832</u></u>	<u><u>\$ 4,823,050</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 48,855	\$ 400,822	\$ 413,516	\$ 863,193
Contracts Payable	-	147,075	-	147,075
Total Current Liabilities	<u>48,855</u>	<u>547,897</u>	<u>413,516</u>	<u>1,010,268</u>
Noncurrent Liabilities:				
Notes Payable	-	1,167,975	-	1,167,975
Total Liabilities	<u>48,855</u>	<u>1,715,872</u>	<u>413,516</u>	<u>2,178,243</u>
NET POSITION				
Net Investment in Capital Assets	-	934,767	451,916	1,386,683
Unrestricted	61,703	1,339,021	(142,600)	1,258,124
Total Net Position	<u>61,703</u>	<u>2,273,788</u>	<u>309,316</u>	<u>2,644,807</u>
Total Liabilities and Net Position	<u><u>\$ 110,558</u></u>	<u><u>\$ 3,989,660</u></u>	<u><u>\$ 722,832</u></u>	<u><u>\$ 4,823,050</u></u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 693,628	\$ 1,600,777	\$ -	\$ 2,294,405
OPERATING EXPENSES				
Contractual Services	643,865	847,794	20,000	1,511,659
Supplies	20,853	45,192	-	66,045
Depreciation	-	2,475	1,245	3,720
Total Operating Expenses	<u>664,718</u>	<u>895,461</u>	<u>21,245</u>	<u>1,581,424</u>
OPERATING INCOME (LOSS)	<u>28,910</u>	<u>705,316</u>	<u>(21,245)</u>	<u>712,981</u>
NONOPERATING REVENUES				
Investment Income	81	2,811	561	3,453
Intergovernmental Revenue	-	-	330,000	330,000
Total Nonoperating Revenues	<u>81</u>	<u>2,811</u>	<u>330,561</u>	<u>333,453</u>
Income Before Transfers	<u>28,991</u>	<u>708,127</u>	<u>309,316</u>	<u>1,046,434</u>
TRANSFERS				
Transfers Out	<u>-</u>	<u>(1,762)</u>	<u>-</u>	<u>(1,762)</u>
Change in Net Position	28,991	706,365	309,316	1,044,672
Net Position - Beginning of Year	<u>32,712</u>	<u>1,567,423</u>	<u>-</u>	<u>1,600,135</u>
NET POSITION - END OF YEAR	<u><u>\$ 61,703</u></u>	<u><u>\$ 2,273,788</u></u>	<u><u>\$ 309,316</u></u>	<u><u>\$ 2,644,807</u></u>

**CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 689,772	\$ 1,594,810	\$ (330,000)	\$ 1,954,582
Cash Paid to Suppliers for Goods and Services	(665,421)	(959,170)	(20,000)	(1,644,591)
Net Cash Provided (Used) by Operating Activities	24,351	635,640	(350,000)	309,991
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Revenue	-	-	330,000	330,000
Cash Transfers to Other Funds	-	(1,762)	-	(1,762)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(1,762)	330,000	328,238
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Property, Plant, and Equipment	-	(1,348,975)	(39,645)	(1,388,620)
Proceeds from the Acquisition of Debt	-	1,167,975	-	1,167,975
Net Cash Used by Capital and Related Financing Activities	-	(181,000)	(39,645)	(220,645)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	81	2,811	561	3,453
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,432	455,689	(59,084)	421,037
Cash and Cash Equivalents - Beginning of Year	22,449	1,228,324	330,000	1,580,773
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,881</u>	<u>\$ 1,684,013</u>	<u>\$ 270,916</u>	<u>\$ 2,001,810</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 28,910	\$ 705,316	\$ (21,245)	\$ 712,981
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	2,475	1,245	3,720
Effects of Changes in Operating Assets and Liabilities:				
Accounts Receivable	(3,856)	(5,967)	-	(9,823)
Accounts Payable	(703)	(208,880)	-	(209,583)
Contracts Payable	-	142,696	-	142,696
Unearned Revenue	-	-	(330,000)	(330,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,351</u>	<u>\$ 635,640</u>	<u>\$ (350,000)</u>	<u>\$ 309,991</u>

Property and equipment purchases in the Storm Water Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$393,359.

Property and equipment purchases in the Fiber Optics Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$413,516.



VI Supplementary Information

Internal Service Funds

**CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

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 and 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, 2017**

ASSETS	Fleet Maintenance/ ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 854,873	\$ 962,876	\$ 3,877,464	\$ 5,695,213
Receivables:				
Accounts Receivable	824	22,542	-	23,366
Other	-	-	690	690
Inventories	270,147	-	-	270,147
Prepaid	-	50,000	-	50,000
Total Current Assets	<u>1,125,844</u>	<u>1,035,418</u>	<u>3,878,154</u>	<u>6,039,416</u>
PROPERTY, PLANT, AND EQUIPMENT				
Machinery and Equipment	8,765,086	-	-	8,765,086
Less: Accumulated Depreciation	<u>6,800,551</u>	<u>-</u>	<u>-</u>	<u>6,800,551</u>
Total Property, Plant, and Equipment	<u>1,964,535</u>	<u>-</u>	<u>-</u>	<u>1,964,535</u>
 Total Assets	 3,090,379	 1,035,418	 3,878,154	 8,003,951
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount Related to Pension	<u>191,671</u>	<u>-</u>	<u>-</u>	<u>191,671</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 3,282,050</u>	 <u>\$ 1,035,418</u>	 <u>\$ 3,878,154</u>	 <u>\$ 8,195,622</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 35,214	\$ 69,834	\$ 134,645	\$ 239,693
Interest Payable	3,446	-	-	3,446
Other Accrued Liabilities	33,857	642	-	34,499
Claims Payable	-	935,015	1,175,905	2,110,920
Unearned Revenue	824	-	-	824
Notes Payable	69,604	-	-	69,604
Due to Others	<u>12,962</u>	<u>-</u>	<u>-</u>	<u>12,962</u>
Total Current Liabilities	<u>155,907</u>	<u>1,005,491</u>	<u>1,310,550</u>	<u>2,471,948</u>
NONCURRENT LIABILITIES				
Other Post-Employment Benefits	51,580	-	-	51,580
Net Pension Liability	339,813	-	-	339,813
Notes Payable	<u>746,495</u>	<u>-</u>	<u>-</u>	<u>746,495</u>
Total Noncurrent Liabilities	<u>1,137,888</u>	<u>-</u>	<u>-</u>	<u>1,137,888</u>
 Total Liabilities	 <u>1,293,795</u>	 <u>1,005,491</u>	 <u>1,310,550</u>	 <u>3,609,836</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount Related to Pension	<u>36,338</u>	<u>-</u>	<u>-</u>	<u>36,338</u>
NET POSITION				
Net Investment in Capital Assets	1,148,436	-	-	1,148,436
Unrestricted	<u>803,481</u>	<u>29,927</u>	<u>2,567,604</u>	<u>3,401,012</u>
Total Net Position	<u>1,951,917</u>	<u>29,927</u>	<u>2,567,604</u>	<u>4,549,448</u>
 Total Liabilities, Deferred Inflows, and Net Position	 <u>\$ 3,282,050</u>	 <u>\$ 1,035,418</u>	 <u>\$ 3,878,154</u>	 <u>\$ 8,195,622</u>

**CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

	Fleet Maintenance/ ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
OPERATING REVENUES				
Charges for Services	\$ 2,539,124	\$ 2,076,370	\$ 8,629,035	\$ 13,244,529
Payroll Deductions/Retiree Contributions	-	-	2,250,751	2,250,751
Other Revenue	27,953	-	114,900	142,853
Total Operating Revenues	<u>2,567,077</u>	<u>2,076,370</u>	<u>10,994,686</u>	<u>15,638,133</u>
OPERATING EXPENSES				
Personnel Services	720,648	-	-	720,648
Contractual Services	366,825	116,557	812,257	1,295,639
Supplies	925,667	9,851	-	935,518
Insurance and Other Charges	379,829	2,778,579	8,594,337	11,752,745
Depreciation	365,101	-	-	365,101
Total Operating Expenses	<u>2,758,070</u>	<u>2,904,987</u>	<u>9,406,594</u>	<u>15,069,651</u>
OPERATING INCOME (LOSS)	<u>(190,993)</u>	<u>(828,617)</u>	<u>1,588,092</u>	<u>568,482</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Other Charges	(24,976)	-	-	(24,976)
Investment Income	1,473	2,990	5,821	10,284
Gain on Disposal of Assets	208,032	-	-	208,032
Total Nonoperating Revenues (Expenses)	<u>184,529</u>	<u>2,990</u>	<u>5,821</u>	<u>193,340</u>
Income (Loss) Before Transfers	<u>(6,464)</u>	<u>(825,627)</u>	<u>1,593,913</u>	<u>761,822</u>
NET INCOME (LOSS)	<u>(6,464)</u>	<u>(825,627)</u>	<u>1,593,913</u>	<u>761,822</u>
Net Position - Beginning of Year, (As Previously Reported)	1,850,616	855,554	973,691	3,679,861
Prior Period Adjustment	<u>107,765</u>	<u>-</u>	<u>-</u>	<u>107,765</u>
Net Position - Beginning of Year, (As Restated)	<u>1,958,381</u>	<u>855,554</u>	<u>973,691</u>	<u>3,787,626</u>
NET POSITION - END OF YEAR	<u>\$ 1,951,917</u>	<u>\$ 29,927</u>	<u>\$ 2,567,604</u>	<u>\$ 4,549,448</u>

**CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	Fleet Maintenance/ ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 2,567,077	\$ 2,053,828	\$ 10,994,686	\$ 15,615,591
Cash Paid to Suppliers for Goods and Services	(1,673,965)	(3,501,381)	(9,091,060)	(14,266,406)
Cash Paid to Employees	(629,314)	-	-	(629,314)
Net Cash Provided (Used) by Operating Activities	263,798	(1,447,553)	1,903,626	719,871
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Property, Plant, and Equipment	(383,170)	-	-	(383,170)
Proceeds from the Acquisition of Debt	180,624	-	-	180,624
Proceeds from the Sale of Property, Plant, and Equipment	208,032	-	-	208,032
Principal Payment on Debt	(36,599)	-	-	(36,599)
Interest Payments and Other Charges	(24,445)	-	-	(24,445)
Net Cash Used by Capital and Related Financing Activities	(55,558)	-	-	(55,558)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	1,473	2,990	5,821	10,284
NET INCREASE (DECREASE) IN CASH	209,713	(1,444,563)	1,909,447	674,597
Cash - Beginning of Year	645,160	2,407,439	1,968,017	5,020,616
CASH - END OF YEAR	<u>\$ 854,873</u>	<u>\$ 962,876</u>	<u>\$ 3,877,464</u>	<u>\$ 5,695,213</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (190,993)	\$ (828,617)	\$ 1,588,092	\$ 568,482
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	365,101	-	-	365,101
Effects of Changes in Operating Assets and Liabilities:				
Receivables	(168)	(22,542)	-	(22,710)
Prepays	-	135,000	-	135,000
Due from Other Funds	-	-	-	-
Due to Other Fund	-	-	-	-
Inventories	(1,451)	-	-	(1,451)
Accounts Payable	(193)	(729,357)	315,534	(414,016)
Other Current Liabilities	11,402	(2,037)	-	9,365
Unearned Revenue	168	-	-	168
Other Post-Employment Benefits	14,041	-	-	14,041
Deferred Outflows	15,111	-	-	15,111
Net Pension Liability	50,780	-	-	50,780
Net Cash Provided (Used) by Operating Activities	<u>\$ 263,798</u>	<u>\$ (1,447,553)</u>	<u>\$ 1,903,626</u>	<u>\$ 719,871</u>



VII Supplementary Information

Fiduciary Funds

**CITY OF DECATUR, ILLINOIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

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, 2017**

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and Short-Term Investments	\$ 1,483,799	\$ 6,635,093	\$ 8,118,892
Accrued Interest	239,406	165,933	405,339
Long-Term Investments, at Fair Value:			
U.S. Government Obligations	20,379,487	10,680,136	31,059,623
Mutual Funds	49,270,886	9,239,744	58,510,630
Common Stock	20,501,002	41,035,794	61,536,796
Certificate of Deposits	247,479	-	247,479
Annuities	-	141,405	141,405
International Bonds	198,852	-	198,852
Municipal Bonds	1,875,490	1,235,846	3,111,336
Corporate Bonds	15,043,849	9,990,698	25,034,547
Total Long-Term Investments	<u>107,517,045</u>	<u>72,323,623</u>	<u>179,840,668</u>
 Total Assets	 <u>\$ 109,240,250</u>	 <u>\$ 79,124,649</u>	 <u>\$ 188,364,899</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	<u>\$ 53,519</u>	<u>\$ 6,315</u>	<u>\$ 59,834</u>
NET POSITION			
Net Position Restricted for Pensions	<u>109,186,731</u>	<u>79,118,334</u>	<u>188,305,065</u>
 Total Liabilities and Net Position	 <u>\$ 109,240,250</u>	 <u>\$ 79,124,649</u>	 <u>\$ 188,364,899</u>

**CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,440,715	\$ 5,143,349	\$ 9,584,064
Plan Member	1,173,624	854,500	2,028,124
Miscellaneous Revenue	42	153	195
Total Contributions	<u>5,614,381</u>	<u>5,998,002</u>	<u>11,612,383</u>
Investment Earnings:			
Interest and Dividends	1,069,502	643,731	1,713,233
Net Increase in the Fair Value of Investments	<u>12,100,317</u>	<u>7,764,910</u>	<u>19,865,227</u>
Total Investment Income	13,169,819	8,408,641	21,578,460
Less: Investment Expense	<u>279,876</u>	<u>138,896</u>	<u>418,772</u>
Net Investment Income	<u>12,889,943</u>	<u>8,269,745</u>	<u>21,159,688</u>
Total Additions	<u>18,504,324</u>	<u>14,267,747</u>	<u>32,772,071</u>
DEDUCTIONS			
Benefits and Refunds	7,523,342	7,380,562	14,903,904
Administrative Expense	<u>129,701</u>	<u>79,156</u>	<u>208,857</u>
Total Deductions	<u>7,653,043</u>	<u>7,459,718</u>	<u>15,112,761</u>
Change in Net Position	10,851,281	6,808,029	17,659,310
Net Position - Beginning of Year	<u>98,335,450</u>	<u>72,310,305</u>	<u>170,645,755</u>
NET POSITION - END OF YEAR	<u><u>\$ 109,186,731</u></u>	<u><u>\$ 79,118,334</u></u>	<u><u>\$ 188,305,065</u></u>



VIII Statistical Section

**CITY OF DECATUR, ILLINOIS
STATISTICAL SECTION
DECEMBER 31, 2017**

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.

Pension Information

These schedules offer statistics related to the City's pension plans.

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 trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
Governmental Activities											
Net investment in capital assets	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	63,189,005
Restricted			4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536	9,386,456	6,002,253	9,074,227
Unrestricted	(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)	(111,471,242)
Total governmental activities net position	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)	(39,208,010)
Business-type activities											
Net investment in capital assets	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	14,453,717
Restricted	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	20,078,238
Total business-type activities net position	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	34,531,955
Primary government											
Net investment in capital assets	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	77,642,722
Restricted	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	9,074,227
Unrestricted	(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)	(91,393,004)
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET POSITION											
	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)	(4,676,055)

Note 1: Fiscal years 2008 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										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
EXPENSES											
Governmental Activities											
General government	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	12,752,905
Economic development										2,950,916	3,948,538
Public safety	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	48,904,535
Public works	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	14,950,486
Culture	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	568,481
Education								3,595,829	3,294,285	4,281,706	3,906,273
Interest on debt	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	1,466,938
Total governmental activities expenses	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	86,498,156
Business-type activities											
Water	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	22,635,554
Parking	757,198	721,662	745,510	509,932							
Mass Transit	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	7,550,679
Fiber optics											21,245
Housing programs	72,653	39,512	10,986	6,633	96,422	6,770	9,979				
Waste removal	536,549	554,083	545,302	556,721	1,238,284	584,028	405,409	640,461	600,997	642,358	664,718
Hotel	320,859	43,020	46,531								
Storm Water								19,072	453,816	960,507	895,461
Sewer	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	3,992,577
Total business-type activities expenses	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	35,760,234
TOTAL PRIMARY GOVERNMENT EXPENSES	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	122,258,390
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government	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	9,835,469
Public safety	426,660	427,804	471,925	420,751	433,184	577,676	367,370	306,746	237,031	594,272	658,407
Other activities	105,538	183,892	194,837	178,940	132,433	71,112	39,634	203,551	189,276	151,858	46,408
Operating grants and contributions	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	5,862,658
Capital grants and contributions				33,120				1,140,122	1,299,409	673,194	1,000,000
Total governmental activities program revenues	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	17,402,942
Business-type activities											
Charges for services											
Water	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	29,859,921
Other activities	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	7,737,067
Operating grants and contributions	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	7,181,110
Capital grants and contributions				1,605,270							116,334
Total business-type activities program revenues	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	44,894,432
TOTAL PRIMARY GOVERNMENT REVENUES	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	62,297,374

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

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
NET (EXPENSE) REVENUE											
Governmental activities	(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)	(69,095,214)
Business-type activities	(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	9,134,198
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(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)	(59,961,016)
General Revenues and Other											
Changes in Net Position											
Governmental activities											
Taxes											
Property taxes	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	16,007,673
Sales and use taxes	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	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	11,904,856
Utility taxes	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	7,424,870
Food and beverage taxes	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	3,256,550
Hotel and motel taxes	681,483	649,612	677,313	498,812	711,053	590,985	421,053	640,697	666,384	697,601	806,373
Motor fuel taxes										1,399,777	1,816,894
Other taxes	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	2,636,706
Intergovernmental (state sales and income tax)									20,862,321	17,630,799	18,401,263
Investment earnings	786,557	327,253	136,092	164,803	239,646	237,961	7,644	110,413	6,923	35,720	76,893
Miscellaneous	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	2,520,340
Transfers	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)	4,508,001
Total governmental activities	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	69,360,419
Business-type activities											
Property taxes	218,254	216,872									
Investment earnings	1,017,691	621,036	415,711	97,133	91,842	28,037	1,581	209,608	297,922	407,738	541,631
Miscellaneous	(119,958)	402,734	101,850	(816,446)	16,315			4,077	(228,084)		104,244
Transfers	(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	(4,508,001)
Total business-type activities	(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	(3,862,126)
TOTAL PRIMARY GOVERNMENT	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	65,498,293
CHANGE IN NET POSITION											
Governmental activities	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)	265,205
Business-type activities	(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	5,272,072
TOTAL PRIMARY GOVERNMENT	(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	5,537,277

Note 1: Fiscal years 2008 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.

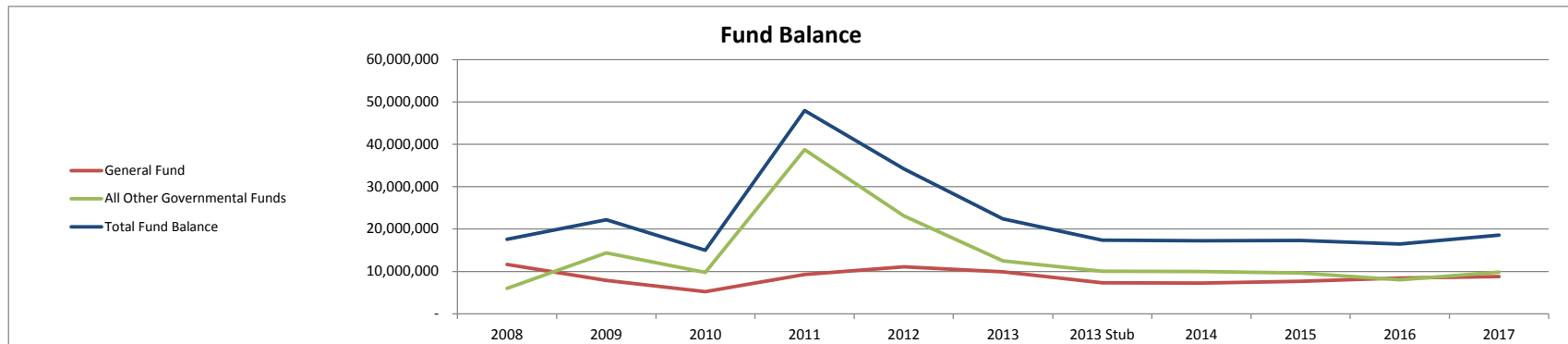
Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and 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										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
					Note 1						
General Fund											
Nonspendable					23,407	25,596	26,416	27,303	27,165	147,132	489,142
Restricted					89,754	1,847					
Unassigned					10,996,973	9,906,565	7,311,171	7,201,807	7,646,538	8,242,880	8,270,608
Reserved	1,136,354	666,740	301,594	845,847							
Unreserved	10,484,848	7,174,809	4,953,635	8,429,614							
Total general fund	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	8,759,750
All other governmental funds											
Nonspendable							34,192	8,341			3,200
Restricted					22,533,206	13,159,972	9,976,688	9,861,038	9,254,618	6,985,109	9,195,557
Assigned					754,957						
Unassigned					(183,387)	(702,682)		(64,508)	(146,092)	(107,221)	(275,641)
Reserved	1,770,534	3,258,830	5,297,531	12,800,837							
Committed								183,001	518,273	1,177,478	887,397
Unreserved reported in:											
Special revenue funds	3,846,689	4,704,765	3,344,042	7,355,646							
Capital projects funds	341,085	6,399,703	1,107,713	18,537,635							
Total all other governmental funds	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	9,810,513
TOTAL FUND BALANCE	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	18,570,263



