

**CITY OF DECATUR
MACON COUNTY, ILLINOIS
\$6,275,000 General Obligation Refunding Bonds, Series 2017**

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STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

GENERAL AND PRELIMINARY CERTIFICATE

We, the undersigned, do hereby certify that we are the officers of the City of Decatur, Macon County, Illinois (the "*City*"), whose names and offices are, respectively, as follows:

<u>NAME OF OFFICER</u>	<u>OFFICE HELD</u>
Julie Moore-Wolfe	Mayor
Debra G. Bright	City Clerk
Gregg D. Zientara	City Treasurer

As such officials we do further certify as follows:

PART A. ORGANIZATION, INCUMBENCY, GENERAL INFORMATION

1. The City was organized and incorporated on or about the year 1836, under and pursuant to the provisions of a special charter granted by the State of Illinois. Since said date of incorporation, and except as hereinafter expressly noted, the City has continuously operated pursuant to and in accordance with the provisions of the general laws of the State of Illinois, and its governing body consists of a Council (the "*Corporate Authorities*") who are hereinafter specifically named. Since said date of organization, except as hereinafter expressly noted, the City has never changed its form of government, and the City is presently operated in accordance with and pursuant to the provisions of the Illinois Municipal Code, and all acts amendatory thereof and supplementary thereto (the "*Code*") and pursuant to Section 6 of Article VII of the Illinois Constitution, granting powers to home rule units; and, in the event of conflict between the provisions of the Code and home rule powers, the home rule powers shall be deemed to supersede the provisions of the Code.

2. The City has a population as estimated and shown on Schedule A to this certificate, attached hereto and incorporated herein at all places where referred to by this reference (*"Schedule A"*).

3. The City is wholly located in The County of Macon, Illinois. The Election Authority in Macon County is the Macon County Clerk.

4. Due to its population the City is a *"home rule unit"* pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, and no petition asking or proceeding providing that a referendum concerning the status of the City as a home rule unit be submitted to the voters of the City has ever been filed.

5. The City has not adopted and is not now operating under the provisions of Article 4 of the Code providing for *"The Commission Form of Municipal Government"*; has adopted and is now operating under the provisions of Article 5 of the Code providing for *"The Managerial Form of Municipal Government"*; and has not adopted and is not now operating under the provisions of Articles 6, 14 and 18 of the Election Code providing for and being known as *"The City Election Law."*

6. The *Decatur Herald-Review* is a local, community newspaper published in and having a general circulation within the City.

7. The present governing body of the City is composed of a duly qualified and elected Mayor and six Council Members, and additional officers include a City Clerk, a City Manager, a City Treasurer and a Corporation Counsel, all of whose names and terms are as shown on Schedule A.

8. All of said officers of the City as hereinabove described have been duly elected and qualified for their respective offices since at least October 1, 2017, and all of said officers are now in lawful incumbency of their respective offices and, provided there

are no vacancies created by resignation or otherwise, will constitute the duly elected and qualified officials of the City until at least May, 2019.

9. Changes in the boundaries of the City since October 20, 2016, which have involved parcels of land either larger than 25 acres or of an equalized assessed value greater than \$1,000,000 are shown on Schedule A. No petition has been filed or is now pending praying the disconnection of any territory from the present corporate limits of the City.

10. The regular meetings of the Corporate Authorities are held on the days and dates and at the location ("*City Hall*") and address as shown on Schedule A, which address is properly located within the City. The Corporate Authorities have given public notice of the schedule of regular meetings, stating the regular dates, times, and places of said meetings for the current year, by posting a copy of said public notice at City Hall, which is the principal office of the Corporate Authorities, on or before the beginning of the current calendar or applicable fiscal year of the City, and by supplying copies of said public notice on or before the last mentioned date to all of the local newspapers, radio or television stations, and other news media that have filed a request for such notice, as hereinafter named; and the Corporate Authorities have made said schedule available to the public.

11. All of the newspapers, radio or television stations and other news media that have filed a request for notice of the meetings of the Corporate Authorities pursuant to the Open Meetings Act of the State of Illinois, as amended, are as shown on Schedule A.

12. There is not now pending or threatened any litigation affecting or questioning in any manner whatsoever the corporate organization or existence of the City, its boundaries, the right or title of any of its officials, as hereinabove described, to their respective terms of office, the right of the City to levy taxes for corporate purposes,

to issue general obligation bonds in the exercise of its home rule powers, or to issue debt instruments of any kind.

13. The City has no procedural ordinance, resolution, rule, bylaw, custom or standing order, whether incorporated into the City Code or otherwise, which alters or amends the provisions of the Code insofar as such pertain to any of the following:

- (a) the calling and holding of meetings of the Corporate Authorities;
- (b) the introduction and adoption of ordinances or resolutions; or
- (c) the issuance of bonds of the City as general obligations;

except as follows:

On the 25th day of February, 1982, the Corporate Authorities did adopt an ordinance determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing bonds to evidence such indebtedness and directing the levying of taxes, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

14. The Corporate Authorities do not require the laying over of ordinances or resolutions.

15. Ordinances making appropriations of the City are customarily published in pamphlet form by authority of the Corporate Authorities and are immediately in full force and effect upon such publication.

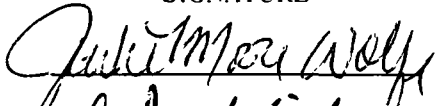
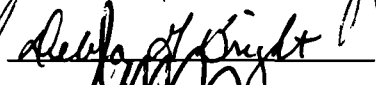
PART B. OUTSTANDING INDEBTEDNESS FROM TAXES

The total outstanding indebtedness of the City, howsoever evidenced or incurred, does not exceed the amount as shown on Schedule B to this certificate, attached hereto and incorporated herein at all places where referred to by this reference ("*Schedule B*").

WITNESS

In witness whereof we have hereunto affixed our official signatures and the seal of the City, this 13th day of December, 2017, as appearing below.

NAME	OFFICE
Julie Moore-Wolfe	Mayor
Debra G. Bright	City Clerk
Gregg D. Zientara	City Treasurer

SIGNATURE




[SEAL]

**SCHEDULE A
TO
GENERAL AND PRELIMINARY CERTIFICATE**

INFORMATION AND INCUMBENCY

RESPONSIVE TO PARAGRAPH 2:

1. Population: 76,122 (2010 Census)

RESPONSIVE TO PARAGRAPH 7:

<u>OFFICE</u>	<u>INCUMBENT</u>	<u>TERM</u>	
		<u>BEGAN</u>	<u>ENDS</u>
Mayor	Julie Moore-Wolfe	2017	2021
Council Member	Chuck Kuhle	2017	2021
Council Member	David Horn	2017	2021
Council Member	Lisa Gregory	2015	2019
Council Member	Bill Faber	2015	2019
Council Member	Dana M. Ray	2015	2019
Council Member	Pat McDaniel	2017	2021
City Manager	Tim Gleason	At will	
City Clerk	Debra G. Bright		
City Treasurer	Gregg D. Zientara		
Corporation Counsel	Wendy L. Morthland	At will	

RESPONSIVE TO PARAGRAPH 9:

All such annexations are enumerated as follows or, if none, then the word “none” has been entered:

None

RESPONSIVE TO PARAGRAPH 10:

Regular meetings:	Held on:	The first, third and any fifth Monday of each month.
	At time:	5:30 p.m.
	Held at:	City Council Chambers Decatur Civic Center One Gary K. Anderson Plaza Decatur, Illinois

RESPONSIVE TO PARAGRAPH 11:

Media requesting: *Decatur Tribune, Decatur Herald & Review*

SCHEDULE B
TO
GENERAL AND PRELIMINARY CERTIFICATE

OUTSTANDING DEBT

See “DEBT STRUCTURE” set forth in the Preliminary Official Statement, dated December 5, 2017.

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATE OF CORPORATION COUNSEL REGARDING CITY CODE

I, Wendy L. Morthland, do hereby certify that I am the Corporation Counsel for the City of Decatur, Macon County, Illinois (the “City”). I do further certify that I have reviewed the Code of Ordinances of the City, the journal of proceedings, books, records, minutes and files of the City and of the Council (the “*Corporate Authorities*”) of the City and that, from such review, I am of the opinion that:

1. The Corporate Authorities have taken no action to modify the provisions of the Illinois Municipal Code, as amended, with respect to the calling, holding, or giving of notice of regular or special meetings.

2. The Corporate Authorities have taken no action to modify the provisions of said Illinois Municipal Code with respect to the introduction and passage of resolutions or ordinances.

3. The Corporate Authorities do not require the laying over of resolutions or ordinances.

4. The Corporate authorities exercise their power to issue general obligation bonds pursuant to the following procedural ordinances, resolutions or rules:

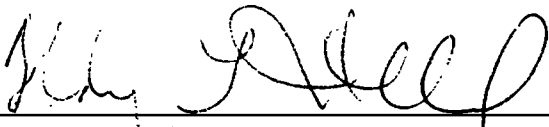
On the 25th day of February, 1982, the Council did adopt an ordinance determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing bonds to evidence such indebtedness and directing the levying of taxes, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

5. Except as set forth in Paragraph 4 above, the Corporate Authorities have taken no action to modify or restrict the powers of the City as a home rule unit with respect to the issuance of general obligation bonds or the levy of unlimited ad valorem taxes in connection therewith.

IN WITNESS WHEREOF I have hereunto affixed my official signature, this 13th day of
December, 2017.



Wendy L. Morthland, Esq.
Corporation Counsel

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATE RE PROCEDURES

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Decatur, Macon County, Illinois (the "*City*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the City and of the Council (the "*Corporate Authorities*") thereof.

I do further certify that attached hereto is a true, correct and complete copy of all the ordinances, code provisions or Ordinances, codified as the "*Decatur City Code*," pertaining to the procedures to be followed in the holding of meetings of the Corporate Authorities.

I do further certify that the City has no ordinance, resolution, code provision, standing rule of procedure or regulation relating to the issuance of general obligation bonds without referendum, except as follows:

On the 25th day of February, 1982, the Corporate Authorities did adopt an ordinance determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing bonds to evidence such indebtedness and directing the levying of taxes, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

All as appears from the books and records in my custody.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the
City, this 13th day of December, 2017.



City Clerk

[SEAL]

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing non-referendum bonds to evidence such indebtedness and authorizing and directing the levying of a tax, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

WHEREAS, Section 6(a) of Article VII of the 1970 Constitution of Illinois provides that "any municipality which has a population of more than 25,000 (is) a Home Rule Unit." The City of Decatur, Macon County, Illinois, with a population in excess of 25,000 is therefore a Home Rule Unit and may, under the power granted by Section 6(a) of Article VII exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS, Sections 6(d) and 6(k) of Article VII of the 1970 Constitution of Illinois grant constitutional authority for the City of Decatur to incur debt payable from ad valorem property tax receipts maturing within 40 years from the time it is incurred and without prior referendum approval; and

WHEREAS, the establishment of basic procedures for incurring municipal debt and issuing bonds payable from ad valorem property tax receipts is both necessary and desirable to provide clarity in law and direction for subsequent action:

NOW, THEREFORE, Be It Ordained by the Council of the City of Decatur, Macon County, Illinois, as follows:

Section 1. The City of Decatur, Macon County, Illinois, acting by its Council, may, from time to time, borrow money for proper public purposes and in evidence of such borrowing, issue its full faith and credit bonds (general obligation) payable from ad valorem taxes to be levied without limitation as to rate or amount, against all taxable property situated within the City. Such bonds may be issued without the submission of the question of their issuance to the electors of the City for their approval and the procedures for the issuance of such bonds shall be substantially as herein provided.

Section 2. The Council of the City of Decatur shall adopt an ordinance (hereinafter designated the "Bond Ordinance") describing the public purpose or purposes to be served by such borrowing and in such Bond Ordinance shall make a finding and determination that such borrowing of money is necessary for the welfare of the government and affairs of the City, is a proper public purpose or purposes and is in the public interest, which finding and determination shall be deemed conclusive.

Section 3. The Bond Ordinance shall indicate the amount of money necessary to be borrowed, the amount of bonds to be issued in evidence thereof, shall fix the details of such bonds, including their date, number, denomination and maturity, which shall not exceed forty (40) years from the date of said bonds, and their rate of interest. The bonds shall be sold in such manner and at such price as may be determined by the Council.

A contract for the sale of such bonds may be entered into prior to the adoption of the Bond Ordinance or the Bond Ordinance may provide for the subsequent sale of the bonds therein authorized. In the event of such subsequent sale and if the bonds bear interest at a rate or rates less than that authorized in such Bond Ordinance, prior to the delivery of such bonds the taxes levied in such Bond Ordinance shall be abated by that amount representing the savings resulting from the sale of such bonds at a lower rate of interest than authorized in such Bond Ordinance.

Section 4. The Bond Ordinance shall authorize the execution of the bonds therein authorized on behalf of the City of Decatur by the manual or facsimile signatures of the Mayor and the Clerk of said City, shall require the seal of the City, or a facsimile thereof, to be affixed to such bonds, shall determine whether such bonds to be issued shall be registered in the name of the owner as to principal only or whether the same shall be fully registered as to both principal and interest, shall indicate the place or places of payment of the principal and interest maturing on said bonds and shall set forth the form of bond.

Section 5. The Bond Ordinance shall make provision for the payment of such bonds, both principal thereof and interest thereon until maturity, by the levy of a direct annual tax upon all the taxable property within the City of Decatur sufficient for such purpose. A copy of such Bond Ordinance, as adopted, certified to by the City Clerk, shall be filed in the offices of the County Clerk of

the County or Counties within which any part of the City of Decatur may be situated. Such Bond Ordinance, as so filed, shall constitute the authority for the County Clerk or County Clerks in and for each of the years for which taxes are levied in said Bond Ordinance, to extend such taxes for collection against all the taxable property situated within the City of Decatur. The taxes so levied for the payment of principal of and interest on the bonds shall be extended annually by the several County Clerks without limitation as to rate or amount and such taxes shall be in addition to and in excess of all other taxes levied or authorized to be levied by the City of Decatur. Except as provided herein, such taxes so levied shall not be subject to repeal or abatement in any manner whatsoever until such time as all the bonds authorized under the terms of said Bond Ordinance and issued shall have been paid in full, both principal thereof and interest thereon, up to and including the date of maturity, provided, however, that if the City of Decatur has funds available, it may appropriate same and order their deposit in trust with the paying agent for the purpose of the payment of any of the maturities of bonds or interest thereon, in which event the taxes so levied to pay such principal or interest may be abated by the amount so deposited, such abatement to be by ordinance adopted by the Council of the City of Decatur and placed on file with the respective County Clerks.

Section 6. The provisions of any Bond Ordinance shall constitute an appropriation of the amounts required as therein referred to and described and upon the delivery of the bonds therein

authorized, the proceeds thereof shall be used solely and only for the purpose or purposes for which the bonds were authorized.

Upon the adoption of any Bond Ordinance by the City of Decatur and its being signed by the Mayor or any two Councilmen, the same shall be published in such manner and form as the Council may direct.

Section 7. Any bonds authorized and issued pursuant to the provisions of any Bond Ordinance adopted pursuant to the provisions hereof and also any bonds issued and outstanding, which by their terms are payable from taxes unlimited as to rate or amount and levied against all the taxable property within the City of Decatur, may be refunded prior to their maturity or at their maturity, and including the refunding of matured interest coupons evidencing interest upon such unpaid bonds. Such refunding shall be by the issuance of refunding bonds to be authorized by a Refunding Bond Ordinance which shall be adopted in the manner and subject to the terms, conditions and provisions as herein required for the issuance of bonds for public purposes. Any such refunding shall be issued on the basis of an exchange of par for par for bonds and matured interest coupons to be refunded, or such refunding bonds shall be sold and the proceeds thereof be used for the purpose of paying or providing for the payment of maturing principal and matured interest coupons on such outstanding bonds as they become due.