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

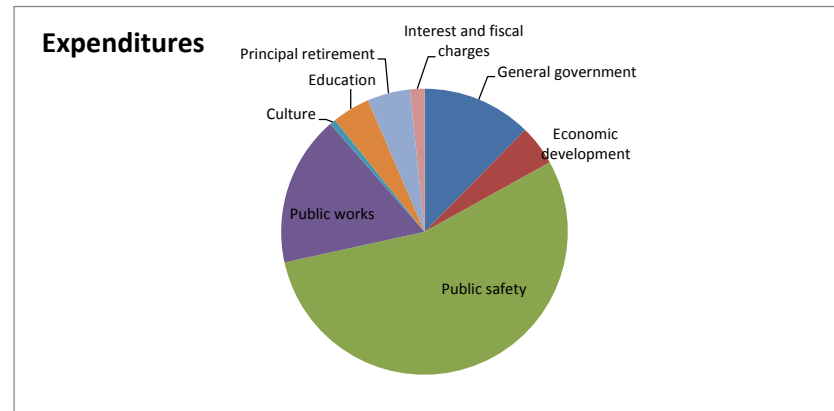
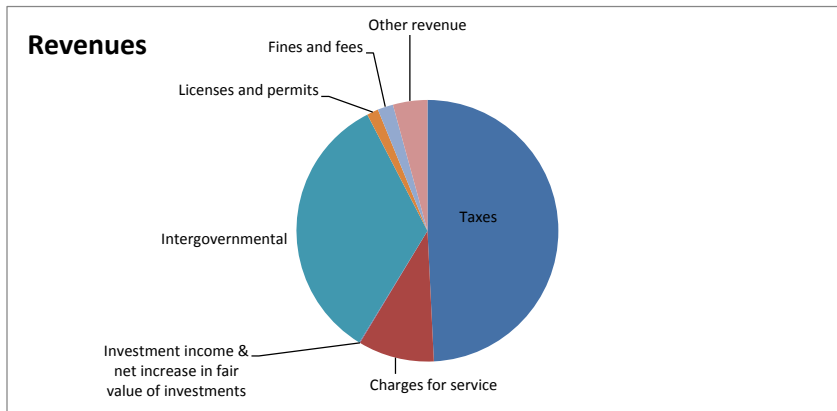
Note 2: Fiscal years 2008 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: Comprehensive Annual Financial Report for relevant fiscal year.

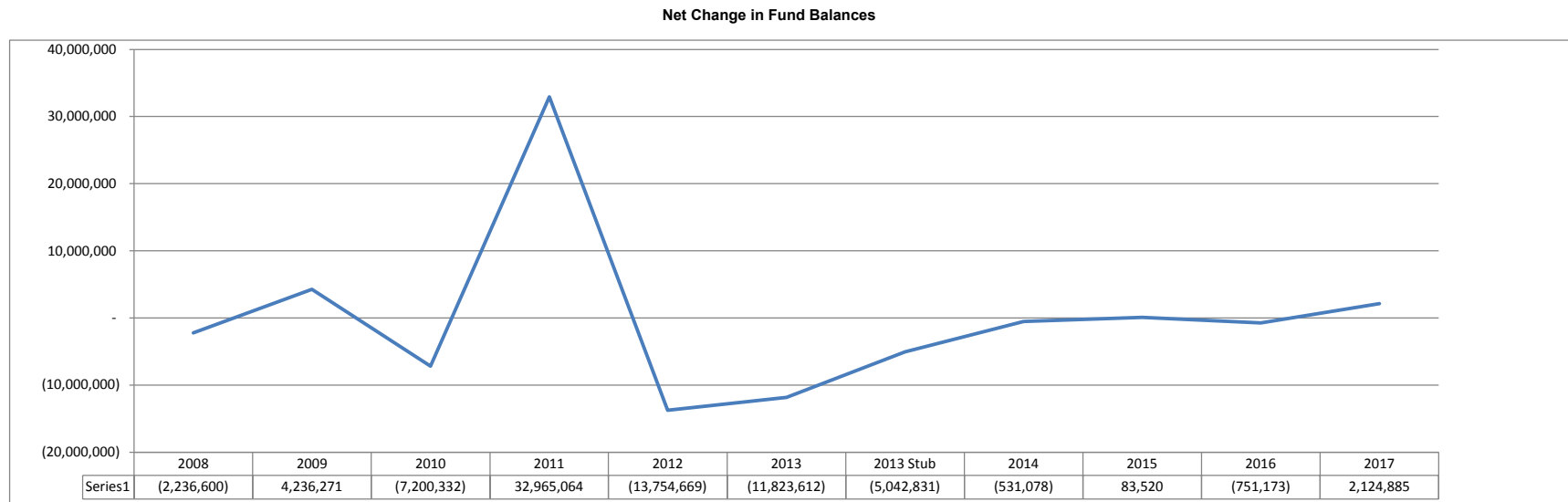
City of Decatur, Illinois
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Most Recent Fiscal Years (\$'s whole)

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
Revenues											
Taxes	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	40,562,624
Charges for service	98,878	61,208	94,978	83,722	622,614	727,376	2,998,948	5,882,463	6,817,347	7,518,858	7,762,832
Investment income & net increase in fair value of investments	526,969	234,071	81,064	36,891	217,062	230,394	6,676	108,684	5,419	25,888	66,609
Intergovernmental	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	27,774,193
Licenses and permits	790,214	734,515	743,221	659,054	752,854	734,747	607,026	737,684	857,174	1,002,264	1,185,109
Fines and fees	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	1,592,343
Other revenue	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	3,483,495
Total revenues	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	82,427,205
Expenditures											
General government	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	10,808,083
Economic development										2,950,916	3,948,538
Public safety	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	47,609,789
Public works	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	14,881,435
Culture	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	566,949
Education								3,590,771	3,332,483	3,639,593	3,748,014
Debt service											
Principal retirement	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	4,215,162
Interest and other charges	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	1,407,242
Total expenditures	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	87,185,212
Deficiency of revenues over expenditures	(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)	(4,758,007)



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

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
Other Financing Sources											
Bond & loan proceeds	2,925,000	11,322,400	250,000	41,381,208	-	28,080,658	-	1,625,358	1,369,277	1,703,474	2,344,808
Sale of assets	7,750	36,107	78,694	83,217	71,239	15,172	53,877	11,775	48,221	85,411	30,083
Transfers in	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	5,188,382
Transfers out	(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)	(680,381)
Total other financing sources	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)	6,882,892
NET CHANGE IN FUND BALANCES	(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)	2,124,885
Capital Outlay	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	7,233,091
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%	12.36%	5.95%	5.53%	6.14%	7.03%



Note 1: Fiscal years 2008 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.

City of Decatur, Illinois
State Distributed and Locally Collected Tax Revenues
Most Recent Fiscal Years (\$'s whole)

Fiscal Year	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
<u>State Distributed Taxes</u>											
State Sales Tax	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	11,052,132
Local Sales Tax	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	9,950,270
State Income Tax	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	7,843,458
Telephone Utility Tax	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	1,774,445
Motor Fuel Tax	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	1,953,992
Local Use Tax	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	1,922,797
State Replacement Tax	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	1,397,658
Video Gaming Tax						34,827	196,877	539,548	836,212	1,116,081	1,273,944
<u>Locally Collected Taxes</u>											
Food & Beverage Tax	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	3,223,082
Utility Tax	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	4,587,334
Local Motor Fuel Tax										1,249,034	1,818,235
Cable TV Tax	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	1,063,613
Hotel Use Tax	681,483	676,711	555,277	601,716	716,136	599,436	444,313	649,787	675,211	690,077	797,500
TOTAL	<u>42,755,367</u>	<u>43,619,175</u>	<u>38,922,352</u>	<u>42,241,102</u>	<u>41,025,882</u>	<u>43,875,384</u>	<u>27,701,165</u>	<u>43,152,532</u>	<u>44,277,236</u>	<u>47,563,998</u>	<u>48,658,460</u>

Note 1: Fiscal years 2008 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.

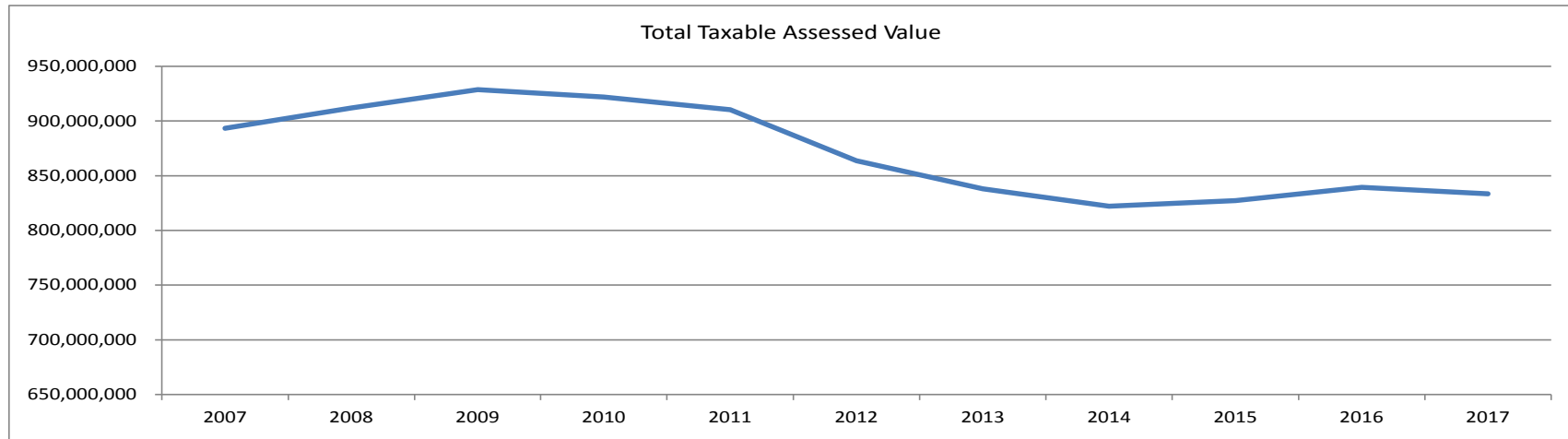
Source: City cash basis records.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source.

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
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	13,729,015
2017	12/31/2018	489,602,730	5,211,462	259,959,243	63,214,295	15,369,985	833,357,715	1.66519	13,876,990	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fiscal Year Ended	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	12/31/2018
City of Decatur	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177	1.66519
County of Macon	0.94681	0.93697	0.95288	0.95958	0.95558	0.91349	0.94732	0.98067	1.08131	1.20181	1.09882
Sanitary District	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420	0.33123	0.34837	0.34658	0.37112	0.34728
Decatur School District	4.36148	4.33613	4.34873	4.28718	4.31545	4.39115	4.33259	4.42015	4.67266	4.86451	4.88163
Decatur Park District	1.02801	1.03816	1.03785	1.03791	1.03991	1.09716	1.11716	1.12049	1.15036	1.15046	1.15046
Decatur Township	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025	0.35229	0.36010	0.35927	0.35275	0.34455
Mosquito Abatement	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318	0.03544	0.03646	0.03748	0.03599	0.03699
Conservation District	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713	0.11025	0.11405	0.11717	0.11247	0.11709
Mental Health	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000
Richland Community College	0.39411	0.39429	0.39467	0.43246	0.47799	0.48286	0.49082	0.49243	0.54062	0.54703	0.55457
Macon County Health	0.09206	0.10418	0.10235	0.10225	0.09981	0.10260	0.10348	0.10354	0.10275	0.10066	0.10044
Cooperative Extension	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446	0.02467	0.02468	0.02817	0.02760	0.02754
Total Tax Rate per \$100 AV	8.90359	8.85711	8.89683	8.92454	9.07009	9.31692	9.40132	9.58621	10.22135	10.56617	10.47456
Share of Total Tax Rate Levied by City of Decatur	13.8%	13.6%	13.7%	13.9%	14.2%	14.6%	15.0%	15.0%	16.0%	15.6%	15.9%

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, 2017 (\$'s whole)

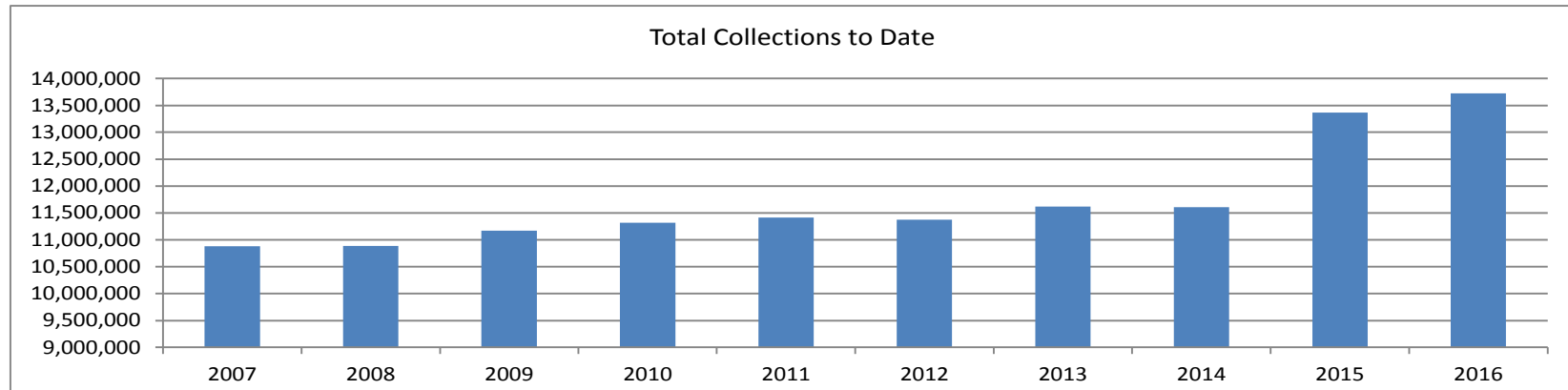
<u>Name of Company</u>	<u>Current Year</u>			<u>Nine Years Ago</u>		
	<u>2016</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>	<u>2007</u> <u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>Percent</u> <u>to</u> <u>Total</u>
Archer Daniels Midland Co.	25,450,044	1	3.1%	28,932,946	1	3.2%
Norfolk & Western RR (Wabash)	11,427,545	2	1.4%	8,417,256	3	0.9%
Wal-Mart Stores, Inc.	7,717,231	3	0.9%	9,039,487	2	1.0%
Caterpillar Tractor Co.	7,053,289	4	0.9%	7,298,638	4	0.8%
Ventas Inc fka LHPT Decatur/DMH Fund	6,162,627	5	0.7%	4,175,460	6	0.5%
Ameren fka Illinois Power Co	5,761,566	6	0.7%			
Millikin University (The Woods Apts.)	3,891,234	7	0.5%	3,162,000	9	0.4%
Parke & Son	3,890,462	8	0.5%			
Westfield Distributing	3,501,625	9	0.4%			
Brettwood Village Assoc	3,297,041	10	0.4%	3,765,522	8	0.4%
Tate & Lyle fda AE Staley Mfg. Co.				5,706,491	5	0.6%
Decatur Memorial Health				2,982,837	10	0.3%
Northgate Lmted Partnership				3,936,963	7	0.4%
	<u>78,152,664</u>		<u>9.5%</u>	<u>77,417,600</u>		<u>8.7%</u>
	<u>822,152,764</u>		<u>100.0%</u>	<u>893,386,367</u>		<u>100.0%</u>

Note: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent calendar year.

Source: Office of the Macon County Supervisor of Assessments

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

Property Tax Levy Year	Fiscal Year Ended	Taxes Levied for the Fiscal Year	Total Taxes Extended by County Collector	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
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	13,729,015	99%	n/a	13,729,015	99%
2017	12/31/2018	13,876,800	13,876,990	in process		n/a	in process	



Note: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year.

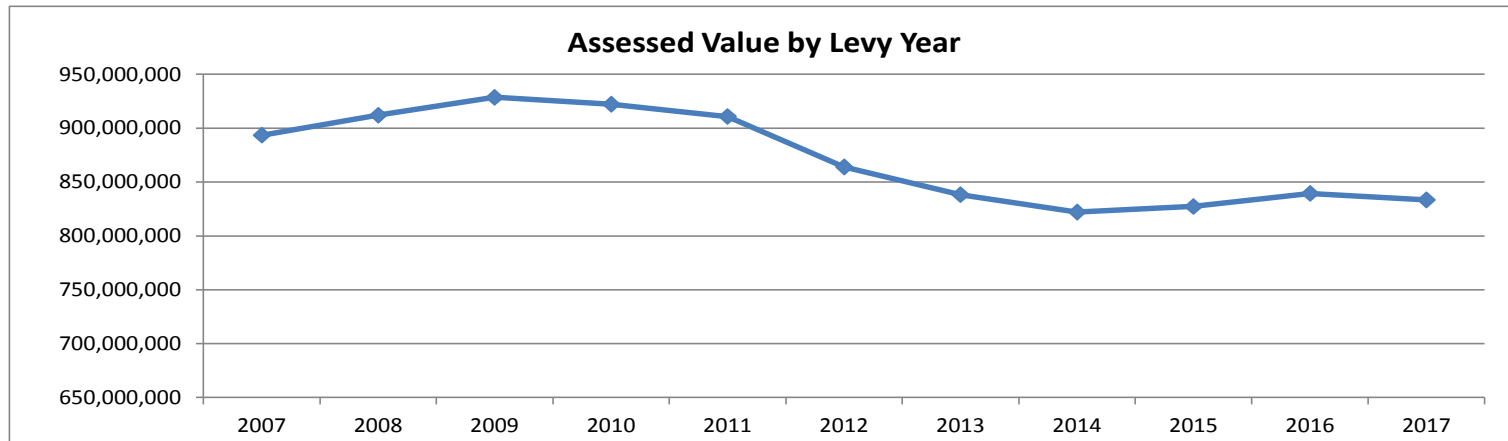
Source: Office of the Macon County Treasurer

n/a: Macon County Treasurer's Office has been unable to separate subsequent year collections from current year in reporting to the City of Decatur since a programming change after 2006.

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

REAL PROPERTY

<u>LEVY YEAR</u>	<u>FISCAL YEAR ENDED</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)</u>	<u>DIRECT RATE PER \$100 ASSESSED VALUATION</u>
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
2017	12/31/2018	833,357,715	2,500,073,145	33.33%	1.66519



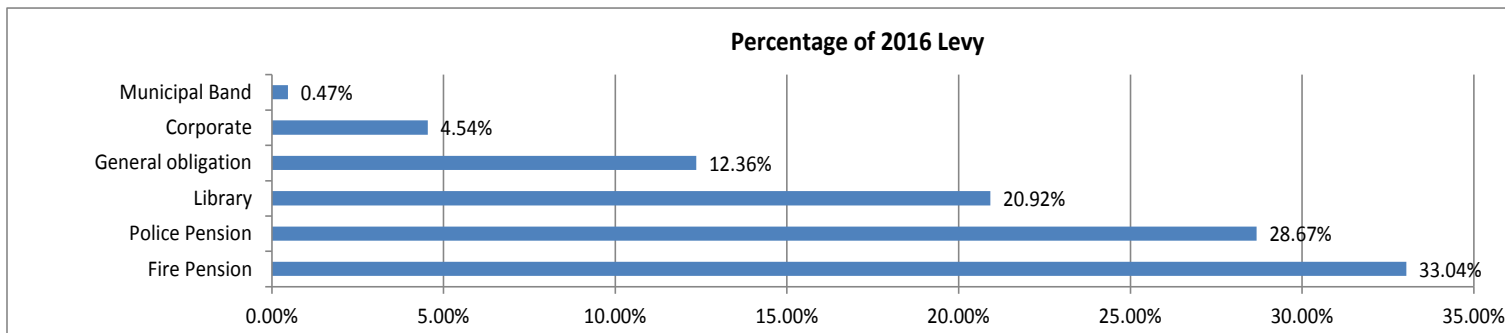
Note 1: State of Illinois law prescribes an assessed value ratio to be no more than 33.33% of actual value

Note 2: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent calendar year.