Section 8. Pursuant to the authority granted by Section 6 of Article VII of the Constitution of Illinois 1970, the procedures hereby established for the issuance of full faith and credit bonds

(general obligation) as herein provided for, shall be controlling and shall be complied with by the City of Decatur in the borrowing of money through the issuance of general obligation bonds of the City notwithstanding anything to the contrary contained in the provisions of the "Illinois Municipal Code" and all acts amendatory thereof and supplementary thereto and any other law or laws of the State of Illinois.

Section 9. That all ordinances, in particular Ordinance No. 6048 adopted March 10, 1975, resolutions, orders or parts thereof in conflict with the provisions of this ordinance to the extent of such conflict, be and the same are hereby repealed.

Section 10. That this ordinance shall be in full force and effect immediately upon its passage.

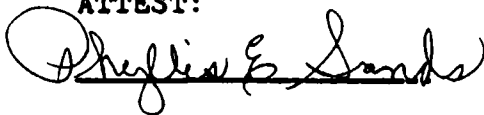
PRESENTED, PASSED, APPROVED and RECORDED this 25th day of February, 1982.

SIGNED:



Mayor

ATTEST:



Phyllis E. Sands

STATE OF ILLINOIS)
)
COUNTY OF MACON) SS.
)
CITY OF DECATUR)

I, PHYLLIS E. SANDS, City Clerk of the City of Decatur, Illinois, DO HEREBY CERTIFY that the foregoing ordinance is a true and correct copy of an ordinance adopted and passed by the Council of the City of Decatur, Illinois, at a regular meeting of said Council held on the 25th day of February, 19 82, and that the same was signed and approved by the Mayor of said City on the 25th day of February, 19 82.

I DO FURTHER CERTIFY that the original of which the foregoing is a true and correct copy is entrusted to me as Clerk of said City for my safekeeping, and that I am the lawful keeper and custodian of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said corporation this 10th day of December, 19 87.

CITY CLERK OF DECATUR, ILLINOIS

(SEAL)

CHAPTER 06

CITY COUNCIL

1. **MEMBERSHIP.** The City Council shall consist of the Mayor and six Councilmen each elected for a term of four years and until their respective successors are elected and qualified, which said term shall commence upon their respective inaugurations at the first regular or special meeting of the Council in the month of May next following the regular municipal election at which such officers were elected.

2. **MEETINGS.** Regular meetings of the Council shall be held on the first, third and any fifth Monday of each month, at the hour of 5:30 P.M. in the Council Chambers in Decatur, Illinois, located on the third floor of the Decatur Civic Center, said Civic Center being located at One Gary K. Anderson Plaza, Decatur, Illinois; provided that, if any regular meeting shall fall upon a holiday, then such meeting shall be held upon the first business day following.

(Amended, Ordinance No. 2002-83, September 16, 2002)

(Amended, Ordinance No. 2000-29, May 1, 2000)

(Amended, Ordinance No. 94-54, July 18, 1994)

3. **SPECIAL MEETINGS.** Special meetings may be called by the Mayor or any two Councilmen upon twenty-four hours notice to every member of the Council; provided that, the requirement of a notice shall not be binding in any special meeting at which all of the members of the Council are present as provided by Statute.

Such notice may be served by any person in the City, and it shall be the duty of the City Clerk, when given copies of such notice, to serve the same or cause the same to be served immediately.

(Amended, Ordinance No. 90-35, March 19, 1990)

Revised 01/2016

Chapter 06

4. **PRESIDING OFFICER.** The Mayor shall preside at all regular and special meetings of the City Council; provided that, in the absence of the Mayor, the Mayor Pro Tem shall preside. The Mayor Pro Tem shall be selected by the City Council by ordinance.

5. **ORDER OF BUSINESS.** The following shall be the Order of Business for the regular meetings of the Council:

- (a) Call to Order
- (b) Roll Call
- (c) Appearance of Citizens
- (d) Minutes of Previous Meetings
- (e) Unfinished Business
- (f) New Business
- (g) Other Business
- (h) Adjournment

The order of business may be changed or varied upon the vote of a majority of the Councilmen present. (Amended, Ordinance 2016-01, January 19, 2016, Amended, Ordinance 2009-39, May 18, 2009)

6. **EXECUTIVE SESSION CONFIDENTIALITY.** Any subject matter committed to executive session shall be confidential. No public disclosure of the corporate authority's discussions held or any decisions made in executive session shall be made until the matter is made public by announcement, publication or official action by or at the direction of the corporate authorities or the City Manager. (Amended, Ordinance 2014-02, January 21, 2014)

7. **ADDRESSING MEETING.** It shall be unlawful for any person other than the City Manager to address or attempt to address any regular or special meeting of the Council except with the consent of a majority of the Councilmen present.

8. **DISTURBING MEETING.** It shall be unlawful to disturb or interrupt any regular or special meeting of the Council. Any person violating any provision of this section shall be fined not less than Two Hundred Fifty Dollars (\$250.00) nor more than Five Hundred Dollars (\$500.00) for each offense, and may be summarily ejected from the Council Room and the premises where it is situated. (Amended, Ordinance No. 2011-66, October 31, 2011)

9. **QUORUM.** Four (4) members of the Council shall constitute a quorum.

10. **VOTING.** The affirmative vote of four (4) members of the Council is required to adopt a resolution or to pass an ordinance unless a greater number is otherwise required by an applicable ordinance. The affirmative vote of five (5) members of the Council is required to adopt a resolution or pass an ordinance which:

- (a) Makes an emergency appropriation;
- (b) Grants a zoning variance not approved by the Zoning Board of Appeals;
- (c) Amends the Zoning Ordinance or a zoning district where there is on file a protest conforming with the applicable provisions of the Municipal Code;
- (d) Authorizes a contract pertaining to a public improvement involving an outlay of Twenty Thousand Dollars (\$20,000) or more without bidding; or,
- (e) Reverses a decision of the Electrical Commission which revoked or suspended a license.

(Amended, Ordinance No. 93-01, January 4, 1993); (Amended, Ordinance No. 2012-54)

Chapter 06

11. **MAYOR PRO TEM.** That, in addition to the authority and duty to preside at meetings of the Council in the absence of the Mayor therefrom, if a temporary absence or disability of the Mayor incapacitates him from the performance of his duties but does not create a vacancy in such office, then the Mayor Pro Tem, during such absence or disability, shall perform the duties and possess all the rights and powers of the Mayor.

12. **ABSENCE OF MAYOR AND MAYOR PRO TEM.** That, if temporary absence or disability of both the Mayor and the Mayor Pro Tem incapacitates each of them from the performance of the duties of the Mayor but does not create a vacancy in such offices, then the City Manager, during such absences or disabilities shall perform the duties and possess all the rights and powers of the Mayor, except that said City Manager shall exercise no legislative power or duties, and the Council shall by majority vote of those present thereat designate some member to preside at any Council meeting.

13. **SUBMITTING ITEMS TO COUNCIL.** Ordinances, resolutions and motions put before the Council shall be in writing, and a copy of each ordinance and each resolution shall be given each Council member called upon to vote thereon before the vote is taken. Ordinances and resolutions shall be put before the Council by the announcement of the title thereof by the City Clerk. Only upon the express request of a Council member shall the full text of an ordinance or resolution be read aloud.

14. **SALARIES.** For those Council members whose terms begin on or after May 1, 2001, the annual salary shall be: Mayor: \$8,000.00; City Councilman: \$4,000.00.

(Amended, Ordinance No. 2000-07, February 21, 2000)

15. **RESPONSIBLE BIDDER** (Repealed, Ordinance No. 2009-58, August 17, 2009)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), that s/he is a duly elected or appointed and acting official of the City of Decatur, Macon County, Illinois (the "*Issuer*") authorized to execute and deliver this certificate and further certifies on behalf of the Issuer to the Underwriter as follows:

(1) This certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*") in connection with the offering and sale of the Issuer's General Obligation Refunding Bonds, Series 2017 (the "*Bonds*").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds (the "*Preliminary Official Statement*").

(3) The information contained in the Preliminary Official Statement is hereby deemed final within the meaning of the Rule as of this date, except for the information permitted to be omitted from the Preliminary Official Statement pursuant to paragraph (b)(1) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of December, 2017.

CITY OF DECATUR, MACON COUNTY, ILLINOIS

By: Gregg D. Zientara

Title: City Treasurer & Director of Finance

**CITY OF DECATUR, MACON COUNTY, ILLINOIS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

BOND PURCHASE AGREEMENT

December 13, 2017

City of Decatur
c/o Mr. Gregg D. Zientara
Director of Finance
1 Gary K Anderson Plaza
Decatur, Illinois 62523

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc., Chicago, Illinois (the "*Purchaser*"), offers to purchase from the City of Decatur, Macon County, Illinois (the "*City*"), all (but not less than all) of the \$6,275,000 General Obligation Refunding Bonds, Series 2017, of the City (the "*Bonds*"). This offer is made subject to the City's acceptance of this Bond Purchase Agreement (this "*Agreement*") on or before 11:59 a.m., Central Standard Time, on the date hereof. Upon the City's acceptance of this offer, it will be binding upon the City and upon the Purchaser.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell and deliver to the Purchaser, the Bonds. *Exhibit A*, which is incorporated by reference into this Agreement, contains a brief description of the Bonds, the manner of their issuance, the purchase price to be paid and the date of delivery and payment therefor (the "*Closing*").

2. (a) Concurrently with the execution hereof, the City will approve an Official Statement (the "*Official Statement*") in substantially the form of the Preliminary Official Statement of the City, dated December 5, 2017, relating to the Bonds (the "*Preliminary Official Statement*") with such changes from the Preliminary Official Statement as the Purchaser and the City shall approve, and will deliver a bond ordinance adopted by the City Council of the City on the 16th day of October, 2017 (the "*Bond Ordinance*"), and a related notification of sale, dated the date hereof (the "*Notification of Sale*"), satisfactory in form and substance to the Purchaser. The Purchaser is authorized by the City to use these documents and the information contained in them in connection with the public offering and sale of the Bonds. The City has heretofore deemed the Preliminary Official Statement to be "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934, as amended ("*Rule 15c2-12*"). The City hereby agrees to provide to the Purchaser within seven business days of the date hereof sufficient copies of the Official Statement to enable the Purchaser to comply with the

requirements of paragraph (b)(4) of Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board.

(b) The City hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "*Undertaking*") to provide ongoing disclosure about the City, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Purchaser. Except as noted in the Official Statement, there have been no instances in the previous five years in which the City has failed to comply, in all material respects, with each and every undertaking previously entered into by it pursuant to Rule 15c2-12.

3. The City represents and covenants to the Purchaser that:

(a) the City has and will have at the Closing the power and authority to enter into and perform this Agreement, to adopt the Bond Ordinance, to refund the Refunded Bonds (as such term is defined in the Bond Ordinance) and to deliver and sell the Bonds to the Purchaser;

(b) this Agreement and the Bonds do not and will not conflict with or create a breach or default under any existing law, regulation, order or agreement to which the City is subject or by which it is bound;

(c) no governmental approval or authorization other than the Bond Ordinance is required in connection with the sale of the Bonds to the Purchaser;

(d) this Agreement is, and this Agreement and the Bonds will be at the time of the Closing, the legal, valid and binding obligation of the City enforceable in accordance with their respective terms, subject only to applicable bankruptcy, insolvency or other similar laws generally affecting creditors' rights and subject to the exercise of judicial discretion;

(e) the information in the Preliminary Official Statement (except as changed by the Official Statement) was, and in the Official Statement is, true and correct in all material respects and did not and does not omit any statement or information required to be stated therein or which is necessary to make the statements and information contained therein not misleading in any material respect;

(f) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the City, threatened against or affecting the City in any material respect or affecting the corporate existence of the City, the titles of its officers to their respective offices or the boundaries of the City, or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or in any way contesting or affecting the transactions contemplated hereby or the validity or enforceability of the Bonds, the Bond Ordinance, the Refunded Bonds or this Agreement or contesting in any way the completeness or accuracy of the

Preliminary Official Statement or the Official Statement, or contesting the powers of the City or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and the delivery of this Agreement;

(g) the City is not in breach of or in default under any existing law, court or administrative regulation, decree or order, ordinance, resolution, agreement, indenture, mortgage, lease, sublease or other instrument to which the City is a party or by which the City or its property is or may be bound, and no event has occurred or is continuing that, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case, in any manner or to any extent that could have a material adverse effect on the financial condition of the City, the operations of the City or the transactions contemplated by this Agreement and the Official Statement, or have an adverse effect on the validity or enforceability in accordance with the respective terms of the Bonds, the Refunded Bonds or the Bond Ordinance or in any way adversely affect the existence or powers of the City or the excludability from gross income for federal income tax purposes of interest on the Bonds;

(h) the City's audited general purpose financial statements as of and for the fiscal year ended December 31, 2016, are a fair presentation of the financial position of the City as of the date indicated and the results of its operations and changes in its fund balances for the periods specified. Since December 31, 2016, there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in the audited financial statements as of and for the period ended that date, except as disclosed in the Official Statement; and the City has not since December 31, 2016, incurred any material liabilities, directly or indirectly, except in the ordinary course of its operations or as disclosed in the Official Statement;

(i) the City will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds to be applied or results in such proceeds being applied in a manner other than as provided in the Bond Ordinance;

(j) each representation, warranty or agreement stated in any certificate signed by any officer of the City and delivered to the Purchaser in connection with the transactions contemplated by the Bond Ordinance and this Agreement, at or before the Closing, shall constitute a representation, warranty or agreement by the City upon which the Purchaser shall be entitled to rely; and

(k) if between the date of this Agreement and 25 days following the End of the Underwriting Period (as hereinafter defined) any event shall occur which, in the City's opinion, might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Purchaser, and if, in the opinion of the Purchaser, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will supplement or amend the Official Statement in a form and in a manner approved by the Purchaser; any approval by the Purchaser of such

supplement or amendment to the Official Statement prior to the Closing shall not preclude the Purchaser from thereafter terminating this Agreement, and if the Official Statement is amended or supplemented subsequent to the date hereof, the Purchaser may terminate this Agreement by notification to the City at any time prior to the Closing if, in the reasonable judgment of the Purchaser, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds. For purposes of this Agreement, "*End of the Underwriting Period*" means the later of (A) the Closing or (B) the date on which the Purchaser no longer retains an unsold balance of the Bonds, *provided, however*, that, unless otherwise advised by the Purchaser in writing on or prior to the Closing, the End of the Underwriting Period shall be the Closing.

4. At the Closing, the City will deliver or make available to the Purchaser:

(a) The Bonds, in definitive form, duly executed and bearing proper CUSIP numbers;

(b) A certificate executed by authorized officers of the City, in form and substance acceptable to the Purchaser, to the effect that the Official Statement, to the knowledge and belief of such officers, after due review, is accurate and complete in all material respects, and that the representations of the City contained in this Agreement are true and correct when made and as of the Closing;

(c) The approving opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, in substantially the form set forth in Appendix A to the Official Statement satisfactory to the Purchaser, dated the date of Closing (the "*Closing Date*"), relating to the legality and Federal tax treatment of interest on the Bonds;

(d) A certificate indicating that there is no proceeding contesting the legality of the Bonds, the Bond Ordinance or the proceedings pursuant to which the Bond Ordinance was authorized;

(e) A certificate, satisfactory to the Purchaser, of an appropriate officer of the City, dated as of the Closing Date, to the effect that there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to Rule 15c2-12, except as noted in the Official Statement;

(f) A fully executed copy of the Undertaking;

(g) A certified copy of the Bond Ordinance and a fully executed copy of the Notification of Sale;

(h) The opinion of Chapman and Cutler LLP, Underwriter's Counsel in substantially the form set forth in *Exhibit B* hereto;

(i) The negative assurance letter of Underwriter's Counsel addressed to the City and in substantially the form set forth in *Exhibit C* hereto;

(j) The negative assurance letter of Underwriter's Counsel addressed to the Purchaser, in substantially the form set forth in *Exhibit D* hereto; and

(k) Evidence satisfactory to the Purchaser that the Municipal Bond Insurance Policy (the "*Insurance Policy*") with respect to the Bonds, issued by Build America Mutual Assurance Company (the "*Bond Insurer*"), is in full force and effect and all conditions precedent to the issuance thereof have been satisfied and all premiums due and payable thereon on the date of Closing have been paid;

(l) A certificate from the Bond Insurer and an opinion from counsel to the Bond Insurer with respect to the valid issuance and effectiveness of the Insurance Policy and to the accuracy and completeness of the Official Statement as to the Bond Insurer and the Insurance Policy; and

(m) Such additional certificates, instruments and other documents (including, without limitation, those set forth on *Exhibit A* hereto) as the Purchaser may deem necessary with respect to the issuance and sale of the Bonds, all in form and substance satisfactory to the Purchaser.