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

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

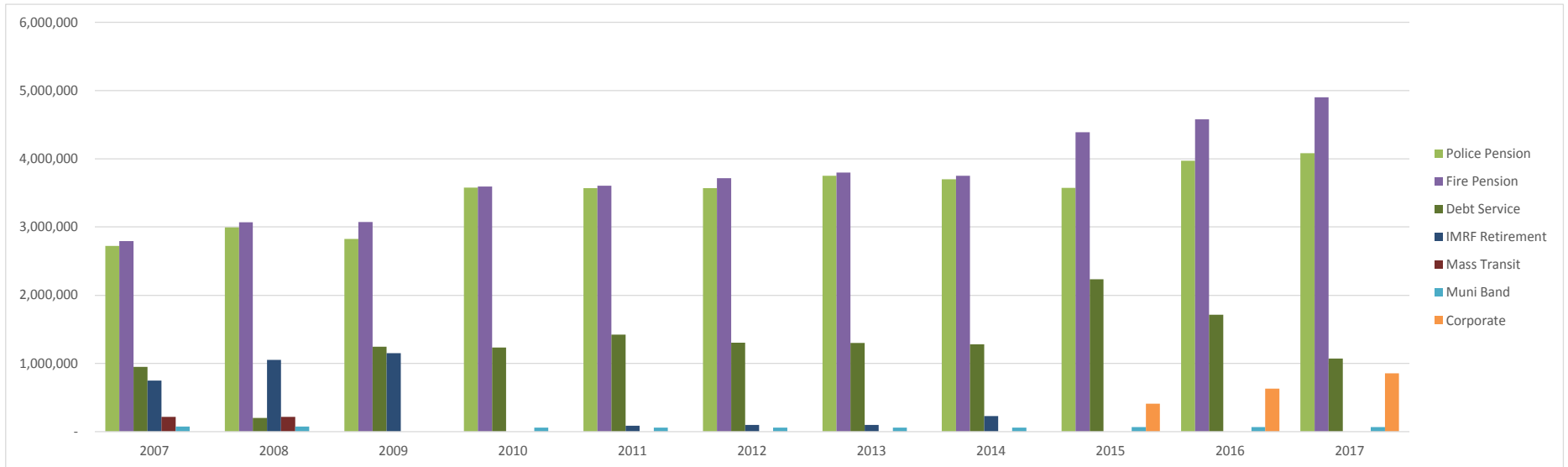
Tax Levy Year Fiscal Year Ended	2007 4/30/2009	2008 4/30/2010	2009 4/30/2011	2010 4/30/2012	2011 4/30/2013	2012 12/31/2013	2013 12/31/2014	2014 12/31/2015	2015 12/31/2016	2016 12/31/2017	2017 12/31/2018
<u>PURPOSE OF FUND</u>											
Library	0.39196	0.37138	0.32309	0.32533		0.34729	0.33111	0.33753	0.34453	0.34553	0.34799
Police Pension	0.30483	0.32846	0.30420	0.38792		0.41352	0.44745	0.45004	0.43217	0.47362	0.48983
Fire Pension	0.31260	0.33683	0.33104	0.38973	0.39612	0.43004	0.45341	0.45612	0.53069	0.54570	0.58799
Municipal Band	0.00840	0.00823		0.00651	0.00659	0.00695	0.00716	0.00730	0.00786	0.00775	0.00780
Corporate									0.04954	0.07499	0.10290
IMRF Retirement	0.08392	0.11544	0.12415		0.00979	0.01154	0.01194	0.02828			
Mass Transit System	0.02448	0.02398									
<u>BOND AND INTEREST</u>											
General obligation	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110	0.15500	0.15600	0.27019	0.20418	0.12868
ALL PURPOSE - TOTAL	1.23237	1.20637	1.21669	1.24353	0.56878	1.36044	1.40607	1.43527	1.63498	1.65177	1.66519
Actual Rate Extended	1.23237	1.20637	1.21669	1.24353	0.56878	1.36044	1.40607	1.43527	1.63498	1.65177	1.66519



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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fiscal Year Ended	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	12/31/2018
<u>PURPOSE OF FUND</u>											
Library	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	2,900,002
Police Pension	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	4,082,036
Fire Pension	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	4,900,060
Municipal Band	75,044	75,059		60,032	60,011	60,036	60,008	60,017	65,020	65,045	65,002
Corporate									409,808	629,389	857,525
IMRF Retirement	749,730	1,052,829	1,152,787		89,151	99,686	100,069	232,505			
Mass Transit System	218,701	218,701									
<u>BOND AND INTEREST</u>											
General obligation	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	1,072,365
ALL PURPOSE - TOTAL	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	13,876,990



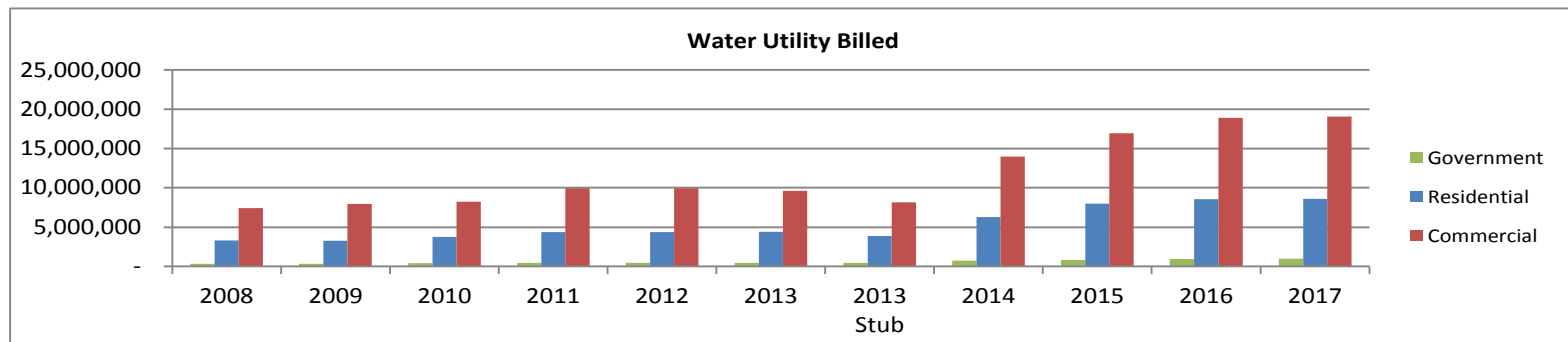
Source: "Certificate of Tax Extension", Office of the Macon County Clerk

City of Decatur, Illinois
Property Tax Information
Most Recent Fiscal Year

Taxes Assessed:	The owner of property on January 1, in any year, is liable for taxes for that calendar year.
Taxes Due:	Current taxes on real property may be paid in two equal installments. The first installment is due not later than June 1st, and bears interest at the rate of 1 1/2% per month after June 1st, until paid or forfeited. The second installment is payable not later than September 1st, and bears interest at the rate of 1 1/2% per month after September 1st until paid or forfeited.
Payable:	The current City property taxes are payable at the Office of the County Treasurer, who is also the County Collector.
Tax Sale:	Application for judgment and sale in cases where taxes are not paid is made during the month of October. A Monday in October is fixed for the date of the sale by the County Treasurer. Tax bills are sold to the bidder who offers to pay the accumulated amount of the tax and to charge thereon the lowest rate of interest. The maximum interest provided by law is 18% every six months for a period of two years. The purchaser of the tax bill is given a certificate of purchase for each piece of real estate.
Redemption:	Redemption may be made by the owner by payment of the tax bill in full to the County Clerk including 18% penalties, plus \$4.00 service charge at any time before issuance of tax deed.
Tax Deed:	Two years and six months from the day of the annual tax sale, the holder of a certificate of purchase which has not been redeemed may, by fulfilling the statutory procedures and paying all subsequent tax bills, obtain a tax deed. This deed must be issued before the expiration of seven years after the annual tax sale or the certificate becomes void.

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

<u>Fiscal Year</u>	<u>Water Utility Billed</u>				<u>Direct rate per 700 cubic feet</u>		<u>Actual Receipts</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Government</u>	<u>Total</u>	<u>Domestic and Non-Domestic</u>	<u>Large Users</u>	
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
2017	8,628,334	19,048,526	967,812	28,644,672	4.79	7.36	28,720,264



Note 1: Fiscal years 2008 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of Months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Source: City water utility records.

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

	Fiscal Year										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Service Charge Per Meter											
Domestic-all meters (monthly)	\$ 1.11	\$ 1.27	\$ 1.46	\$ 1.68	\$ 1.68	\$ 1.68	\$ 2.27	\$ 2.95	\$ 3.69	\$ 3.78	\$ 3.87
Non-Domestic & large Users (monthly)											
Meter size 5/8"-3/4"	2.99	3.44	3.95	4.55	4.55	4.55	6.14	7.98	9.98	10.23	10.49
Meter size 1"-1 1/2"	11.05	12.71	14.61	16.81	16.81	16.81	22.69	29.50	11.05	37.80	38.75
Meter size 2"-4"	39.00	44.85	51.58	59.31	59.31	59.31	80.07	104.09	39.00	133.36	136.69
Meter size 7"-12"	182.00	209.30	240.70	276.80	276.80	276.80	373.68	485.78	182.00	622.41	637.97
Meter size 14"-18"	747.50	859.63	988.57	1,136.85	1,136.85	1,136.85	1,534.75	1,995.18	747.50	2,556.33	2,620.24
Usage Charge-cu ft (monthly)											
Domestic and Non-Domestic											
1st 700	1.37	1.58	1.81	2.08	2.08	2.08	2.81	3.65	1.37	4.67	4.79
Next 1,500	1.24	1.43	1.64	1.89	1.89	1.89	2.55	3.32	1.24	4.25	4.36
Next 12,900	1.11	1.28	1.47	1.69	1.69	1.69	2.28	2.96	1.11	3.79	3.88
Next 18,300	0.89	1.02	1.18	1.35	1.35	1.35	1.82	2.37	0.89	3.03	3.11
Next 133,300	0.70	0.81	0.93	1.06	1.06	1.06	1.43	1.86	0.70	2.39	2.45
Next 833,300	0.66	0.76	0.87	1.00	1.00	1.00	1.35	1.76	0.66	2.26	2.32
Next 1,000 000	0.55	0.63	0.73	0.84	0.84	0.84	1.13	1.47	0.55	1.89	1.94
All Over 2,000,000	0.39	0.45	0.52	0.59	0.59	0.59	0.80	1.04	0.39	1.33	1.36
Large User											
1st 700	2.10	2.42	2.78	3.19	3.19	3.19	4.31	5.60	2.10	7.18	7.36
Next 1,500	1.90	2.19	2.51	2.89	2.89	2.89	3.90	5.07	1.90	6.50	6.66
Next 12,900	1.69	1.94	2.24	2.57	2.57	2.57	3.47	4.51	1.69	5.78	5.92
Next 18,300	1.36	1.56	1.80	2.07	2.07	2.07	2.79	3.63	1.36	4.65	4.77
Next 133,300	1.08	1.24	1.43	1.64	1.64	1.64	2.21	2.87	1.08	3.68	3.77
Next 833,300	1.00	1.15	1.32	1.52	1.52	1.52	2.05	2.67	1.00	3.42	3.51
Next 1,000 000	0.84	0.97	1.11	1.28	1.28	1.28	1.73	2.25	0.84	2.88	2.95
All Over 2,000,000	0.60	0.69	0.79	0.91	0.91	0.91	1.23	1.60	0.60	2.05	2.10

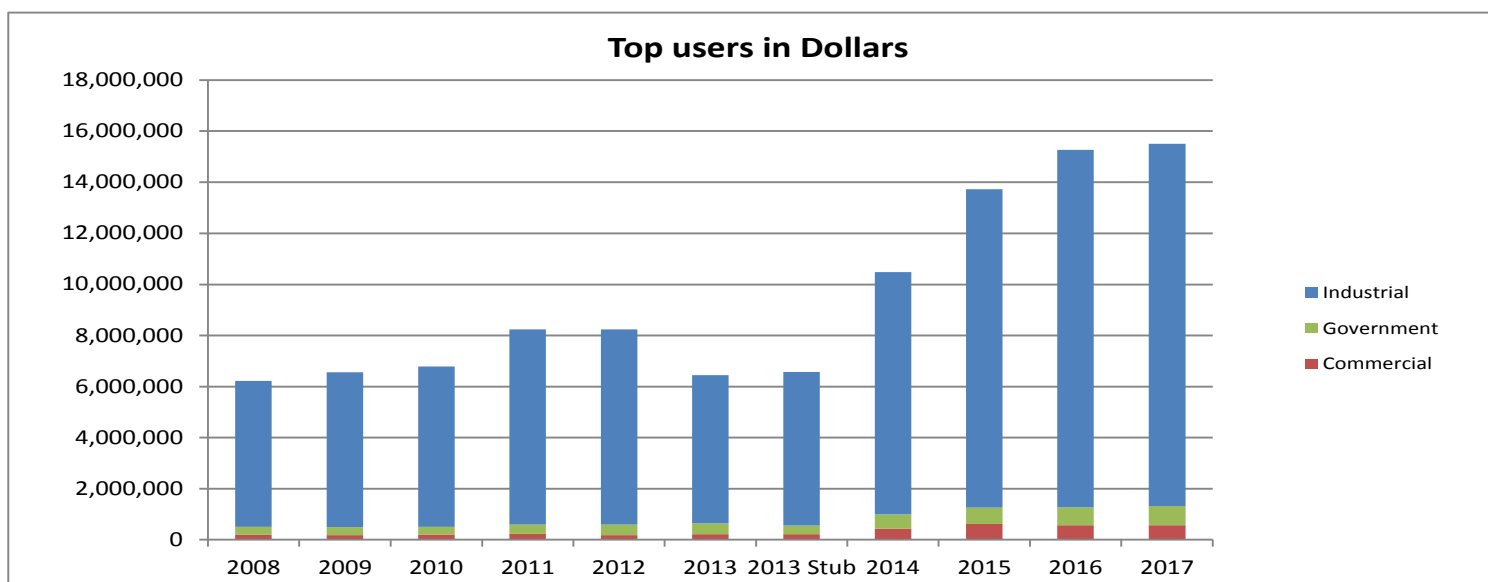
Note: Fiscal years 2008 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: City water utility records.

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

<u>Fiscal Year</u>	<u>Total Water Billed</u>	<u>Revenue of Top 10 Customers in Category</u>			<u>Percentage of Total</u>
		<u>Industrial</u>	<u>Commercial</u>	<u>Government</u>	
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%
2017	28,644,672	14,182,583	570,274	753,377	54.1%



Note 1: Fiscal years 2008 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.

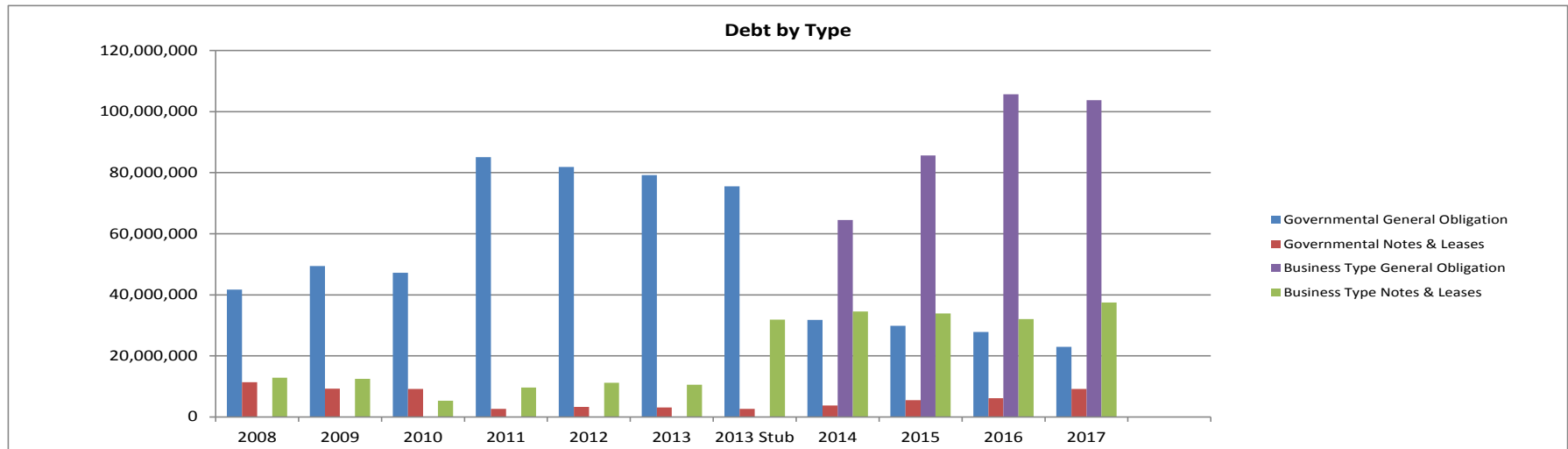
Source: City water utility records.

Debt Capacity

These schedules 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.

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Assessed Value	Percentage of Assessed Valuation	Per Capita
	General Obligation	Notes Payable	Capital Leases	General Obligation	Notes Payable	Capital Leases				
2008	41,678,968	11,349,444			12,844,386		65,872,798	860,504,122	7.66%	805
2009	49,474,407	9,229,376			12,520,940		71,224,723	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	947,850		11,167,345		96,242,723	922,154,799	10.33%	1264
2013	79,221,881	2,025,000	1,051,721		10,487,213		92,785,815	910,633,770	10.19%	1219
2013 Stub	75,566,756	1,710,000	859,180		31,452,600	337,144	109,925,680	863,833,509	12.73%	1444
2014	31,754,484	3,022,070	665,690	64,509,272	34,223,632	289,887	134,465,035	838,097,609	16.04%	1766
2015	29,835,429	4,826,718	672,085	85,657,678	33,680,365	214,903	154,887,178	822,152,764	18.84%	2035
2016	27,807,841	5,268,074	781,031	105,669,747	31,922,990	138,347	171,588,030	827,227,091	20.74%	2254
2017	22,927,203	8,080,548	1,078,472	103,756,880	37,359,462	60,269	173,262,834	839,296,988	20.64%	2276
Percent of total debt	13.23%	4.66%	0.62%	59.88%	21.56%	0.03%	100.00%			



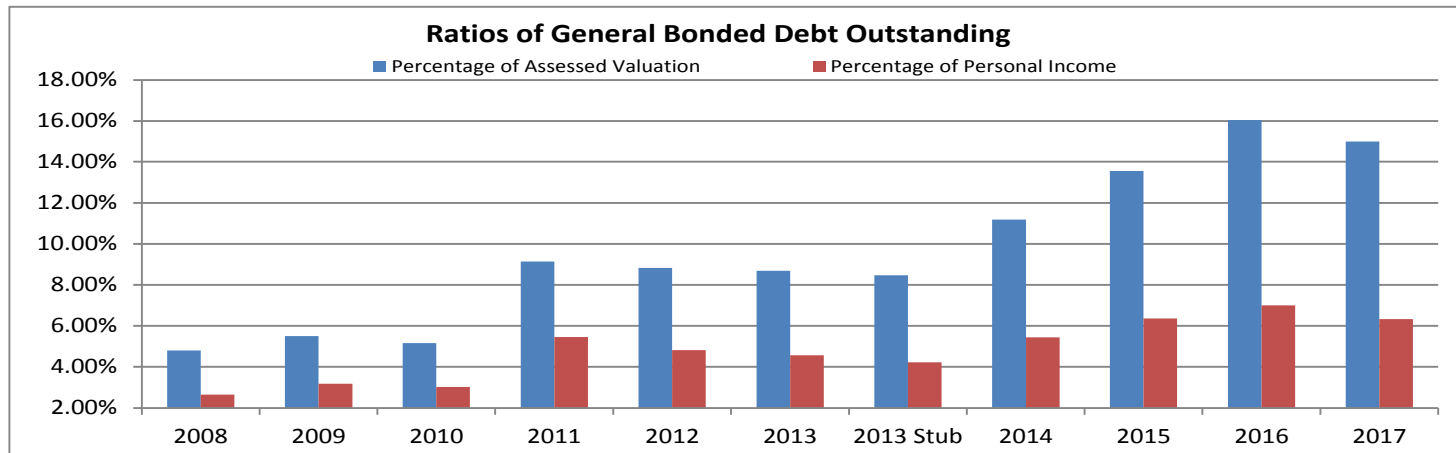
Note 1: Fiscal years 2008 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
Fiscal years 2014 and forward are January to December.