5. (a) The Purchaser agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit E*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the Public of the Bonds. All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) Except as otherwise set forth in Exhibit A hereto attached hereto, the City will treat the first price at which 10% of each maturity of the Bonds (the "*10% Test*") is sold to the Public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). At or promptly after the execution of this Agreement, the Purchaser shall report to the City the price or prices at which it has sold to the Public each maturity of Bonds. If at that time the 10% Test has not been satisfied as to any maturity of the Bonds, the Purchaser agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public.

(c) The Purchaser confirms that it has offered the Bonds to the Public on or before the date of this Agreement at the offering price or prices (the "*Initial Offering price*"), or at the corresponding yield or yields, set forth in *Exhibit A*, except as otherwise set forth therein.

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• *Exhibit A* also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the City and the Purchaser agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the Initial Offering Price to the Public of each such maturity as of the sale date as the issue price of that maturity (the “*Hold-the-Offering-Price Rule*”). So long as the *Hold-the-Offering-Price Rule* remains applicable to any maturity of the Bonds, the Purchaser will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the sale date; or
- (2) the date on which the Purchaser has sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering price to the Public.

The Purchaser shall promptly advise the City when it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date.

(d) The Purchaser confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser, which shall be at least until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. The City acknowledges that, in making the representation set forth in this subsection, the Purchaser will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the *Hold-the-Offering-Price Rule*, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the *Hold-the-Offering-Price Rule*, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that the Purchaser shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the *Hold-the-Offering-Price Rule* as applicable to the Bonds.

(e) The Purchaser acknowledges that sales of any Bonds to any person that is a Related Party to the Purchaser shall not constitute sales to the Public for purposes of this section. Further, for purposes of this section:

(i) "Public" means any person other than an Underwriter or a Related Party,

(ii) a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and such purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),

(iii) "Sale Date" means the date of execution of this Agreement by all parties, and

(iv) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the Purchaser to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, including the Purchaser, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public)

6. The fees and disbursements of Underwriter's Counsel, Bond Counsel, the Municipal Advisor and the Bond Insurer, the cost of preparing and printing the Bonds, the cost of obtaining any ratings in connection with the issuance of the Bonds, including rating agency fees, the fees of the bond registrar and paying agent for the Bonds, the cost of printing and mailing the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the City incurred in connection with the offering and delivery of the Bonds, shall all be the obligation of the City and are further described in *Exhibit A*.

The obligation of the City to pay the above-described fees and expenses shall survive the termination of this Agreement or the failure to consummate the transactions described herein.

By acceptance of this Agreement, the City authorizes the Purchaser to pay the above-mentioned costs of issuance on behalf of the City with Bond proceeds that will be withheld expressly for this purpose. Only those costs for which an invoice is received prior to the 30th calendar day after the Closing shall be paid and the Purchaser will make payments in the amounts against such invoices. Any invoices received after the 30th calendar day after the Closing shall be forwarded to the City along with all remaining Bond proceeds being withheld by the Purchaser.

7. This Agreement is intended to benefit only the parties hereto, and the City's representations and warranties shall survive any investigation made by or for the Purchaser, delivery and payment for the Bonds and the termination of this Agreement.

8. The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the City and the Purchaser; (ii) the Purchaser is required by MSRB Rule G-17 to deal fairly at all times with both the City and the investors purchasing the Bonds, and the Purchaser's duty to purchase the Bonds from the City at fair and reasonable prices is balanced with its duty to sell the Bonds to investors at fair and reasonable prices; (iii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the City; (iv) the Purchaser has neither assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering of the Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the City on other matters) nor has it assumed any other obligation to the City except the obligations expressly set forth in this Agreement, (v) the Purchaser has financial and other interests that differ from those of the City; and (vi) the City has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

9. The Purchaser shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Purchaser, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State of Illinois (the "State") or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation shall be introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction shall be issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice shall be issued or made by or on behalf of the Commission, or any other governmental agency having jurisdiction over the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Bond Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds,

including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or other national securities exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Purchaser;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income securities (or interest thereon) or the validity or enforceability of the assessments or the levy of taxes to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Purchaser, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the judgment of the Purchaser, requires or has required an amendment of or supplement to the Official Statement;

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(k) disruptive events, occurrences or conditions in the securities or debt markets;

(l) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the City's obligations or any rating of the Bond Insurer; and

(m) the purchase of and payment for the Bonds by the Purchaser, or the resale of the Bonds by the Purchaser, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

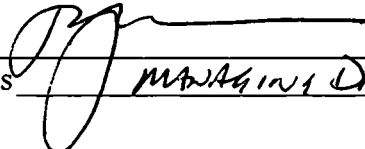
10. At the request of the parties hereto, Chapman and Cutler LLP will act as bond counsel and will pass on certain matters for the Purchaser in connection with the issuance of the Bonds. The City and the Purchaser hereby expressly consent to the performance by Chapman and Cutler LLP of such roles.

11. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

12. This Agreement shall be governed by the laws of the State of Illinois, without giving effect to conflict of laws principles.

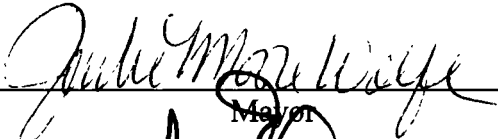
Very truly yours,

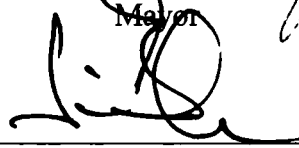
RAYMOND JAMES & ASSOCIATES, INC.,
CHICAGO, ILLINOIS

By 
Its MANAGING DIRECTOR

Accepted on behalf of

CITY OF DECATUR, MACON COUNTY,
ILLINOIS

By 
Mayor


City Manager


Director of Finance

EXHIBIT A

DESCRIPTION OF BONDS

a. PURCHASE PRICE: \$6,532,290.90 (representing the \$6,275,000 aggregate principal amount of the Bonds, plus original issue premium of \$301,215.90, less an underwriting discount of \$43,925.00).

b. DETAILS: The Bonds shall be issued in an aggregate principal amount of \$6,275,000, shall be dated the date of their issuance, and shall become due and payable serially (without option of prior redemption) on December 15 of the years, in the amounts, bearing interest at the rates per annum and reoffered at the yields per annum as follows:

YEAR	AMOUNT	INTEREST RATE	YIELD	HOLD-THE- OFFERING PRICE MATURITY (MARKED *)
2018	\$ 900,000	3.00%	1.70%	
2019	925,000	3.00%	2.10%	
2020	950,000	4.00%	2.35%	
2021	995,000	4.00%	2.51%	
2022	1,045,000	4.00%	2.59%	
2023	1,095,000	4.00%	2.70%	
2024	365,000	4.00%	2.85%	*

The first interest payment date on the Bonds shall be June 15, 2018.

c. FORM: The Bonds shall be delivered in the form of a separate, single, certificated, fully registered Bond for each of the maturities set forth above, and each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), all as provided in the Bond Ordinance. The Bonds shall be available at such place as is designated by the Purchaser in New York, New York, or such other place as the Purchaser and the City agree upon, for examination and packaging by the Purchaser at least 24 hours prior to the Closing and at the Closing shall be delivered to the Purchaser through the facilities of DTC.

d. CLOSING DATE: December 21, 2017, or such other date mutually agreed to by the City and the Purchaser.

e. DELIVERY: Delivery and payment shall be made at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, or such other place as shall have been mutually agreed upon by the City and the Purchaser.

f. ADDITIONAL CLOSING AND OTHER DOCUMENTS:

1. A copy of the executed Information Return for Tax-Exempt Governmental Obligations, Form 8038-G.
2. A letter of representations to DTC, in the form executed by the City.
3. Evidence satisfactory to the Underwriter that the Bonds have an insured rating of "AA" (Stable Outlook) by S&P Global Ratings.
4. Evidence satisfactory to the Underwriter that the Bonds have an underlying rating of "A2" (Negative Outlook) by Moody's Investors Service (*"Moody's"*).

g. COSTS OF ISSUANCE: The City shall be responsible for the costs of issuance set forth below. The Purchaser is authorized to pay such costs on behalf of the City from the proceeds of the Bonds. The costs of issuance to be paid at closing from proceeds of the Bonds are as follows:

Chapman and Cutler LLP	Bond Counsel and Underwriter's Counsel	\$32,500.00
Moody's	Rating Agency	14,000.00
U.S. Bank	Paying Agent/Bond Registrar	625.00
Speer Financial	Municipal Advisor	6,275.00
Wold	POS/OS Printing	1,400.00
BAM	Bond Insurance	17,137.95

EXHIBIT B

FORM OF OPINION OF UNDERWRITER'S COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE CLOSING DATE]

City of Decatur
Decatur Civic Center
1 Gary K. Anderson Plaza
Decatur, Illinois 62523

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
Chicago, Illinois 60661

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to the City of Decatur, Macon County, Illinois (the "*Issuer*"), in connection with the issuance of \$6,275,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the Issuer. The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017.

Capitalized terms used herein without definition shall have the meanings specified in the Official Statement dated December 13, 2017, relating to the Bonds (the "*Official Statement*").

Based upon our examination of such documents and questions of law as we have deemed relevant in connection with the offering and sale of the Bonds under the circumstances described in the Official Statement, we are of the opinion that, under existing law, the Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Bond Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In further accordance with our understanding with the Underwriter, we express no opinion or belief herein with respect to the validity of the Bonds or the taxation thereof or of the interest thereon.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to

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reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion is solely for the benefit of the Issuer and the Underwriter.

EXHIBIT C

FORM OF NEGATIVE ASSURANCE LETTER TO CITY

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE CLOSING DATE]

City of Decatur
Decatur Civic Center
1 Gary K. Anderson Plaza
Decatur, Illinois 62523

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the City of Decatur, Macon County, Illinois (the "*Issuer*"). The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017 (the "*Purchase Contract*") between the Issuer and the Underwriter.

In accordance with our understanding with the Underwriter, we have reviewed the official statement of the Issuer with respect to the Bonds, dated December 13, 2017 (the "*Official Statement*"), certificates of officers of the Issuer and other appropriate persons, the opinions of Chapman and Cutler LLP, Chicago, Illinois, bond counsel ("*Bond Counsel*"), and such other records, reports, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement. As to facts material to the views expressed herein, we have, with your consent, relied upon oral or written statements and representations of officers or other representatives of the Issuer, including the representations and warranties of the Issuer in the Purchase Contract.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, reports, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds, the tax treatment of interest on the Bonds for federal income tax purposes, and the application of Bond proceeds in

accordance with the authorization therefor). We have assumed that all records, reports, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as underwriter's counsel, we participated in conferences and correspondence with representatives of the Issuer, representatives of the Underwriter and other persons involved in the preparation of information for the Official Statement, during which the contents of the Official Statement and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence, and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as counsel to the Underwriter with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book-entry only system, (iii) the information relating to Build America Mutual Assurance Company or its bond insurance policy, (iv) the financial statements or other financial, operating, statistical, numerical or accounting data incorporated therein, and (v) the information describing the opinion of Bond Counsel in "TAX EXEMPTION" and the form of opinion of Bond Counsel in Appendix A, as to all of which we do not express any conclusion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as counsel to the Underwriter; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; (iii) those activities performed by us rely on third party representations, warranties, certifications, statements and opinions, including and primarily, representations, warranties and certifications made by the Issuer, and are otherwise subject to the conditions set forth herein; and (iv) this letter is based upon our review of proceedings and documents undertaken as part of our engagement with the Underwriter.

In further accordance with our understanding with the Underwriter, we express no opinion or belief with respect to the validity of the Bonds or the taxation thereof or of the interest thereon, and our expression of belief with respect to the Official Statement assumes the validity of the Bonds and the exclusion of the interest payable thereon from gross income for federal income tax purposes, all as set forth in the opinion of Bond Counsel.

This letter is furnished by us as counsel to the Underwriter and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriter) without our prior written consent. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

EXHIBIT D

FORM OF NEGATIVE ASSURANCE LETTER TO UNDERWRITER

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE CLOSING DATE]

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
Chicago, Illinois 60661

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the City of Decatur, Macon County, Illinois (the "*Issuer*"). The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017 (the "*Purchase Contract*") between the Issuer and the Underwriter.

In accordance with our understanding with you, we have reviewed the official statement of the Issuer with respect to the Bonds, dated December 13, 2017 (the "*Official Statement*"), certificates of officers of the Issuer and other appropriate persons, the opinions of Chapman and Cutler LLP, Chicago, Illinois, bond counsel ("*Bond Counsel*"), and such other records, reports, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement. As to facts material to the views expressed herein, we have, with your consent, relied upon oral or written statements and representations of officers or other representatives of the Issuer, including the representations and warranties of the Issuer in the Purchase Contract.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, reports, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds, the tax treatment of interest on the Bonds for federal income tax purposes, and the application of Certificate proceeds in accordance with the authorization therefor). We have assumed that all records,

reports, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as underwriter's counsel to you, we participated in conferences and correspondence with your representatives, representatives of the Issuer and other persons involved in the preparation of information for the Official Statement, during which the contents of the Official Statement and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence, and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as counsel to the Underwriter with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book-entry only system, (iii) the information relating to Build America Mutual Assurance Company or its bond insurance policy, (iv) the financial statements or other financial, operating, statistical, numerical or accounting data incorporated therein and (v) the information describing the opinions of Bond Counsel in "TAX EXEMPTION" and the form of opinion of Bond Counsel in Appendix A, as to all of which we do not express any conclusion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as underwriter's counsel; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; and (iii) those activities performed by us rely on third party representations, warranties, certifications, statements and opinions, including and primarily, representations, warranties and certifications made by the Issuer, and are otherwise subject to the conditions set forth herein.

In further accordance with our understanding with the Underwriter, we express no opinion or belief with respect to the validity of the Bonds or the taxation thereof or of the interest

thereon, and our expression of belief with respect to the Official Statement assumes the validity of the Bonds and the exclusion of the interest payable thereon from gross income for federal income tax purposes, all as set forth in the opinion of Bond Counsel.

This letter is furnished by us as counsel to the Underwriter and is solely for the benefit of Underwriter and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriter) without our prior written consent. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

EXHIBIT E

CERTIFICATE OF PURCHASER

The undersigned, on behalf of Raymond James & Associates, Inc., Chicago, Illinois (the "*Purchaser*"), hereby certifies as set forth below with respect to the sale and issuance of the \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), of the City of Decatur, Macon County Illinois (the "*City*").

I. General

The Purchaser, as underwriter of the Bonds, and the City have executed a bond purchase agreement in connection with the Bonds on the Sale Date (the "*Agreement*"). The Purchaser has not modified the Agreement since its execution on the Sale Date.

II. Price

A. General Rule Only, All Maturities Sold by Closing

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A* (the "*First Sale Price*").

B. General Rule Only, not all Maturities Sold by Closing

1. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. Expected First Sale Price.