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
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
2017	126,684,083	748,802	125,935,281	15.00%	6.34%	1,654



Note: Fiscal years 2008 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
DEBT			
City of Decatur	\$ 173,262,834	100.00%	\$ 173,262,834
Less: Self-Supporting Debt (1)	(165,411,834)		(165,411,834)
Net Direct Bonded Debt	<u>\$ 7,851,000</u>		<u>\$ 7,851,000</u>
OVERLAPPING DEBT			
Community Unit School District Number 1	\$ 11,825,000	37.49%	\$ 4,433,193
Community Unit School District Number 2 (2)	4,640,000	11.82%	548,448
Community Unit School District Number 3 (2)	11,015,000	10.29%	1,133,444
Community Unit School District Number 9	475,000	0.67%	3,183
Community Unit School District Number 11	10,215,000	39.40%	4,024,710
Community Unit School District Number 15 (2)	6,880,000	14.55%	1,001,040
Community Unit School District Number 61 (2)	11,759,000	94.98%	11,168,698
Community Unit School District Number 100	1,240,000	0.05%	620
Richland Community College District Number 537 (2)	16,485,000	36.28%	5,980,758
NET OVERLAPPING DEBT			<u>\$ 28,294,094</u>
NET DIRECT DEBT AND OVERLAPPING DEBT			<u>\$ 36,145,094</u>
2016 Estimated Full Valuation for Tax Levy 2016 payable in 2017			\$ 2,517,890,964
2016 EAV for Tax Levy 2016 payable in 2017			\$ 839,296,988
Population (current estimate)			72,706
Full Valuation Per Capita			\$ 34,631
Per Capita Net Direct Bonded Debt			\$ 108
Per Capita Net Direct Bonded Debt and Overlapping Bonded Debt			\$ 497

- (1) City expects to continue to abate all of the property tax levies for debt service on its General Obligation Bonds, Series 2008, Series 2010B, Series 2013, Series 2014, Series 2015, and Series 2016 and a portion of the tax levies for its General Obligation Bonds Series 2010A and Series 2010C.
- (2) 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
- (3) 2016 Population Estimates, U.S. Census Bureau

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

Pension Information

These schedules offer statistics related to the City pension plans.

City of Decatur, Illinois
IMRF Pension Liability
Most Recent Fiscal Years (in 1,000s)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	101,325	103,177
Fiduciary Net Position										
Employer contributions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,788	1,795
Member contributions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	717	665
Investment income net of investments expenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	754	6,687
Benefit payments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(5,622)	(5,430)
Other expenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(106)	(94)
Fiduciary ending net position	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	88,339	91,963
Net pension liability	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12,986	11,214
Fiduciary net position as a % of total pension liability	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	87.18%	89.13%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,232	13,709
Net pension liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	91.24%	81.80%
Employer Contribution Rate									12.93%	12.27%

Note 1: Plan year ending 12/31 of relevant prior year.
Source: Selected information from GASB 68 Disclosure

City of Decatur, Illinois
Police Pension Liability
Most Recent Fiscal Years (in 1,000s)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability	n/a	n/a	n/a	n/a	n/a	n/a	140,208	145,917	150,548	159,530
Fiduciary Net Position	n/a	n/a	n/a	n/a	n/a	n/a	93,595	91,999	98,218	109,207
Fiduciary net position as a % of total pension liability	n/a	n/a	n/a	n/a	n/a	n/a	66.75%	63.05%	65.24%	68.46%
Employer contributions	n/a	n/a	n/a	n/a	n/a	n/a	4,277	4,229	4,213	4,441
Member contributions	n/a	n/a	n/a	n/a	n/a	n/a	1,186	1,240	1,251	1,174
Investment income net of investments expenses	n/a	n/a	n/a	n/a	n/a	n/a	5,790	24	8,168	13,313
Benefit payments	n/a	n/a	n/a	n/a	n/a	n/a	(6,103)	(6,825)	(7,061)	(7,523)
Administrative expenses	n/a	n/a	n/a	n/a	n/a	n/a	(65)	(265)	(352)	(415)
Net change in plan fiduciary net position	n/a	n/a	n/a	n/a	n/a	n/a	5,086	(1,596)	6,219	10,989
Net pension liability	n/a	n/a	n/a	n/a	n/a	n/a	46,613	53,918	52,330	50,323
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	12,228	12,391	11,997	12,421
Net pension liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	381.21%	435.13%	436.20%	405.15%
Annual Required Contributions	n/a	n/a	n/a	n/a	n/a	n/a	4,159	4,026	4,168	4,354
Actual Contribution	n/a	n/a	n/a	n/a	n/a	n/a	4,277	4,229	4,213	4,441
Contribution Deficiency (Excess)	n/a	n/a	n/a	n/a	n/a	n/a	(118)	(203)	(45)	(87)
Actual Contribution as a % of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	34.98%	34.13%	35.12%	35.75%

Note 1: Plan year ending 12/31 of relevant year.

Source: Actuarial report for relevant fiscal year. Selected information from GASB 68 Disclosure

City of Decatur, Illinois
Firefighter Pension Liability
Most Recent Fiscal Years (in 1,000s)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability	n/a	n/a	n/a	n/a	n/a	n/a	127,665	134,896	139,104	141,978
Fiduciary Net Position	n/a	n/a	n/a	n/a	n/a	n/a	70,843	69,122	72,310	79,119
Fiduciary net position as a % of total pension liability	n/a	n/a	n/a	n/a	n/a	n/a	55.49%	51.24%	51.98%	55.73%
Employer contributions	n/a	n/a	n/a	n/a	n/a	n/a	4,233	4,265	5,024	5,143
Member contributions	n/a	n/a	n/a	n/a	n/a	n/a	809	848	834	855
Investment income net of investments expenses	n/a	n/a	n/a	n/a	n/a	n/a	4,672	461	4,989	8,406
Benefit payments	n/a	n/a	n/a	n/a	n/a	n/a	(6,744)	(7,031)	(7,339)	(7,381)
Administrative expenses	n/a	n/a	n/a	n/a	n/a	n/a	(253)	(265)	(319)	(215)
Net change in plan fiduciary net position	n/a	n/a	n/a	n/a	n/a	n/a	2,718	(1,721)	3,188	6,808
Net pension liability	n/a	n/a	n/a	n/a	n/a	n/a	56,821	65,774	66,794	62,860
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	8,251	8,780	8,908	8,733
Net pension liability as a % of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	688.68%	749.17%	749.86%	719.83%
Annual Required Contributions	n/a	n/a	n/a	n/a	n/a	n/a	4,175	4,566	4,875	5,230
Actual Contribution	n/a	n/a	n/a	n/a	n/a	n/a	4,233	4,265	5,024	5,143
Contribution Deficiency (Excess)	n/a	n/a	n/a	n/a	n/a	n/a	(58)	301	(149)	87
Actual Contribution as a % of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	51.30%	48.58%	56.40%	58.90%

Note 1: Plan year ending 12/31 of relevant year.

Source: Actuarial report for relevant fiscal year. Selected information from GASB 68 Disclosure

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.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2017	76,122	26,111	1,987,622	40.0	14,670	5.1%

Note: Fiscal years 2008 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 Regional Office of Education, Millikin University, and Richland Community College. Unemployment rate obtained from U.S. Bureau of Labor Statistics.

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

	<u>December 31, 2017</u>			<u>April 30, 2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Employer						
Archer Daniels Midland Co.	4159	1	8.91%	4000	2	11.38%
Decatur Memorial Hospital	2142	2	4.59%	2266	3	6.45%
Caterpillar, Inc.	1985	3	4.25%	4100	1	11.67%
Decatur Public Schools	1625	4	3.48%	1500	4	4.27%
St. Mary's Hospital	1025	5	2.20%	1100	6	3.13%
Millikin University	615	6	1.32%	600	8	1.71%
The Kelly Group	600	7	1.29%			
Mueller Co., Inc.	600	8	1.29%			
Akorn Incorporated	580	9	1.24%			
Tate & Lyle fka AE Staley Mfg. Co.	580	10	1.24%	800	7	2.28%
Ameren aka Illinois Power Company				1250	5	3.56%
Norfolk Southern Railway				600	9	1.71%
StarTek, Inc.				600	10	1.71%

Source: Economic Development Foundation and Illinois Department of Employment Security

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.

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

Function	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016	2017
Public safety											
Police											
Calls for Service	65,439	63,776	58,443	59,766	58,800	60,729	42,430	58,088	59,072	56,319	57,559
Traffic Citations	14,188	15,689	16,650	13,072	10,530	11,591	8,567	11,870	8,938	8,632	7,835
Parking Tickets	1,225	1,153	1,124	1,015	1,504	1,866	1,306	1,473	892	1,188	1,116
Fire											
Call Outs	8,931	8,790	8,659	9,030	9,320	8,711	5,795	8,712	10,317	11,079	11,336
Inspections	834	1,658	206	1,450	265	789	1,142	1,509	1,262	793	1,294
Public works											
Street Surface Improv (LA MI)	22.5	15.4	37.4	4.6	5.2	16.7	4.1	4.0	3.3	13.9	18.1
Potholes Repaired	16,722	16,589	31,670	22,059	13,579	21,063	12,158	66,091	48,734	43,939	27,781
Pavement markings-paint (LF)	275,461	71,690	53,739	300	652,808	235,822	322,774	280,103	40,321	392,563	3,586
Culture and recreation											
Library Items Loaned	596,504	611,071	638,186	593,111	501,740	487,803	303,323	422,369	376,140	300,646	309,736
Extension (bookmobiles)	57,550	56,269	61,840	0	0	0	0	0	0	0	0
General Government											
Bldg Permits New Home	10	8	20	16	9	8	8	12	11	13	12
Bldg Permits New Home (Value)	\$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	\$2,300,392
Bldg permits All Residential (Value)	\$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	\$7,296,052
Bldg permits All Other (Value)	\$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	\$71,256,635	\$70,854,944
Water											
Water Consumption (CU FT)	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	801,715,332
Metered Services	31,557	31,489	31,466	31,459	31,433	31,410	31,393	31,376	31,418	31,381	31,366
Sediment Dredged (Dry TON)	180,435	302,145	154,713	104,224	412,170	0	0	324,620	2,727,652	3,181,651	2,702,447
Parking											
Tickets Issued Note 1	15,091	15,709	15,310	15,617	15,524	6,984	4,045	7,606	6,127	4,567	4,700
Parking Lot Maintenance (Hours)	1,582	1,538	1,120	1,703	1,210	940	688	1,415	425	522	200
Mass Transit											
Buses & Trolleys (Ridership)	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	1,159,686
Paratransit Vans/Taxis	34,068	34,142	32,270	27,496	27,432	35,234	24,398	35,947	32,537	34,260	24,135
Waste removal											
Recycling (Pounds)	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	8,880,000
Sewer											
Sanitary Sewer Televised (LF)	250,000	469,923	150,000	225,000	330,000	211,266	176,783	304,500	286,388	287,572	241,700