With respect to each of the Maturities other than the General Rule Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Schedule A* (the "*Expected First Sale Price*").

C. All Maturities Use Hold the Offer Price

1. The Purchaser offered the Bonds to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

2. As set forth in the Bond Purchase Agreement, the Purchaser agreed in writing that, (i) for each Maturity, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-The-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-The-Offering-Price Rule.

3. No Underwriter (as defined below) has offered or sold any Bonds of any Maturity at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

D. Some Maturities Use Hold the Offer Price

1. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. A. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

B. As set forth in the Bond Purchase Agreement, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-The-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-The-Offering-Price Rule.

C. No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. Defined Terms

1. *General Rule Maturities* means those Maturities of the Bonds not listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”

2. *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”

3. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 12, 2017), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

4. *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 12, 2017.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the City(or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, including, specifically, the Purchaser, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

IV. Credit Facility

We have calculated that the present value of the fees paid and to be paid to Build America Mutual Assurance Company for insuring the Bonds (the "*Credit Facility*") (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Credit Facility. The fees paid and to be paid for the Credit Facility does not exceed, in our judgement, a reasonable, arm's-length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

IN WITNESS WHEREOF, I hereunto affix my signature, this 21st day of December, 2017.

RAYMOND JAMES & ASSOCIATES, INC.,
CHICAGO, ILLINOIS

By: _____
Title: _____

SCHEDULE A

HOLD THE OFFER PRICE

<u>HOLD-THE- OFFERING- PRICE MATURITY IF MARKED</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)</u>	<u>INITIAL OFFERING PRICE (% OF PAR)</u>
	2018	900,000	3.00		
	2019	925,000	3.00		
	2020	950,000	4.00		
	2021	995,000	4.00		
	2022	1,045,000	4.00		
	2023	1,095,000	4.00		
*	2024	<u>365,000</u>	4.00		
	Total	<u>6,275,000</u>			

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS⁽¹⁾

**Insured Rating - S&P: “AA” (Stable Outlook)
(BAM Insured)**

Underlying Rating - Moody’s: “A2” (Negative Outlook)

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.

\$6,275,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Refunding Bonds, Series 2017

Dated: Date of Issuance

Due: December 15, as shown on the inside front cover

The General Obligation Refunding Bonds, Series 2017 (the “Bonds”), of the City of Decatur, Macon County, Illinois (the “City”), are fully registered bonds without coupons, in denominations of \$5,000 or any integral multiple of such amount, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of interests in the Bonds will be made in book-entry-only form only. Purchasers of such interests will not receive certificates representing their interests in the Bonds. So long as DTC or its nominee is the owner of the Bonds, principal of and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Indianapolis, Indiana, as the bond registrar and the paying agent. See “BOOK-ENTRY ONLY SYSTEM” herein. Interest on the Bonds is payable on each June 15 and December 15, commencing June 15, 2018. The Bonds are not subject to redemption prior to maturity.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See “BOND INSURANCE” herein.



The Bonds are being issued pursuant to the home rule powers of the City under Section 6 of Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance adopted by the Council of the City on the 16th day of October, 2017, as supplemented by a notification of sale.

Proceeds of the Bonds will be used to (i) refund a portion of the City’s outstanding bonds, as described under “REFUNDING PLAN” herein, and (ii) pay the costs associated with the issuance of the Bonds.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See “THE BONDS – Security for the Bonds” herein.

The Bonds are offered when, as and if issued by the City and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, is also passing on certain matters for the Underwriter. The Bonds are expected to be delivered through the facilities of DTC on or about December 21, 2017.

RAYMOND JAMES

(1) See “BOND RATINGS” herein.

\$6,275,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Refunding Bonds, Series 2017

MATURITY SCHEDULE

<u>December 15</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP ⁽¹⁾ <u>(243127)</u>
2018	\$ 900,000	3.00%	1.70%	VY0
2019	925,000	3.00	2.10	VZ7
2020	950,000	4.00	2.35	WA1
2021	995,000	4.00	2.51	WB9
2022	1,045,000	4.00	2.59	WC7
2023	1,095,000	4.00	2.70	WD5
2024	365,000	4.00	2.85	WE3

(1) CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are also subject to change after the issuance of the Bonds.

Certain information in this Official Statement has been obtained by the City from The Depository Trust Company and other non-City sources that the City believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of that information. Nothing contained in this Official Statement is a promise of or representation by the Underwriter. This Official Statement is being distributed in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "Appendix D - Specimen Municipal Bond Insurance Policy."

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements having been authorized by the City or the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the City is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the City has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to herein, reference should be made to such statutes, ordinances, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the City, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

CITY OF DECATUR

Decatur Civic Center
1 Gary K Anderson Plaza
Decatur, Illinois 62523
217.424.2700
www.decaturl.gov

MAYOR

Julie Moore Wolfe

COUNCIL MEMBERS

Bill Faber
Lisa Gregory
David Horn
Charles Kuhle
Pat McDaniel
Dana M. Ray

OFFICIALS

Gregg D. Zientara
City Treasurer & Director of Finance

Tim Gleason
City Manager

Debra G. Bright
City Clerk

Wendy L. Morthland, Esq.
Corporation Counsel

BOND COUNSEL AND UNDERWRITER'S COUNSEL

Chapman and Cutler LLP
Chicago, Illinois

MUNICIPAL ADVISOR

Speer Financial, Inc.
Chicago, Illinois

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP
Champaign, Illinois

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SUMMARY STATEMENT

The following material is summarized from the detailed information appearing in this Official Statement. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The City	City of Decatur, Macon County, Illinois
Issue and Dated Date	\$6,275,000 General Obligation Refunding Bonds, Series 2017, dated their date of issuance
Book-Entry-Only Form	The Bonds are issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, in \$5,000 denominations or integral multiples thereof, and will be in book-entry-only form.
Issuance and Delivery Date	On or about December 21, 2017
Interest Payment Dates	Each June 15 and December 15, commencing June 15, 2018
Record Date	The close of business on the 1st day of the month of any interest payment date.
Redemption Provisions	The Bonds are not subject to redemption prior to maturity.
Purpose	Proceeds of the Bonds will be used to (i) refund a portion of the City's outstanding bonds, as described under "REFUNDING PLAN" herein; and (ii) pay certain costs associated with the issuance of the Bonds.
Security	In the opinion of Bond Counsel, Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.
Tax Exemption	Bond Counsel will provide an opinion as to the tax-exemption of the interest on the Bonds as discussed under "TAX EXEMPTION" in this Official Statement. The interest on the Bonds is not exempt from present State of Illinois income taxes.
Bank Qualification	The City will designate the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code (as defined herein). See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.
Bond Ratings	The Bonds have been assigned an underlying rating of "A2" (Negative Outlook) by Moody's Investors Service, Inc. S&P Global Ratings is expected to assign its municipal bond rating of "AA" (Stable Outlook) to the Bonds, with the understanding that, upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company.
Legal Opinion	Chapman and Cutler LLP, Chicago, Illinois. Bond Counsel
Registrar/Paying Agent	U.S. Bank National Association, Indianapolis, Indiana
Underwriter	Raymond James & Associates, Inc., Chicago, Illinois
Municipal Advisor	Speer Financial, Inc., Chicago, Illinois

OFFICIAL STATEMENT
\$6,275,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Refunding Bonds, Series 2017

INTRODUCTION

The purpose of this Official Statement, including the cover page, reverse thereof, Summary Statement and Appendices, is to set forth certain information concerning the City of Decatur, Macon County, Illinois (the "City"), and its \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "Bonds").

Certain factors that may affect investment decisions concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. Copies of statutes, ordinances, reports or other documents referred to herein are available, upon request, from the City.

This Official Statement contains "forward-looking statements" that are based upon the City's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the City. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the City nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE BONDS

General

The Bonds are dated their date of issuance (the "Dated Date"), will bear interest from the Dated Date and will mature in the amounts and at the rates as set forth on the inside front cover of this Official Statement. Interest on the Bonds is calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds is payable on each June 15 and December 15, commencing June 15, 2018. Principal of and interest on the Bonds is payable to The Depository Trust Company ("DTC"), New York, New York, by U.S. Bank National Association, Indianapolis, Indiana, as paying agent and bond registrar (the "Registrar"). The record date of the Bonds will be the 1st day of the month of any regularly scheduled interest payment date. The Bonds are issued as fully registered bonds, registered in the name of Cede & Co., as nominee for DTC, in \$5,000 denominations or integral multiples thereof, and will be in book-entry-only form.

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar in Indianapolis, Indiana, together with an assignment duly executed by the registered owner or his attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 1st day of the month of any interest payment date on such Bond and ending at the opening of business on such interest payment date.

Purpose of the Bonds

Proceeds of the Bonds will be used for the purposes of (i) refunding a portion of the City's outstanding General Obligation Bonds, Series 2008, dated December 15, 2008 (the "Series 2008 Bonds"), as described under "REFUNDING PLAN" herein; and (ii) paying costs associated with the issuance of the Bonds.

Authority

The Bonds are being issued pursuant to the home rule powers of the City under Section 6 of Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance adopted by the Council of the City (the "City Council") on October 16, 2017, as supplemented by a notification of sale (together, the "Bond Ordinance").

Security for the Bonds

In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds (the "Pledged Taxes"). The Bond Ordinance will be filed with the County Clerk of The County of Macon, Illinois (the "County Clerk"), and will serve as authorization to the County Clerk to extend and collect the Pledged Taxes as set forth in the Bond Ordinance. When collected, the Pledged Taxes will be deposited into a bond fund (the "Bond Fund"), which is a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Bond Ordinance. The Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund.

Whenever other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes levied for the payment of same, the City Council shall, by proper proceedings, direct the deposit of such funds into the Bond Fund and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating Pledged Taxes shall be filed with the County Clerk in a timely manner to effect such abatement.

Reference is made to Appendix A for the proposed form of legal opinion of Bond Counsel.

Redemption Provisions

The Bonds are not subject to redemption prior to maturity.

REFUNDING PLAN

A portion of the proceeds of the Bonds will be used to refund a portion of the Series 2008 Bonds (the "Refunded Bonds"), as shown below, to provide debt service savings to the City.

Series 2008 Bonds

<u>Maturities</u>	<u>Current Amount Outstanding</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
12/15/2017	\$860,000	---	N/A	N/A
12/15/2018	895,000	\$895,000	100%	1/15/2018
12/15/2019	935,000	935,000	100%	1/15/2018
12/15/2020	975,000	975,000	100%	1/15/2018
12/15/2021	1,020,000	1,020,000	100%	1/15/2018
12/15/2022	1,075,000	1,075,000	100%	1/15/2018
12/15/2023	1,130,000	1,130,000	100%	1/15/2018
12/15/2024	<u>405,000</u>	<u>405,000</u>	100%	1/15/2018
	\$7,295,000	\$6,435,000		

Certain proceeds received from the sale of the Bonds will be deposited with The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, the paying agent for the Series 2008 Bonds (the "Paying Agent"), at closing. Such deposit will be sufficient to pay when due the principal of and interest on the Refunded Bonds up to and including the redemption date thereof.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all 50 states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212.235.2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$508.7 million, \$79.5 million and \$429.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Bond Proceeds	\$6,275,000.00
Reoffering Premium	<u>301,215.90</u>
Total	\$6,576,215.90

Uses of Funds

Deposit to Paying Agent to Pay Refunded Bonds.....	\$6,458,210.94
Costs of Issuance ⁽¹⁾	<u>118,004.96</u>
Total	\$6,576,215.90

- (1) Includes Underwriter's discount, Bond and Underwriter's Counsel fees, municipal bond insurance, rating agency fees and other issuance costs.

DEFEASANCE

Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Registrar to pay all principal and interest due thereon, or (c) for which sufficient U.S. funds and direct U.S. Treasury obligations have been deposited with the Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity, pursuant to an irrevocable escrow or trust agreement, will cease to have any lien on or right to receive or be paid from the moneys pledged under the Bond Ordinance and will no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth in the Bond Ordinance as such relates to lien and security of the outstanding Bonds. All covenants relative to the tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participations"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "Commission"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, and the City takes no responsibility for the accuracy thereof.

The City will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

The State of Illinois (the "State") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016 and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018 (the "Fiscal Year 2018 State Budget").

Under current law, the State shares a portion of the State's sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition, the underfunding of the State's pension systems and the State's budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City. In addition, the Fiscal Year 2018 State Budget contains a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10%. The Fiscal Year 2018 State Budget also includes a service fee of 2% of sales taxes collected on behalf of municipalities by the State. Although the City cannot determine at this time the long-term financial impact of these provisions on its overall financial condition, the City's fiscal year 2018 budget reflects a \$1.5 million reduction in income tax revenues and sales tax revenues distributed to the City as a result of such provisions. See "FINANCIAL INFORMATION – General Fund Budget Summary" herein for more information on the City's fiscal year 2018 budget.

The City can give no assurance that there will not be additional changes in applicable laws modifying the manner in which local revenue sharing is allocated by the State.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. In general, the area served by the City continues to be sensitive to both national and local economic pressures. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City. Real or perceived threats to the financial stability of the City may have an adverse effect on the value that may be ascribed to the Bonds in the secondary market.

High Unemployment

The City has a current unemployment rate of 5.9%, which is higher than the Macon County (the "County") rate of 5.2% and the State rate of 4.7%. Unemployed workers who reside within the City may lack the financial resources to pay taxes owed to the City in a timely manner or at all. The high number of unemployed workers residing within the City could increase the likelihood that the City will not be able to collect the full amount of taxes levied, both to pay the Bonds and to fund the City's operations, which could adversely affect the City's ability to repay or the timing of repayment of the Bonds.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Firemen's Pension Plan, both as hereinafter defined. Under the hereinafter defined Pension Code, the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City. See "RETIREMENT PLAN COMMITMENTS" herein for a more complete discussion.

Loss or Change of Bond Ratings

The Bonds have received an underlying credit rating from Moody's Investors Service, New York, New York ("Moody's") and are expected to receive an insured credit rating from S&P. The ratings can be changed or withdrawn at any time for reasons both under and outside the City's control. Any changes, withdrawals or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Raymond James & Associates, Inc., Chicago, Illinois (the "Underwriter") is not obligated to engage in secondary market trading or to repurchase any of

the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Commission under the Exchange Act, and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under "TAX EXEMPTION" herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States ("Congress") legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. For example, legislation is pending in the current session of Congress which would, among other things and if enacted, change the income tax rates for individuals and corporations and repeal the federal alternative minimum tax. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the "Service") is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE CITY

General Description

The City was incorporated in 1836, and since 1971 has operated as a home rule unit of local government pursuant to the Illinois Constitution. As a home rule unit, the City has no tax rate or debt limit, nor is it required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

The City is the largest municipality in and the county seat of the County, and is the 13th largest municipality in the State, according to the 2010 U.S. Government Census. The City is located within the central heartland of the agricultural region of the State and is in the geographic center of the State. The City is located 100 miles west of the Illinois/Indiana State boundary line, 175 miles south of Chicago, 120 miles northeast of St. Louis, Missouri, and within a region of a 50 mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois.

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

The City has a diverse 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 is the home of Millikin University, a private 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. Millikin University was founded in 1901 and has a student enrollment of approximately 2,400 students. Richland Community College District No. 537 ("Richland Community College"), founded in 1972, offers various programs in baccalaureate, occupational, development and public service programs and has an enrollment of approximately 3,500 students.

The City is the North American headquarters of ArcherDanielsMidland ("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; the primary manufacturing center for Akorn Pharmaceuticals ("Akorn"), a niche product multi-national pharmaceutical enterprise; and home to Mueller Company, the largest supplier of innovative potable water distribution products in North America.

In the second half of 2014, ADM relocated its corporate headquarters from the City to the City of Chicago; the relocation transferred 60 executive and support staff from the City to the City of Chicago.