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 2008 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: City of Decatur Records

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

Function	Fiscal Year										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety											
Police											
Patrol Units	38	37	41	54	45	53	45	44	38	38	42
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Public works											
Bridges	17	17	18	18	18	19	19	19	19	19	19
Sidewalks (ft)	536,944	536,944	536,944	536,944	536,944	544,144	548,044	544,144	544,144	544,144	550,044
Streets (sq yd)	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	1,579,506
Storm Sewers (ft)	284,203	288,204	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	0
Water											
Water Mains (miles)	527	527	527	527	527	527	527	531	531	531	532
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	32	23	23	23	22	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	396,189	396,189	396,189	396,189

Note: Fiscal years 2008 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										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013 Stub</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function											
General government	87	51	47	46	48	50	48	47	48	48	50
Public safety											
Police											
Officers	160	175	165	161	163	164	158	151	160	158	148
Civilians	23	24	25	25	29	31	28	29	32	28	30
Fire											
Firefighters and officers	114	117	116	115	111	116	110	106	110	109	108
Civilians	2	2	2	2	2	2	1	1	1	1	1
Public works	83	80	71	70	73	71	68	65	65	66	67
Development Service		33	28	28	29	24	21	19	20	18	19
Water	<u>51</u>	<u>52</u>	<u>46</u>	<u>47</u>	<u>43</u>	<u>42</u>	<u>38</u>	<u>43</u>	<u>45</u>	<u>45</u>	<u>41</u>
Civil City full time head count	<u>520</u>	<u>534</u>	<u>500</u>	<u>494</u>	<u>498</u>	<u>500</u>	<u>472</u>	<u>461</u>	<u>481</u>	<u>473</u>	<u>464</u>
Additional Full Time Staff											
Library	46	48	39	34	36	36	29	28	27	24	27
Full Time Equivalent of Temporary Staff											
General government	2	1	1					1	1	1	1
Library	14	14	13	13	13	14	13	11	11	8	8
Water	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>5</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>
Total full time equivalent employees	<u>20</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>18</u>	<u>15</u>	<u>15</u>	<u>12</u>	<u>13</u>
Total Full-time Equivalent	<u>586</u>	<u>601</u>	<u>556</u>	<u>545</u>	<u>551</u>	<u>553</u>	<u>519</u>	<u>504</u>	<u>523</u>	<u>509</u>	<u>504</u>

Source: City of Decatur Records.

Note 1: Fiscal years 2008 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
Insurance Coverage
Coverage Effective October 1, 2017 to October 1, 2018

	Limit Type	\$ Limit	Basis	Deductible SIR	Maintenance Deductible	Annual Premium
Commercial Package Property & Liability						\$ 257,312
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						\$ 71,000
Property & automobile phys damage	Limit	\$ 219,969,313		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	\$ 23,415,525				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
Insurance Coverage
Coverage Effective October 1, 2017 to October 1, 2018

	Limit Type	\$ Limit	Basis	Deductible SIR	Maintenance Deductible	Annual Premium
Equipment Breakdown						
Blanket	Limit	\$ 100,000,000		5,000		\$ 5,861 included above
Additional coverage						
Ammonia contamination		\$ 1,000,000				included above
Expediting 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
Fungus pollutant clean-up removal		\$ 50,000				included above
Pair and Set		\$ 50,000				included above
Preparation of loss fees		\$ 50,000				included above
Off premises property damage		\$ 1,000,000				included above
Unintentional error & omissions		\$ 100,000				included above
Pollutant Clean Up or Removal		\$ 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
Crime						
EE theft	Limit	\$ 500,000	per loss coverage	5,000		\$ 3,029 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
Computer 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
Impersonation Fraud coverage	Limit	\$ 100,000	single loss	25,000		included above
Credit Debit or Charge Card Forgery	Limit	\$ 500,000	single loss	5,000		included above
Faithful Performance of Duty	Limit	\$ 500,000	single loss	5,000		included above
Cyber Liability						
Privacy liability	Limit	\$ 1,000,000	each claim / aggregate	25,000		\$ 11,523 included above
Breach response service	Limit	\$ 1,000,000	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 interruption	Limit	\$ 500,000	each claim / aggregate	25,000		included above
Aggregate limit for all coverage	Limit	\$ 1,000,000				included above
Excess Workers Compensation						
Workers compensation	Limit	\$ 50,000,000	per occurrence	500,000		\$ 652,429 included above
Employer liability	Limit	\$ 1,000,000	per occurrence	500,000		included above
Broker Fee						
Arthur J Gallagher						\$ 62,000

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, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Direct Programs				
Community Development Block Grants/Entitlement Grants*	14.218	B-14-MC-17-0008	\$ -	\$ 167,753
	14.218	B-15-MC-17-0008	-	599,075
	14.218	B-16-MC-17-0008	-	401,601
	14.218	B-17-MC-17-0008	-	464,981
Subtotal Community Development Block Grants/Entitlement Grants			-	1,633,410
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14.239	M-12-MC-17-0203	-	14,195
	14.239	M-13-MC-17-0203	-	15,367
	14.239	M-14-MC-17-0203	-	172,132
	14.239	M-15-MC-17-0203	-	224,444
	14.239	M-16-MC-17-0203	-	135,205
Subtotal HOME Investment Partnerships Program in Affordable Grants/ Entitlement Grants			-	561,343
Total Department of Housing and Urban Development			-	2,194,753
Department of Justice				
Direct Programs				
JAG Grant	16.738	2016-DJ-BX-0285	-	30,236
BulletProof Vest Partnership Program	16.607	1121-0235 - 2015	-	1,892
Total Department of Justice			-	32,128
Department of Transportation				
Passed-Through Illinois Department of Transportation				
IL Highway Planning	20.205	SPR-PL-3000(73)	-	79,719
IL Highway Planning	20.205	702202	-	12,038
IL Highway Planning	20.205	18T0015	-	104,253
Subtotal Highway Planning and Construction Cluster			-	196,010
STEP Grant	20.600	AP-17-0175	-	51,898
STEP Grant	20.600	AP-18-0120	-	13,192
Subtotal Highway Safety Cluster			-	65,090
Technical Studies Guide	20.505	IL-80-0017	-	22,123
Subtotal Passed-Through Illinois Department of Transportation			-	283,223

* Denotes a major program.

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Direct Programs				
Federal Transit Formula Grants*	20.507	IL-90-X760-00	\$ -	\$ 39,692
Federal Transit Formula Grants*	20.507	IL-90-X700-00	-	49,781
Federal Transit Formula Grants*	20.507	IL-2017-029-00	-	1,612,548
Subtotal Federal Transit Formula Grants			-	1,702,021
Total Department of Transportation			-	1,985,244
Environmental Protection Agency				
Passed-Through the Illinois Environmental Protection Agency:				
Clean Water Revolving Fund	66.458	L17-5315	-	104,903
Total Environmental Protection Agency			-	104,903
Total Expenditures of Federal Awards			\$ -	\$ 4,317,028

* Denotes a major program.

CITY OF DECATUR, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2017

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, 2017. 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.

**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**

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, 2017, and the related notes to the financial statements, which collectively comprise City of Decatur, Illinois' basic financial statements, and have issued our report thereon dated June 8, 2018. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Decatur, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Decatur, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Decatur, Illinois' 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 a material weakness (Finding 2017-001).

Compliance and Other Matters

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

City of Decatur, Illinois' 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' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Champaign, Illinois
June 8, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Council
City of Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited City of Decatur, Illinois' 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' major federal programs for the year ended December 31, 2017. City of Decatur, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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' 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' 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' 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, 2017.

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' 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' 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item Findings 2017-002 that we consider to be a significant deficiency.

The City of Decatur, Illinois' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Decatur, Illinois' 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

Champaign, Illinois
June 8, 2018

**CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)

14.218

20.507

Name of Federal Program or Cluster

Community Development Block Grants/
Entitlement Grants

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, 2017**

Section II – Financial Statement Findings

FINDING 2017 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: We noted a material invoice for services to be provided during the first quarter of 2018 was expensed in 2017 and included in Accounts Payable as of December 31, 2017.

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).

Effect: Accounts payable and expenses were overstated as of December 31, 2017.

Cause: The invoice was accrued in error due to it being dated in December 2017.

Recommendation: The City should closely review its liability accounts to ensure proper recording of payables and expenses in accordance with GAAP.

Views of responsible officials and planned corrective actions: 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, 2017**

Section III – Findings and Questioned Costs – Major Federal Programs

FINIDNG 2017 – 002

Federal agency: U.S. Department of Transportation

Federal program title: Federal Transit Formula Grants

CFDA Number: 20.507

Pass-Through Numbers: IL-90-X760-00 and IL-2017-029-00

Award Period: 2017

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Federal guidelines require progress reports (MPR) and federal financial reports (FFR) to be submitted on a quarterly basis. Proper internal controls require a review process over the reports to ensure accuracy and timeliness.

Condition: Quarterly reports are prepared and submitted by the same individual without review prior to submission.

Questioned costs: None

Context: Quarterly reports filed in fiscal year 2017 had no documented review completed prior to submission.

Cause: The City put a policy into place effective December 2017 for a City official to review information prior to submission to the granting agency. Since the policy was not effective until December 2017, the previous quarterly filings were not reviewed.

Effect: A lack of internal control over reporting can lead to expenses reported incorrectly and lack of timely reporting.

Repeat Finding: Prior year finding 2016-002

Recommendation: We recommend implementing the new policy to ensure all reports are properly reviewed for accuracy and timeliness.

Views of responsible officials: 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 OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

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

Expected Completion: City of Decatur Policy Number B-700, Transit Grant Reporting Financial Review, was implemented December 1, 2017. This policy defines the procedure for financial review of state and federal grant reports.



First Home of the Chicago Bears

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

Decatur, Illinois Home to:

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



Madden Arts Center



Overlook Adventure Park

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



City of Decatur, Illinois

Contact Information:

Office of the City Manager

217-424-2801

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217-424-2702

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Decatur, IL 62523

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