City Governance and Management

The City has a managerial form of government, under which the Mayor and City Council discharge the legislative function and establish municipal policy. An appointed City Manager is responsible for the management and direction of all administrative and operational functions of City services to taxpayers and stakeholders.

The Mayor is elected for a four-year term. The City Council members are elected on an at-large basis for four year staggered terms. City Council elections are held the first Tuesday in April in odd-numbered years, with three council seats available in each election year. The Mayor and City Council members serve in a nonpartisan capacity. Mayoral duties include action as the presiding officer at City Council meetings and the appointing authority for boards and commissions with consent of the City Council.

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 as 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. Gregg 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.

Employee Relations

Of the City's 496 employees, 398 are represented by three separate collective bargaining units, as shown below.

<u>Union</u>	<u>Employees in Union</u>	<u>Contract Expiration</u>
Police Benevolent and Protective Association ("PBPA")	154	In negotiation ⁽¹⁾
International Association of Fire Fighters ("IAFF")	104	December 31, 2019
American Federation of State, County and Municipal Employees ("AFSCME")	140	December 31, 2020

(1) Contract expired April 30, 2015; currently in arbitration process.

The City considers its general labor relations to be steady and non-contentious. There have been no strikes or work stoppages in recent years.

City Services

The City provides a full range of governmental services to its citizens. Services include general government, public safety, police and fire protection, street construction and maintenance, 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.

City residents are served by the Decatur Public Library (the "Library"), the Decatur Public Transit System (the "Transit System") and the Decatur Civic Center (the "Civic Center").

The Library is located in downtown Decatur. Library services range from adult and children's subscriptions, adult materials loaned, children's materials loaned, audio recordings loaned, and films, videos and DVD's loaned. The Library is directed by an appointed board, with board seats appointed by the Mayor and City Council, with primary funding provided through the property tax levy under the control of the City Council.

The Transit System provides bus services to the public throughout the City. The Transit System is managed by the City and operated by a third party company.

The Civic Center, owned and operated by the Decatur Metropolitan Exposition, Auditorium and Office Building Authority (the "Authority"), provides a venue for space services to the public including the rental of meeting rooms, theater facilities and arena space as well as providing concession and catering services. The Civic Center hosts community and civic events, acts as a venue for traveling theatrical and other entertainment concerns, and provides meeting space services for a variety of organizations and business enterprises. The Civic Center is managed by a professional staff reporting to the Authority. The Authority is governed by a board of management, with certain board seats appointed by the Mayor and City Council. The Authority provides office space to the City, housing the administrative, executive, legislative and operational staff of the City. Primary funding of the Authority is provided

by the City under an agreement whereby the City pays an annual operating subsidy to the Authority in lieu of rent for the space occupied by the City within the Civic Center complex.

The Water Utility labor force consists of 46 full time employees and is managed by the Water Management Director who reports to the City Manager. Lake Decatur (the “Lake”) is the principal water supply for the City, a 2,800 acre reservoir located within the City limits. The Lake has a watershed of 925 square miles spanning seven counties in central Illinois. The Lake reservoir was created in 1920-1922 by constructing a dam on the Sangamon River for the purpose of providing an increased water supply for the City serving its residents and the local corn refining industry, a water-intensive industrial process, which continues to current times.

The City water service has long been supplied by two water treatment facilities, the North Water Treatment Plant and the South Water Treatment Plant, under the ownership and operation of the Water Utility. In 1999, the City Council voted to sell the North Water Treatment to ADM, with the transaction completed during 1999. The City continues to operate the South Water Treatment Plant, with such plant capacity to treat water for all City utility customers. ADM renovated the North Water Treatment plant to meet its processing needs for water supply to its manufacturing facilities. ADM procures all of its raw water used in the manufacturing operations from the Lake, under a raw water agreement between ADM and the City. Under this agreement, the costs of Lake related system improvements are shared between ADM and the City.

Other Services and Community Life

The Decatur Sanitary District (the “Sanitary District”) is responsible for wastewater sewers and sewage treatment for the City. The Sanitary District is a unit of government separate and independent from the City. The waste treatment plant is owned and operated by the Sanitary District. Since 1953, almost all sewer construction has been separated into sanitary and storm sewers. The City operates and maintains the storm sewers, combined sewers, and the lateral sanitary sewer systems within its boundaries. Natural gas and electricity are provided to City residents by Ameren Illinois, a natural gas and electric utility which delivers electricity to 1.2 million customers and natural gas to 840,000 customers over a 43,700 square mile area of Illinois.

Park and recreation opportunities are provided to City residents by the Decatur Park District (the “Park District”). The Park District, an independent unit of government, was organized in 1924. The Park District oversees approximately 1,900 acres of land for recreation purposes and an additional 2,000 acres at the Decatur Airport (the “Airport”). Various facilities of the Park District include 32 neighborhood parks, 13 community parks/nature areas, 3 golf courses, an aquatics center, nearly 10 miles of trails, 25 tennis courts, a softball complex, a soccer complex, a baseball complex, a Floral Display Center, a Sculpture Park, a senior center, an AZA accredited zoo, the Airport and an indoor sports center.

Operated by the Macon County Conservation District, the Rock Springs Center for Environmental Discovery, a 1,343 acre center, is devoted to having visitors get to know the City’s environment first-hand. Approximately 70,000 visitors attend each year. Entertainment programs are presented in the 2,000-seat Kirkland Fine Arts Center auditorium located on the campus of Millikin University.

Healthcare facilities located in the City include Decatur Memorial Hospital and St. Mary’s Hospital. The total number of licensed beds for both facilities is approximately 544 and the total number of employees for both is approximately 3,200.

Education

Decatur School District Number 61 (“District 61”), the second largest school district in downstate Illinois, has a combined enrollment of approximately 10,000. District 61 facilities include nineteen elementary schools, three junior high schools, three high schools and one magnet school. 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.

Transportation

City residents have easy access to road transportation via Interstate 72 leading to Springfield and Champaign/ Urbana. Interstate highways provide City residents with access to Chicago, Indianapolis and St. Louis. Route 51, on the north, provides access to the cities of Bloomington and Normal. Route 121 leads westbound to Interstate 55 and eastbound to Interstate 57. The Airport is owned and operated by the Park District and is located approximately four miles east of downtown Decatur. Commercial airline service is provided by Air Choice to St. Louis and Chicago. The Airport had 7,632 enplanements in 2016. Commercial rail transportation is available from three railroads: Norfolk Southern, Illinois Central and the Chessie System railroads. The Norfolk Southern railroad's dispatching center in the City controls 1,200 miles of track in four states with 3,500 rail cars switched daily and over 100,000 rail cars switched monthly.

Recent Economic Development in the City

Executive management of the City continues to pursue economic development and public works opportunities that will have a long term favorable impact on the economic prospects for the community as a whole. These projects include:

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

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

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

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

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

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

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

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

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

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

Westfield Industries/ShurCo Expansion – \$3.6 million facility investment by a manufacturer of farm equipment that is a subsidiary of AG Growth International.

National FoodWorks Services – A new \$2 million state-of-the-art food incubator with a 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 ADM.

Akorn Pharmaceutical – A significant Decatur enterprise and employer has begun a \$25 million plant expansion facilitated in part through use of a City brown-field grant and planning and zoning adjustments. This multi-year capital improvement plan will add local employment. Akorn 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 the City.

Salsa American Burrito Company – New fast food casual restaurant providing multiple options for creating individual selection entrées.

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

Crossing Healthcare – A new \$6 million state-of-the-art medical center in the 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-the-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. 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 and \$2 million in transportation grants from the Illinois Department of Transportation ("IDOT").

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 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 the City to live, work and play. The installation of new boat docks and piers and lakefront promenade improvements was completed in 2013. The project continues with further development initiatives envisioned including a water park, additional boat docks, new restaurant and recreation amenities and lake view condominium housing.

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

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

Jackson Ford Development Agreement – The 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 a 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, a cafeteria and other amenities, and recently opened a new, state-of-art Cancer Care Center.

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

Union Iron Consolidation and Expansion – New \$11 million facility on East Mound Road to consolidate operations and accommodate expected business growth. There is an 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 maintenance of 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% 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.

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 the City. This shipping and receiving complex offers direct access to three Class I railroads and four interstate highways. The Midwest Inland Port is a "game changer" for the City and Central Illinois as it positions the City as one of the premier transportation hubs in the Midwest.

ADM Local Investment and Expansion

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

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

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

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

Infrastructure Improvement Projects

Water System Improvement Initiative – In the spring of 2013, the 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 May 1, 2016 and each May 1 into the future, provide the capital resources for the \$90 million investment currently underway, the largest investment in the City water system since the Lake 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 expected to be completed in 2018/2019.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment completed in 2013 was critical in protecting the City's ability to control lake levels and protect the Lake Decatur/Sangamon River shoreline. The project rehabilitated mechanical systems, replaced seals and cylinders and repaired the upstream face of the dam. The project was funded by user fees paid by City utility water customers.

Lake Decatur Dam Repairs Phase II – This \$4.1 million project completed in 2014 included structural repairs to the dam face and scour holes, removal of the old downstream dam constructed in the late 1800's, and the installation of a protection barrier to breach Asian Carp fish entry into the Lake. The project was funded by user fees paid by City utility water customers.

Lakeshore Drive Sewer Improvement – In late summer 2013, the City Council approved a 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 City Council approved a 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 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 to operate as the city utility responsible for the maintenance and operation of the storm water sewer system within the City. The Storm Water Utility commenced in the fourth quarter of 2015. This project includes an initial investment of \$60 million, to be expended over the succeeding five 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 South Franklin Street in November 2012. Both the tower and South Pressure Zone Booster Pump Station were constructed to ensure consistent and reliable water pressure for the City water customers south of the Lake and the Sangamon River. The total project cost was \$2.6 million, with 75% of the total funded through the IEPA's Public Water Supply Loan Program at 0% interest. The rest of the project was funded with American Recovery and Reinvestment Act (Stimulus) funds the City received at no cost and 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 Street U.S. Route 51 corridor from the State, 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 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 IDOT and \$300,000 in motor fuel tax funding allocated by the City.

Brush College Road/East Belt Parkway – The 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. The City, in cooperation with the 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-the-art electronically read water meters. The remaining investment of \$2.7 million was earmarked for facility envelope energy upgrades as well as state-of-the-art technology improvements to the City Water Utility SCADA system. The project is debt financed with a 15-year term with debt payment stream fully funded by the expected annual cost savings and cost avoidance under a 50% guaranteed contract with Johnson Controls, Inc.

Education Investments:

Decatur Public School Corporation – \$76 million, 3-year project for renovation and expansion of Eisenhower and MacArthur High School buildings, the two public high schools in the City. 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-the-art athletic facilities, building upgrades and expansion and improvements to the public facilities, with money raised through a school capital campaign. The successful campaign further demonstrates the community commitment to a strong educational component in the community.

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

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

Demographic Data

Population, Median Home Value, Median Family Income and Per Capita Income

	Estimated 2016 <u>Population⁽¹⁾</u>	2010 <u>Population⁽²⁾</u>	Median Home <u>Value⁽³⁾</u>	Median Family <u>Income⁽³⁾</u>	Per Capita <u>Income⁽³⁾</u>
The City	72,706	76,122	\$80,100	\$50,503	\$23,165
The County	106,550	110,768	94,900	60,745	26,895
The State	12,801,539	12,830,632	173,800	71,546	30,494

(1) Data obtained from 2016 Population Estimates

(2) Data obtained from 2010 Census

(3) Data obtained from 2011-2015 American Community Survey

Source U S Census Bureau

Building Permits

<u>Year</u>	<u>Number of Residential Building Permits</u>	<u>Value of Residential Building Permits</u>	<u>Value of All Building Permits</u>
2012	9	\$3,232,835	\$39,205,337
2013	8	2,051,000	45,362,426
2014	12	1,908,700	51,531,013
2015	11	1,902,000	42,366,920
2016	13	2,047,000	78,815,276
2017 ⁽¹⁾	4	1,140,382	65,732,968

(1) Through October 31, 2017

Source The City

Employment Data

Average Unemployment Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽¹⁾</u>
The City	11.2%	12.8%	9.5%	7.7%	7.3%	5.9%
The County	9.9	11.4	8.5	6.9	6.6	5.2
The State	9.0	9.1	7.1	5.9	5.9	4.7

(1) Preliminary rate for month of October 2017

Source Illinois Department of Employment Security

Employment by Occupation

The following table categorizes employment by occupation for residents 16 years of age and older living in the City, the County and the State.

<u>Occupational Category</u>	<u>The City</u>	<u>The County</u>	<u>The State</u>
Management, business, science and arts	29.6%	31.9%	36.8%
Service.....	21.5	19.1	17.4
Sales and office	24.4	23.8	24.5
Natural resources, construction and maintenance	7.9	9.2	7.3
Production, transportation, and material moving	16.6	16.0	13.9
Total	100.0%	100.0%	100.0%

Note: May not sum due to rounding

Source 2011-2015 American Community Survey, U.S. Census Bureau

Employment by Industry

The following table categorizes employment by industries for residents 16 years of age and older living in the City, the County and the State.

<u>Industry Category</u>	<u>The City</u>	<u>The County</u>	<u>The State</u>
Agriculture, forestry, fishing and hunting, and mining	0.8%	1.8%	1.1%
Construction	5.4	6.0	5.1
Manufacturing	16.7	18.0	12.6
Wholesale trade	1.8	2.0	3.0
Retail trade	12.6	11.5	11.0
Transportation and warehousing, and utilities.....	6.7	6.7	5.9
Information.....	1.8	1.5	2.0
Finance and insurance, and real estate and rental and leasing.....	4.9	5.0	7.3
Professional, scientific, and management, and administrative and waste management services	7.3	6.5	11.4
Educational services and health care and social assistance	22.5	22.5	23.0
Arts, entertainment, recreation, and accommodation and food services	10.4	8.9	9.1
Other services, except public administration.....	5.0	5.2	4.7
Public administration.....	<u>4.2</u>	<u>4.3</u>	<u>3.8</u>
Total	100.0%	100.0%	100.0%

Note: May not sum due to rounding

Source 2011-2015 American Community Survey, U S Census Bureau

Major Employers

Below is a list of some major employers within the City.

<u>Employer</u>	<u>Product or Service</u>	<u>Approximate Number of Employees</u>
ADM	North American headquarters; agricultural products	4,199
Decatur Memorial Hospital	General medical and surgical hospital	2,200
District 61	Primary education	1,812
CAT	Off-highway trucks	1,650
HSHS St. Mary's Hospital	General medical and surgical hospital	987
Tate & Lyle	Corporate headquarters; food ingredients	975
Ameren Illinois	Electric and gas utility	683
Millikin University	College	615
Mueller Co.	Fire hydrants and water and gas distribution valves	600
Kelly General Construction Co. of Decatur	Corporate headquarters; non-residential construction	556
The County	County government	536
Norfolk Southern Corp., Railway Division	Line-haul railroads	522
The City	City government	496
Akorn	Pharmaceutical preparations	400
Rathje Enterprises, Inc.	Corporate headquarters; motors and controls	330
Richland Community College	Community college	300
A-Lert Construction Services	General industrial contractors	300
Macon Resources, Inc.	Metal fabrication and angled iron parts	285
Stratas Foods	Refined oil and soy product packaging	200
Bodine Services Univar Co.	Corporate headquarters; industrial plant maintenance, waste transportation and emergency response services	200

Sources 2017 Illinois Manufacturers Directory
2017 Illinois Services Directory
Economic Development Foundation of Decatur and Macon County
Illinois Department of Employment Security

Retail Activity

Retailers' Occupation, Service Occupation and Use Tax

<u>Year</u>	<u>Municipal Sales Tax Distributions⁽¹⁾</u>	<u>Home Rule Sales Tax Distributions⁽²⁾</u>	<u>Total Sales Tax Distributions</u>	<u>Annual Percent Change⁽³⁾</u>
2012	\$12,793,118	\$10,876,609	\$23,669,727	0.62%
2013	12,312,800	10,145,292	22,458,092	(5.12)
2014	12,903,631	10,534,258	23,437,889	4.36
2015	13,160,640	10,359,805	23,520,445	0.35
2016	13,184,589	10,058,133	23,242,722	(1.18)

(1) Tax distributions are based on the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City by the Illinois Department of Revenue (the "Department"), less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.

(2) Tax distributions are based on the City's home rule sales tax of 1.5%, which taxes the sale of all tangible personal property in the City, excluding vehicles registered by the State.

(3) Based on 2011 State Sales Tax and City's Home Rule Sales Tax distributions of \$23,524,868.

Source The City

DEBT STRUCTURE

Debt Limitations

As a home rule municipality, the City has no statutory debt limit for general obligation full faith and credit debt.

Summary of Outstanding Debt

(After Issuance of the Bonds)

General Obligation Bonds

<u>Dated Date</u>	<u>Type of Debt</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
12/15/2008	General Obligation Bonds, Series 2008	\$10,000,000	12/15/2017	\$860,000
12/7/2010	Taxable Bonds, Series 2010A	8,715,000	12/15/2030	7,910,000
12/7/2010	BABs/RZEDBs, Series 2010B	28,270,000	12/15/2030	23,080,000
12/7/2010	Recovery Zone Facility Bonds, Series 2010C	2,800,000	12/15/2024	1,845,000
12/7/2010	Refunding Bonds, Series 2010D	1,805,000	12/15/2017	235,000
12/20/2012	Refunding Bonds, Series 2012	8,030,000	3/1/2025	5,490,000
1/24/2013	Refunding Bonds, Series 2013	17,220,000	3/1/2025	12,125,000
4/8/2014	General Obligation Bonds, Series 2014	24,055,000	3/1/2034	21,630,000
9/3/2015	General Obligation Bonds, Series 2015	23,305,000	3/1/2035	21,700,000
11/9/2016	General Obligation Bonds, Series 2016	22,205,000	3/1/2036	21,970,000
12/21/2017	The Bonds	6,275,000	12/15/2024	6,275,000
Total General Obligation Bonds Outstanding				\$123,120,000

General Obligation Notes

<u>Dated Date</u>	<u>Type of Debt</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
8/8/2002	U.S. Department of Housing and Urban Development Series 2002-A Certificates	\$3,000,000	8/1/2022	\$1,000,000
8/15/2013	Regions Capital Advantage, Inc. Note	17,212,394	8/15/2028	15,146,761
3/4/2014	Busey Bank Note (Law Enforcement Center)	1,500,000	6/4/2019	542,406
9/30/2014	Soy Capital Bank and Trust Promissory Note	1,000,000	1/5/2022	725,560
5/4/2015	Busey Bank Note (Fire Apparatus)	439,940	5/4/2022	321,304
8/18/2016	Busey Bank Note (Street Improvement)	3,879,734	8/15/2023	2,808,306
8/18/2016	Busey Bank Note (Fire Station)	1,192,856	8/15/2023	878,570
Total General Obligation Notes Outstanding				\$21,422,907

Bonded Debt Repayment Schedule
(Principal Only)
(After Issuance of the Bonds)

	Series 2008	Series 2010A	Series 2010B	Series 2010C	Series 2010D	Series 2012	Series 2013	Series 2014	Series 2015	Series 2016	Series 2017	Total	Cumulative	Percent
<u>Year</u>	<u>Due 12/15</u>	<u>Due 12/15</u>	<u>Due 12/15</u>	<u>Due 12/15</u>	<u>Due 12/15</u>	<u>Due 3/1</u>	<u>Due 3/1</u>	<u>Due 3/1</u>	<u>Due 3/1</u>	<u>Due 3/1</u>	<u>Due 12/15</u>	<u>Debt</u>	<u>Amount</u>	<u>Retired</u>
2017	\$860,000	\$205,000	\$1,185,000	\$205,000	\$235,000	---	---	---	---	---	---	\$2,690,000	\$2,690,000	2.18%
2018	---	470,000	1,250,000	210,000	---	\$630,000	\$1,285,000	\$885,000	\$840,000	\$765,000	\$900,000	7,235,000	9,925,000	8.06%
2019	---	495,000	1,325,000	215,000	---	645,000	1,325,000	920,000	865,000	785,000	925,000	7,500,000	17,425,000	14.15%
2020	---	520,000	1,405,000	225,000	---	655,000	1,390,000	955,000	900,000	815,000	950,000	7,815,000	25,240,000	20.50%
2021	---	545,000	1,480,000	235,000	---	670,000	1,465,000	995,000	935,000	850,000	995,000	8,170,000	33,410,000	27.14%
2022	---	580,000	1,585,000	240,000	---	695,000	1,540,000	1,035,000	970,000	890,000	1,045,000	8,580,000	41,990,000	34.10%
2023	---	815,000	1,685,000	250,000	---	710,000	1,625,000	1,075,000	995,000	935,000	1,095,000	9,185,000	51,175,000	41.57%
2024	---	855,000	1,795,000	265,000	---	730,000	1,705,000	1,130,000	1,030,000	985,000	365,000	8,860,000	60,035,000	48.76%
2025	---	635,000	1,720,000	---	---	755,000	1,790,000	1,185,000	1,070,000	1,030,000	---	8,185,000	68,220,000	55.41%
2026	---	680,000	1,780,000	---	---	---	---	1,245,000	1,125,000	1,085,000	---	5,915,000	74,135,000	60.21%
2027	---	715,000	1,860,000	---	---	---	---	1,305,000	1,185,000	1,140,000	---	6,205,000	80,340,000	65.25%
2028	---	450,000	1,925,000	---	---	---	---	1,360,000	1,245,000	1,195,000	---	6,175,000	86,515,000	70.27%
2029	---	465,000	2,005,000	---	---	---	---	1,415,000	1,305,000	1,255,000	---	6,445,000	92,960,000	75.50%
2030	---	480,000	2,080,000	---	---	---	---	1,480,000	1,375,000	1,295,000	---	6,710,000	99,670,000	80.95%
2031	---	---	---	---	---	---	---	1,540,000	1,445,000	1,335,000	---	4,320,000	103,990,000	84.46%
2032	---	---	---	---	---	---	---	1,620,000	1,510,000	1,375,000	---	4,505,000	108,495,000	88.12%
2033	---	---	---	---	---	---	---	1,700,000	1,570,000	1,445,000	---	4,715,000	113,210,000	91.95%
2034	---	---	---	---	---	---	---	1,785,000	1,635,000	1,520,000	---	4,940,000	118,150,000	95.96%
2035	---	---	---	---	---	---	---	---	1,700,000	1,595,000	---	3,295,000	121,445,000	98.64%
2036	---	---	---	---	---	---	---	---	---	1,675,000	---	1,675,000	123,120,000	100.00%
	\$860,000	\$7,910,000	\$23,080,000	\$1,845,000	\$235,000	\$5,490,000	\$12,125,000	\$21,630,000	\$21,700,000	\$21,970,000	\$6,275,000	\$123,120,000		

Note: The 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, Series 2016 and the Bonds and a portion of the tax levies for its General Obligation Bonds, Series 2010A and Series 2010C.

Statement of Net Direct Bonded Debt and Overlapping Bonded Debt
(After Issuance of the Bonds)

	<u>Outstanding Debt</u>	<u>Estimate Applicable to the City</u>	
		<u>Percent</u>	<u>Amount</u>
<i>Direct Bonded Debt</i>			
The City	\$123,120,000	100.00%	\$123,120,000
Less: Self-Supporting Debt ⁽¹⁾	<u>(114,890,500)</u>		<u>(114,890,500)</u>
NET DIRECT BONDED DEBT	\$8,229,500		\$8,229,500
<i>Overlapping Bonded Debt (as of 12/5/2017)</i>			
The Park District ⁽²⁾	\$4,625,000	96.62%	\$4,468,675
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
District 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 ⁽²⁾	16,485,000	36.28%	<u>5,980,758</u>
NET OVERLAPPING BONDED DEBT			\$32,762,769
NET DIRECT BONDED DEBT AND OVERLAPPING BONDED DEBT			\$40,992,269
2016 Estimated Full Valuation for Tax Levy Year 2016 payable in 2017			\$2,517,890,964
2016 Equalized Assessed Valuation ("EAV") for Tax Levy Year 2016 payable in 2017			\$839,296,988
Population (Current Estimate) ⁽³⁾			72,706
Full Valuation Per Capita			\$34,631

- (1) The 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, Series 2016 and the Bonds 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 are self-supporting debt.
- (3) 2016 Population Estimates, U.S. Census Bureau

Debt Ratios

		<u>Percent</u>	<u>Percent of</u>	<u>Per</u>
		<u>of EAV</u>	<u>Full Value</u>	<u>Capita</u>
Net Direct Bonded Debt	\$8,229,500	0.98%	0.33%	\$113
Net Direct Bonded Debt and Overlapping Bonded Debt	\$40,992,269	4.88%	1.63%	\$564

FUTURE FINANCINGS

The City plans to issue additional long-term debt of approximately \$17,500,000 in the next year to fund the last phase of the water dredging project to expand the City's water supply.

SHORT-TERM BORROWING

The City has not issued any tax anticipation warrants or tax anticipation notes that are currently outstanding and has no plans to issue tax anticipation warrants or tax anticipation notes in the foreseeable future.

DEFAULT RECORD

The City has no record of default and has met its debt repayments promptly.

FINANCIAL INFORMATION

Real Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest, and costs, constitute a lien against the property subject to the tax.

Exemptions

The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the "Limitation Law") limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units of government. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year.

Home rule units, including the City, are currently exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State, including home rule units (the "Property Tax Freeze Proposal"). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the City. The City cannot predict whether, or in what form, any change to the Limitation Law, including any Property Tax Freeze Proposal, may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

Truth in Taxation Law

Legislation known as the Illinois Truth in Taxation Law (the "Taxation Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Taxation Law do not apply to levies made to pay principal of and interest on the Bonds. The City covenanted in the Bond Ordinance that it will not take any action or fail to take any action which would adversely affect the ability of the City to levy and collect the taxes levied by the City for payment of principal of and interest on the Bonds, other than as described under "THE BONDS – Security for the Bonds" herein. The City also covenanted that it will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Ordinance, other than as described under "THE BONDS – Security for the Bonds" herein.

EAV Trend⁽¹⁾ (33-1/3% of Full Valuation)

<u>Property Class</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	\$514,265,875	\$498,132,967	\$488,279,318	\$486,890,202	\$493,960,507
Farm	3,847,673	3,874,516	3,804,663	4,091,129	4,179,399
Commercial	260,266,346	255,201,842	251,671,836	256,543,471	262,338,524
Industrial	68,222,744	64,833,161	62,520,042	62,939,380	62,736,200
Railroad	<u>17,230,871</u>	<u>16,055,123</u>	<u>15,876,905</u>	<u>16,762,909</u>	<u>16,082,358</u>
	\$863,833,509	\$838,097,609	\$822,152,764	\$827,227,091	\$839,296,988
Percent Change	(5.14%)(2)(3)	(2.98%)	(1.90%)	0.62%	1.46%

(1) Net of tax incremental value above the initial EAV of TIF districts.

(2) Percentage change based on 2011 EAV of \$910,633,770.

(3) The 5.14% decline was in large part driven by the reclassification of certain property owned by the Decatur Memorial Hospital to tax-exempt status, as a result of a non-homestead exemption granted by the Department.

Source County Clerk's Office

Tax Rate Trend (Per \$100 EAV)

<u>Fund</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
IMRF ⁽¹⁾	\$.01154	\$.01194	\$.02828	---	---
Fire Pension	.43004	.45341	.45612	\$.53069	\$.54570
Police Pension	.41352	.44745	.45004	.43217	.47362
Corporate ⁽¹⁾⁽²⁾	---	---	---	.04954	.07499
City Library	.34729	.33111	.33753	.34453	.34553
Municipal Band	.00695	.00716	.00730	.00786	.00775
Bond and Interest	<u>.15110</u>	<u>.15500</u>	<u>.15600</u>	<u>.27019</u>	<u>.20418</u>
	\$1.36044	\$1.40607	\$1.43527	\$1.63498	\$1.65177

(1) The City makes its contributions to the IMRF Plan from lawfully available funds, other than a dedicated property tax levy.

(2) The City may use the proceeds of this tax for any corporate purpose, including the payment of the Fire Station Note.

Source County Clerk's Office

Tax Increment Financing Districts Within the City

Tax increment financing is authorized in the State by the Tax Increment Redevelopment Act, as amended. Tax increment financing provides a means for municipalities, such as the City, after the approval of “a redevelopment plan and project”, to redevelop blighted, conservation or industrial park conservation areas by pledging the anticipated increase in property tax revenues generated by private redevelopment to pay for the public costs incurred to stimulate private investment, new development and rehabilitation. When a TIF district is created within the boundaries of a taxing body, such as the City, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the “Base EAV”). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the municipality and the underlying taxing bodies until the TIF district expires.

The City has utilized tax increment finance in the past in order to induce redevelopment of property located within the City. Below is a summary of the TIF Districts in the City.

<u>Location</u>	<u>Year Established</u>	<u>Base EAV</u>	<u>2016 EAV</u>	<u>Incremental EAV</u>
Southeast Plaza TIF	1998	\$127,719	\$3,450,739	\$3,323,020
Olde Towne Redevelopment Area	2000	25,834,408	31,037,636	5,203,228
Near North Redevelopment Area	2004	2,487,392	3,625,270	1,137,878
Eastgate TIF	2007	1,289,568	2,164,670	875,102
Pines TIF	2009	322,999	1,023,309	700,310
Southside Redevelopment Area	2013	684,462	870,225	185,763
Grand and Oakland Redevelopment Area	2013	<u>411,628</u>	<u>1,631,737</u>	<u>1,220,109</u>
		\$31,158,176	\$43,803,586	\$12,645,410

Source County Clerk's Office

Representative Tax Rate (Per \$100 EAV)

Shown below is a summary of 2016 levy year representative tax rates for a property owner situated within the boundaries of the City. The tax rate shown is for Decatur Township Tax Code 4055, which comprised approximately 47.50% of the 2016 EAV of the City.

<u>Taxing Body</u>	<u>Tax Rate</u>
The County	\$1.20181
Macon County Conservation District	.11247
Macon County Health & Mental Health	.25066
Macon County Mosquito Abatement District	.03599
Cooperative Extension	.02760
Richland Community College	.54703
The Park District	1.15046
The City	1.65177
The Sanitary District	.37112
Decatur Township	.35275
District 61	<u>4.86451</u>
	\$10.56617

Source County Clerk's Office

Tax Extensions and Collections

<u>Levy Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Extensions ⁽¹⁾	\$11,751,638	\$11,751,936	\$11,784,238	\$11,800,112	\$13,524,998	\$13,863,257
Net Collections ⁽²⁾	11,414,665	11,374,809	11,619,217	11,606,976	13,368,247	12,875,397 ⁽⁴⁾
Percent Collected	97.1% ⁽³⁾	96.8% ⁽³⁾	98.60%	98.36%	98.84%	92.87% ⁽⁴⁾

(1) Source: Macon County Treasurer's Office

(2) Source: The City

(3) The decline in the 2011 and 2012 collection rates are due to increased property tax appeals filed and upheld in these periods

(4) In process of collection. collections as of October 1, 2017

Major Taxpayers

The following are the principal industries and commercial entities that make up the largest taxpayers in the City:

<u>Name</u>	<u>Approximate 2016 EAV⁽¹⁾</u>
ADM	\$28,011,005
Walmart Stores Inc.	7,717,231
CAT	7,053,289
Ventas Inc.	6,417,298
Ameren (Illinois Power Company)	5,346,515
Millikin University	4,144,765
Brettwood Village Owner LLC	3,540,092
Westfield Distributing Inc.	3,501,625
Evergreen Place Decatur	3,236,808
Tate & Lyle	<u>3,176,111</u>
	\$72,144,739

Percent of Total 2016 EAV (\$839,296,988⁽²⁾)..... 8.60%

- (1) Every reasonable effort has been made to report the largest taxpayers and to include all taxable property of those taxpayers listed. However, the taxpayers listed may own multiple parcels in the City, and it is possible that some parcels with valuations below \$200,000 may not be included. Thus, the valuations presented herewith have been noted as approximations.
- (2) Net of tax incremental value above the initial EAV of TIF districts.

Source Macon County Supervisor of Assessments

Summary of Operating Results

The following summary of financial information is taken from audited financial statements of the City. This summary does not purport to be complete, and reference may be made to the 2016 Comprehensive Annual Financial Report (the "Audit") in Appendix C. This summary is qualified in its entirety by reference to the audited financial statements of the City for the fiscal year ended April 30, 2013, December 31, 2013 (8 months) and December 31, 2014, 2015 and 2016, which are available upon request to the City or the Underwriter. The financial statements were prepared by CliftonLarsonAllen LLP, Champaign, Illinois, Certified Public Accountants and Consultants, and they have not reviewed or approved this summary.

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General Fund Summary

	Fiscal Year Ended	Stub Year ⁽¹⁾ Ended	Fiscal Year Ended		
	<u>4/30/2013</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>
Revenues:					
Taxes	\$16,427,572	\$20,205,970	\$27,315,980	\$27,296,026	\$30,839,683
Licenses and Permits	734,747	607,026	737,684	857,174	1,002,264
Intergovernmental ⁽²⁾	32,007,090	14,496,052	22,034,903	23,105,219	22,082,724
Charges for Services	727,376	2,998,948	5,882,463	6,817,347	7,168,858
Fines and Fees	1,220,762	802,359	1,720,873	1,439,024	1,352,555
Investment Income	41,410	659	689	1,225	8,963
Other Revenue	<u>1,349,172</u>	<u>1,034,224</u>	<u>1,289,913</u>	<u>412,797</u>	<u>1,133,921</u>
Total Revenues	\$52,508,129	\$40,145,238	\$58,982,505	\$59,928,812	\$63,588,968
Expenditures:					
General Government	\$9,867,805	\$7,052,773	\$8,169,425	\$9,569,278	\$10,764,852
Public Safety	38,423,851	29,611,707	43,209,504	42,003,157	43,061,297
Debt Service	---	---	158,986	368,333	467,555
Highways and Streets	<u>8,399,205</u>	<u>6,468,571</u>	<u>9,380,886</u>	<u>9,942,631</u>	<u>9,010,296</u>
Total Expenditures	\$56,690,861	\$43,133,051	\$60,918,801	\$61,883,399	\$63,304,000
Excess (Deficiency) of Revenues Over Expenditures	(\$4,182,732)	(\$2,987,813)	(\$1,936,296)	(\$1,954,587)	\$284,968
Other Financing Sources (Uses):					
Operating Transfers	\$2,991,434	\$337,515	\$920,307	\$1,027,463	\$41,795
Loan Proceeds	---	---	1,625,358	1,369,277	381,765
Sale of Capital Assets	<u>15,172</u>	<u>53,877</u>	<u>11,775</u>	<u>2,440</u>	<u>7,781</u>
Total Other Financing Sources (Uses)	\$3,006,606	\$391,392	\$2,557,440	\$2,399,180	\$431,341
Net Change in Fund Balance	(\$1,176,126)	(\$2,596,421)	\$621,144	\$444,593	\$716,309
Beginning Fund Balance	\$11,110,134	\$9,934,008	\$7,337,587	\$7,229,110	\$7,673,703
Prior Period Adjustment ⁽³⁾	<u>---</u>	<u>---</u>	<u>(729,621)</u>	<u>---</u>	<u>---</u>
Ending Fund Balance	\$9,934,008	\$7,337,587	\$7,229,110	\$7,673,703	\$8,390,012
Reserved Fund Balance	\$27,443	\$26,416	\$27,303	---	\$147,132
Unreserved Fund Balance	<u>9,906,565</u>	<u>7,311,171</u>	<u>7,201,807</u>	<u>\$7,673,703</u>	<u>8,242,880</u>
Fund Balance – End of Year	\$9,934,008	\$7,337,587	\$7,229,110	\$7,673,703	\$8,390,012

- (1) In 2013, the City changed its fiscal year end from April 30 to December 31. The transition or "stub" period represents eight months of data, May 1, 2013 to December 31, 2013. Beginning in 2014, the City fiscal year is January 1 to December 31.
- (2) Intergovernmental revenues include operating grant revenue, distribution of state collected income tax, distribution of state collected state and local sales tax, distribution of personal property replacement tax and other minor tax revenue. The breakdown for fiscal year 2016 is sales tax \$11,003,663, income tax \$7,410,022, operating grants \$765,555, replacement tax \$1,056,057 and other taxes \$1,847,427.
- (3) In the fiscal year ended 12/31/14, several funds previously reported within the general fund have been presented as individual non-major funds in the current year: TIF Fund - \$8,586; Economic Development Fund - \$173,205; DUATS Fund - \$250,574; Public Safety Fund - \$284,833; and Grant Fund - \$12,423.

Sources Compiled from the City's Comprehensive Annual Financial Report for the Fiscal Years Ended April 30, 2013, December 31, 2013 (Eight Months), and December 31, 2014-2016

General Fund Budget Summary

	Fiscal Year <u>2017 Budget</u>	Fiscal Year <u>2017 Projected</u>	Fiscal Year <u>2018 Budget</u>
Beginning Fund Balance	\$8,390,012	\$8,790,012	\$9,689,012
Revenues	\$67,500,000	\$66,531,000	64,800,000
Expenses	<u>(67,100,000)</u>	<u>(65,632,000)</u>	<u>(67,995,000)</u>
Surplus/(Deficiency)	\$400,000	\$899,000	(\$3,195,000) ⁽¹⁾
Ending Fund Balance	\$8,790,012	\$9,689,012	\$6,494,012

- (1) The City's fiscal year 2018 budget reflects an expected income tax and sales tax revenue reduction of \$1.5 million. In developing the fiscal year 2018 budget, the City Council decided to forego any immediate tax and/or fee increases (or expenditure reductions) to offset such income tax and sales tax revenue reduction. If the revenue reductions included in the Fiscal Year 2018 State Budget are made permanent, the City expects to increase taxes and/or fees (or reduce expenditures) in order to enable future break-even or better operating results in the General Fund.

Source The City

RETIREMENT PLAN COMMITMENTS

The City participates in three defined benefit pension plans: (i) the Police Pension Plan (the "Police Pension Plan"), (ii) the Fire Pension Plan (the "Fire Pension Plan") and (iii) IMRF Plan and, together with the Police Pension Plan and the Fire Pension Plan, the "Pension Plans"). The Pension Plans provide defined benefit pension benefits to the City's employees, retirees and beneficiaries. The IMRF Plan is an agent multiple-employer public employee retirement system, and the Police Pension Plan and Fire Pension Plan are single-employer pension plans. The City makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section.

The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the "Pension Code"). This section first describes certain concepts related to pensions generally, then describes the applicable provisions of the Pension Plans. These concepts are more completely described in Note 9 to the Audit as well as the supplementary schedules thereto, attached hereto as Appendix C.

The Pension Code allows the State Comptroller to divert State payments intended for the City to the Police Pension Plan and Fire Pension Plan to satisfy contribution shortfalls by the City. If the City fails to contribute to the Police Pension Plan or Fire Pension Plan as required by the Pension Code, the City will be subject to a reallocation of payments of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject retirement fund gives notice of the failure to the City, and (iii) such retirement fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will withhold payments of State funds from the City in an amount not in excess of the delinquent payment amount in the following proportions: (i) in fiscal year 2017, two-thirds of the total amount of any payments of State funds to the City, and (ii) in fiscal year 2018 and in each fiscal year thereafter, 100% of the amount of any payments of State funds to the City. Should this provision of the Pension Code be invoked as a result of the City's failure to contribute all or a portion of its required contribution, a reduction in payments of State funds may have an adverse impact on the City's finances.

Background Regarding Pension Plans

The Actuarial Valuation

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board ("GASB"), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standards

Prior to the fiscal year ended December 31, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans were GASB Statement No. 25 and GASB Statement No. 27 (together, the “Prior GASB Standards”). The Prior GASB Standards required the disclosure of an Annually Required Contribution (which was such pronouncement’s method for calculating the annual amounts needed to fully fund a pension plan) and the calculation of pension funding statistics such as the unfunded actuarial accrued liability (“UAAL”), which was the shortfall of the assets held by the pension plan when compared against the liabilities of such pension plan, as actuarially determined (the “Actuarial Accrued Liability”), and the “Funded Ratio,” which was the ratio, expressed as a percentage, derived from dividing the assets of the pension plan by the Actuarial Accrued Liability. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to various approved actuarial methods and to use an assumed investment rate of return determined by the pension plan for financial reporting purposes.

Beginning with the fiscal year ended December 31, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans became GASB Statement No. 67 and GASB Statement No. 68 (together, the “New GASB Standards”). Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans, and, therefore, do not require computation of the Annually Required Contribution or a similar contribution number. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans.

The New GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset”, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of a pension plan are not expected to be sufficient to pay the projected benefits of such pension plan, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

Finally, the New GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the New GASB Standards require an expense to be recognized on the income statement of the City.

Pension Plans Remain Governed by the Pension Code

As described above, each of the Prior GASB Standards and the New GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the City to the Pension Plans in each year.

Police Pension Plan

The City provides retirement, death and disability benefits to its sworn police personnel and retirees and their beneficiaries through the Police Pension Plan. The Police Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Police Pension Plan and the amount of employer and employee contributions to the Police Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2016, the Police Pension Plan had a membership of 330.

Contributions

As stated above, both the City and its participating employees make contributions to the Police Pension Plan. At present, employees contribute 9.91% of their salary to the Police Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Police Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Police Pension Plan for such year plus an amount sufficient to bring the total assets of the Police Pension Plan up to 90% of the total actuarial liabilities of the Police Pension Plan by the end of fiscal year 2040, as determined by an actuary (the "Police Pension Plan Funding Requirement"). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Police Pension Plan Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Police Pension Plan over a closed period of time, the City's required contributions to the Police Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

The City's contribution rate as of December 31, 2016 was 35.12% of covered payroll. For the fiscal years ended December 31, 2014 through December 31, 2016, the City contributed the following amounts to the Police Pension Plan:

<u>Fiscal Year Ended December 31</u>	<u>Police Pension Contribution</u>
2014	\$4,277,221
2015	4,229,151
2016	4,213,121

Source: The Audit

Measures of Financial Position

The following table presents measures of the Police Pension Plan financial position for each of the last three fiscal years pursuant to the New GASB Standards. The Total Pension Liability as of December 31, 2016 was calculated pursuant to the current Discount Rate of 7.50%.

<u>Fiscal Year Ended December 31</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary Net Position as a Percent of Total Pension Liability</u>
2014	\$140,207,944	\$93,595,010	\$46,612,934	66.75%
2015	145,916,865	91,999,124	53,917,741	63.05%
2016	150,548,376	98,218,282	52,330,094	65.24%

Source: The Audit

See Note 9 to the Audit, and the related required supplementary information disclosures, for a description of the Police Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Police Pension Plan, and the financial reporting information required by the New GASB Standards.

Fire Pension Plan

The City provides retirement, death and disability benefits to its sworn firefighter personnel and retirees and their beneficiaries through the Fire Pension Plan. The Fire Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Fire Pension Plan and the amount of employer and employee contributions to the Fire Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2016, the Fire Pension Plan had a membership of 242.

Contributions

As stated above, both the City and its participating employees make contributions to the Fire Pension Plan. At present, employees contribute 9.45% of their salary to the Fire Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Fire Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Fire Pension Plan for such year plus an amount sufficient to bring the total assets of the Fire Pension Plan up to 90% of the total actuarial liabilities of the Fire Pension Plan by the end of fiscal year 2040, as determined by an actuary (the "Fire Pension Plan Funding Requirement"). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Fire Pension Plan Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Fire Pension Plan over a closed period of time, the City's required contributions to the Fire Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

The City's contribution rate as of December 31, 2016 was 56.40% of covered payroll. For the fiscal years ended December 31, 2014 through December 31, 2016, the City contributed the following amounts to the Fire Pension Plan:

<u>Fiscal Year Ended December 31</u>	<u>Fire Pension Contribution</u>
2014	\$4,232,824
2015	4,265,438
2016	5,023,785

Source The Audit

Measures of Financial Position

The following table presents measures of the Fire Pension Plan financial position for each of the last three fiscal years pursuant to the New GASB Standards. The Total Pension Liability as of December 31, 2016 was calculated pursuant to the current Discount Rate of 7.00%.

<u>Fiscal Year Ended December 31</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary Net Position as a Percent of Total Pension Liability</u>
2014	\$127,664,616	\$70,843,446	\$56,821,170	55.49%
2015	134,895,684	69,122,038	65,773,646	51.24%
2016	139,104,225	72,310,307	66,793,918	51.98%

Source The Audit

See Note 9 to the Audit, and the related required supplementary information disclosures, for a description of the Fire Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Fire Pension Plan and the financial reporting information required by the New GASB Standards.

Illinois Municipal Retirement Fund

The City also participates in the IMRF Plan, which is a defined-benefit, agent multiple employer pension plan administered by the IMRF that acts as a common investment and administrative agent for units of local government and school districts in Illinois. The IMRF Plan is established and administered under statutes adopted by the Illinois General Assembly. The Pension Code sets the benefit provisions of the IMRF Plan, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF Plan, including the City, has an employer reserve account with the IMRF Plan separate and distinct from all other participating employers (the "IMRF Account") along with a unique employer contribution rate determined by the IMRF Board of Trustees (the "IMRF Board"), as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF's website.

See Note 9 to the Audit for additional information on the IMRF Plan's actuarial methods and assumptions, including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

Contributions

Both employers and employees contribute to the IMRF Plan. At present, employees contribute 4.50% of their salary to the IMRF Plan, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF Plan to its employees. The annual rate at which an employer must contribute to the IMRF Plan is established by the IMRF Board. The City's contribution rate for fiscal year 2016 was 12.93% of covered payroll.

For the fiscal years ended December 31, 2014 through December 31, 2016, the City contributed the following amounts to the IMRF Account:

<u>Fiscal Year Ended December 31</u>	<u>IMRF Contributions</u>
2014	\$1,633,605
2015	1,787,566
2016	1,795,318

Source The Audit

Measures of Financial Position

The following table presents measures of the IMRF Account's financial position for each of the last three fiscal years pursuant to the New GASB Standards. The Total Pension Liability as of December 31, 2016 was calculated pursuant to the current Discount Rate of 7.50%.

<u>Fiscal Year Ended December 31</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary Net Position as a Percent of Total Pension Liability</u>
2014	\$97,214,759	\$90,808,962	\$6,405,797	93.41%
2015	101,325,044	88,338,974	12,986,070	87.18%
2016	103,178,517	91,922,353	11,256,164	89.09%

Source The Audit

See Note 9 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the City's funding policy, information on the assumptions and methods used by the Actuary and the financial reporting information required by the New GASB Standards.

Other Post-Employment Benefits

In addition to providing pension benefits, the City subsidizes a portion of the premium for health care coverage ("OPEB") to certain retirees and their eligible dependents. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the City's plan at a Medicare supplement rate. Active employees do not contribute to the plan until retirement. Qualified retirees pay 100% of the premium cost for single and dependent coverage.

The City funds these obligations on a pay-as-you-go basis. Pay-as-you-go funding refers to the fact that assets are not accumulated or dedicated to fund these obligations. Instead, the City contributes the amount necessary to fund its share of the current year costs of providing such benefits.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years December 31, 2014 through December 31, 2016 are as follows:

<u>Fiscal Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$743,660	126.37%	\$918,760
2015	757,052	88.47	1,006,046
2016	875,638	73.42	1,238,787

Source The Audit

For additional information on the City's post-employment benefits other than pensions, see Note 16 and the required supplementary information to the Audit, which is attached hereto as Appendix C.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. For example, legislation is pending in the current session of Congress which would, among other things and if enacted, change the income tax rates for individuals and corporations and repeal the federal alternative minimum tax. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the City's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois ("Chapman and Cutler"), as Bond Counsel, who has been retained by, and acts as, Bond Counsel to the City. Chapman and Cutler has also been retained by the Underwriter to serve as counsel to the Underwriter with respect to the Bonds. Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler's engagement as Underwriter's Counsel was undertaken solely at the request and for the benefit of the Underwriter, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the same; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied; or questioning or relating to the validity of the Bonds, or contesting the corporate existence of the City or the titles of its present officers to their respective offices.

The absence of such litigation will be confirmed at the time of the delivery of the Bonds to the Underwriter by a certificate from the Mayor, City Clerk and Treasurer of the City.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in Appendix B.

The City did not include two of the required tables in its annual financial information filing for the fiscal year ended 4/30/2013 and stub year ended 12/31/2013. Such postings are now on file with the MSRB's Electronic Municipal Market Access system ("EMMA") for all of the District's outstanding CUSIPs. During the past five years there have been numerous rating actions reported by Moody's and S&P affecting the municipal bond insurance companies, one of which had insured obligations previously issued by the City. Due in part to widespread public dissemination of these rating actions, event notices were not filed in response thereto. Notice of such rating changes is now on file on EMMA with respect to such insured obligations. In addition, the City filed its February 7, 2014 rating change by Moody's with EMMA on August 7, 2014, six months after the announcement. To the extent the preceding is deemed material, there have been no other instances in the previous five years in which the City failed to comply in all material respects with any undertaking previously entered into by it pursuant to the Rule. The City has established procedures to ensure complete and timely filings in the future.

A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

BOND RATINGS

S&P is expected to assign its municipal bond rating of "AA" (Stable Outlook) to the Bonds with the understanding that, upon delivery of the Bonds, the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued by BAM.

In addition, the Bonds have been assigned an underlying rating of "A2" (Negative Outlook) by Moody's.

These ratings reflect each rating services' assessment as of the date of their respective rating report. Any further explanation as to the significance of each rating may be obtained from said rating service. The above ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating service issuing such rating. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described above under the heading "CONTINUING DISCLOSURE," neither the City nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in this Official Statement has been reviewed by the Municipal Advisor. Such information does not purport to be an audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants, and does not serve in that capacity or provide accounting services in connection with the Bonds.

The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

UNDERWRITING

The Bonds are being purchased by the Underwriter at a price of \$6,532,290.90 (reflecting a reoffering premium of \$301,215.90 and an underwriting discount of \$43,925.00).

The bond purchase agreement dated December 13, 2017 between the City and the Underwriter (the "Bond Purchase Agreement") provides that the Underwriter shall purchase all of the Bonds, if any are purchased. The initial public offering prices as set forth on the inside front cover page of this Official Statement may be changed without notice.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that there has not been any event, court decision, proposed law or rule that may have the effect of changing the federal income tax status of the Bonds.

AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds by the City Council. All of the statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the City.

All references to material not purporting to be quoted in full are only summaries of certain provisions of such material and do not purport to summarize or describe all the provisions of such material. Reference is hereby made to such instruments, documents and other materials for their complete provisions, copies of which will be furnished upon request made to the City. The City has authorized the distribution of this Official Statement.

The City will certify at the time of delivery of the Bonds, to the best of its knowledge and belief, this Official Statement, together with any supplements thereto, at the time of acceptance of the Bond Purchase Agreement and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CITY OF DECATUR
Macon County, Illinois

By /s/ Gregg Zientara
Director of Finance

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APPENDIX A

Proposed Form of Opinion of Bond Counsel

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]
[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the Council of the City of Decatur, Macon County, Illinois (the "*City*"), passed preliminary to the issue by the City of its fully registered General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), to the amount of \$6,275,000, dated December 21, 2017, due serially on December 15 of the years and in the amounts and bearing interest as follows:

2018	\$ 900,000	3.00%
2019	925,000	3.00%
2020	950,000	4.00%
2021	995,000	4.00%
2022	1,045,000	4.00%
2023	1,095,000	4.00%
2024	365,000	4.00%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX B

Proposed Form of Continuing Disclosure Undertaking

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15C2-12**

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by the City of Decatur, Macon County, Illinois (the "*City*"), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"). The Bonds are being issued pursuant to an ordinance adopted by the Council of the City on the 16th day of October, 2017 (the "*Bond Ordinance*").

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

DEBT STRUCTURE

- Summary of Outstanding Debt
- Bonded Debt Repayment Schedule
- Debt Ratios (City debt only)

FINANCIAL INFORMATION

- EAV Trend
- Tax Rate Trend
- Representative Tax Rate
- Tax Extensions and Collections
- Major Taxpayers
- Summary of Operating Results

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated December 13, 2017, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The City will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Bond Ordinance.

6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Bond Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the City by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The City shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The City shall not transfer its obligations under the Bond Ordinance unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF DECATUR, MACON COUNTY, ILLINOIS

By: _____
Its: Mayor

Date: December 21, 2017

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the City's fiscal year (currently December 31) beginning with the fiscal year ending December 31, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the City.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

**EXHIBIT III
CUSIP NUMBERS**

Year of Maturity (December 15)	CUSIP Number (243127)
2018	VY0
2019	VZ7
2020	WA1
2021	WB9
2022	WC7
2023	WD5
2024	WE3

APPENDIX C

Comprehensive Annual Financial Report For Fiscal Year Ended December 31, 2016

The Comprehensive Annual Financial Report contained in this Appendix (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by CliftonLarsonAllen LLP, Champaign, Illinois (the "Auditor"), and approved by formal action of the Council of the City. The City has not requested the Auditor to update information contained in the Audit; nor has the City requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the Audit. If you have a specific question or inquiry relating to the financial information of the City since the date of the Audit, you should contact Gregg D. Zientara, City Treasurer & Director of Finance of the City.

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City of Decatur, IL



Imagine the Possibilities...

LIVING IN DECATUR

Choosing to live in Decatur is an easy choice both because of its impressive quality of life and local housing value. Decatur is an attractive choice for long term residents and those looking to call Central Illinois home for the first time.

WORKING IN DECATUR

Decatur, a leader in American manufacturing and technological breakthroughs, from providing the crops that feed our families to serving as a world leader in creating the fuel of the future. Today's Decatur offers a mixture of work opportunities, from traditional manufacturing to cutting edge technology development to customer service support.

PLAYING IN DECATUR

Whether you're looking to spend some time relaxing outdoors, want to shop 'till you drop or prefer your entertainment on the stage or big screen, Decatur's got something just for you. Today we offer more than 2,000 acres of parks and recreational areas and host more than 130 festivals and other entertainment events including the Decatur Celebration, Illinois' largest free family street festival. Free downtown events include the annual Cruisin' Car Show, Arts in Central Park and the summer Blues in Central Park series.

LEARNING IN DECATUR

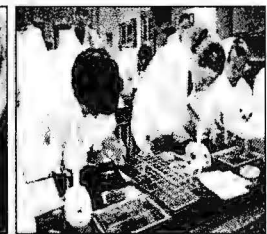
They are local and state government officials, award winning musicians, Broadway performers and leaders of private enterprise. And they're all products of Decatur area schools. Area schools provide world-class educational opportunities, mixing fundamentals with exposure to innovative educational disciplines. Millikin University and Richland Community College combine first-rate education at a value unseen in other areas of the country.



Children's Museum of Illinois



Caterpillar Employment



Richland Community College Biology Lab

Comprehensive Annual Financial Report

Fiscal Year January 1 to December 31, 2016

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, 2016

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

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

Inside Back Page Photo(s)

Upper left – Decatur Area Arts Council mural project located in downtown Decatur memorializing George Halas, the first coach of the Decatur Staley's professional football team formed in 1919. The franchise was relocated to Chicago in 1921 and was renamed the Chicago Bears. DAAC introduces and promotes the arts to improve the quality of life in our community.

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

Middle right – The Z & O Express Train, one of the most popular attractions since 1984. Scovill Zoo is located on Country Club Road, where in addition to viewing and learning about animals of the wild, includes a community-built Project Playground and educational programs offered year-round. AZA accredited facility.

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

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I **Introductory Section**



**City of Decatur
City Officials**

Office	Official	Term of Office	
Mayor	Julie Moore Wolfe Julie Moore Wolfe	08-17-2015 to 04-30-2017 05-01-2017 to 04-30-2019	acting mayor elected
Council Members			
at large	Jerry Dawson	05-01-2013 to 04-30-2017	elected
at large	Patrick McDaniel	05-01-2013 to 04-30-2017	elected
at large	Christopher Funk	09-21-2015 to 04-30-2017	appointed
at large	Dr. Dana Ray	05-01-2015 to 04-30-2019	elected
at large	Lisa Gregory	05-01-2015 to 04-30-2019	elected
at large	Bill Faber	05-01-2015 to 04-30-2019	elected
at large	Chuck Kuhle	05-01-2017 to 04-30-2021	elected
at large	David Horn	05-01-2017 to 04-30-2021	elected
at large	Patrick McDaniel	05-01-2017 to 04-30-2021	elected
City Manager	Tim Gleason	03-23-2015 per contract	contractual
City Treasurer	Gregg D. Zientara	05-01-2015 to 04-30-2019	appointed
City Clerk	Debra Bnght	05-01-2015 to 04-30-2019	appointed

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

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

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



CITY OF DECATUR ILLINOIS

1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

June 21, 2017

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

This Comprehensive Annual Financial Report ("CAFR"), for the City of Decatur, Illinois ("City") for the Twelve (12) month fiscal period ended December 31, 2016 is hereby submitted.

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

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

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget Control, and Uniform Grant Guidance.

The independent auditors' single audit report, as performed by CliftonLarsonAllen, LLP, including the schedule of expenditures of federal awards, findings and recommendations, report on internal control structure, and report on compliance with applicable laws and regulations, is included in Section IX of this CAFR.

General Information

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

The City of Decatur is located within the central heartland of the agricultural region of the State of Illinois and is in the geographic center of the state. The City of Decatur is located approximately sixty (60) miles west of the Illinois

and Indiana State boundary line, one-hundred and seventy-five (175) miles south of Chicago, one-hundred and twenty (120) miles northeast of St. Louis, Missouri, and within a region of fifty (50) mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois

The year 2010 U.S. Bureau of the Census population for the City of Decatur was reported as 76,122, whereas the year 2010 Census population for Macon County was reported as 110,768. The City of Decatur population is currently reported at 73,814 inhabitants, according to Esri 2016 forecast estimation.

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

Decatur and Macon County is a vibrant and diverse area with a strong local economy based on a mix of manufacturing and service, agricultural, higher education and other commercial based industries. The diverse economic mix creates varied employment opportunities for residents while providing some level of diversification from economic downturns.

The City of Decatur provides a full range of governmental services to citizens. Services include:

- general government,
- public safety police and fire protection,
- public works street construction and maintenance,
- public works infrastructure construction and maintenance,
- water, sewer, and storm water utility services to commercial, industrial and residential properties within the city,
- public transit operations,
- community and economic development services,
- and parking operations within the central city footprint.

The City of Decatur was incorporated in 1836, and since 1971 has operated as a Home Rule unit of local government pursuant to the State of Illinois Constitution. The City operates under a managerial form of government, under which the elected Mayor and City Council discharge the legislative function and establish municipal policy, with an appointed City Manager responsible for all city administrative and operational functions.

The City of Decatur governmental structure includes elected officials and appointed officials as follows with defined management and legislative authority in compliance with State of Illinois Statutes:

Mayor	Chief Legislative Officer Chair of City Council Non-partisan elected official	4-year term of office
Council Members	Six (6) member legislative body All member's non-partisan elected official	4-year term in office
City Manager	Appointed by Mayor	Contractual term
City Clerk	Recording Secretary of City Council	4-year term in office
City Treasurer	Appointed by Mayor	4-year term in office

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

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

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

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

The City operates with a number of Boards and Commissions, serving as community oversight to the City Council, report to the City Council, and make recommendation to the City Council concerning matters of legislative nature. The City Council considers such recommendations of the Boards and Commissions in its determination of acceptance or rejection of those resolutions and ordinances presented to the City Council by the City Manager. The City Council maintains legislative oversight authority over the various Boards and Commissions.

The City Manager is appointed by the Mayor and City Council for a contractual period of time and is responsible for the administration and operation of city government. Tim Gleason was appointed City Manager effective March 23, 2015. Mr. Gleason, previously served as City Administrator for the City of Washington, Illinois.

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

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

Economic Demographics, Economic Condition, Position & Outlook

The City of Decatur and Macon County, historically and at present, has experienced a strong and vibrant economic profile based on a mix of employment including agriculture, manufacturing and service, higher education, and other commercial based industries.

Population

The population for the City of Decatur is reported at 76,122 inhabitants per the 2010 U.S. Bureau of Census, thus representing a decline in population level in comparison to the year 2000 U.S. Bureau of Census population of 81,860. The City of Decatur population is currently reported at 73,814 inhabitants, per Esri 2016 forecast estimation.

The population demographics of the City of Decatur resembles the state and national profiles, albeit, with certain divergences. Versus the state and national profiles, current demographics indicate higher female population, an older age disbursement, a lower demographic in the primary wage earner ages of 25-64 years of age, a higher post 65 years of age demographic, a demographic skewed towards unmarried residents, and a less diverse race demographic given the lower level of Asian and Hispanic population, with home ownership percentage below both the state demographic and the national demographic levels.

The following provides a current demographic profile of the residents of Decatur as compared to the state and national profiles

		City of Decatur	State	National
Gender	Male	47 0%	49 1%	49 3%
	Female	53 0%	50 9%	50 7%
Age	0 – 24 years of age	31 7%	32 9%	32 7%
	25 – 44	23 9%	26 9%	26 2%
	45 – 64	25 6%	25 9%	26 1%
	65 +	18 8%	14 3%	15 0%
	Median age (in years)	39 8	37 5	38 0
Race	White alone	69 3%	70 0%	70 5%
	Black alone	24 7%	14 3%	12 8%
	American Indian alone	0 3%	0 3%	1 0%
	Asian alone	1 1%	5 4%	5 5%
	Pacific Islander alone	0 0%	0 0%	0 2%
	Other (multiracial)	4 6%	10 0%	10 0%
	Hispanic origin	2 6%	17 3%	17 9%
Marital status	Never married	34%	35%	33%
	Married	43%	49%	50%
	Widowed	7%	6%	6%
	Divorced	16%	10%	11%

Data source: Esri 2016 demographic and income profile market report

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

		City of Decatur	State	National
Households	Total number	31,695	4,911,410	121,786,233
Families	Total number	18,460	3,198,998	80,307,260
	Avg. household	2 21	2 59	2 59
Home ownership	Owner occupied	19,311	3,199,558	76,427,142
	Renter occupied	12,383	1,711,852	43,359,091
	Owner occupied	61%	65%	63%
	Renter occupied	39%	35%	37%

Data source: Esri 2016 demographic and income profile market report

Education

The educational profile of the City of Decatur residents age 25 and older diverges from both the state and national profile, whereby, the percentage of population earning educational degree completion beyond high school graduation lags both the state and national levels. Population with high school graduation and some college experience is higher than both the state and national profiles.

The following provides a current demographic profile of the residents of Decatur as compared to the state and national profile for population age 25 and older

	City of Decatur	State	National
Less than Grade 9	3 6%	5 1%	5 5%
Grade 9 – 12, no diploma	8 9%	6 5%	7 3%
High school graduate	34 4%	26 6%	27 6%
Some college, no degree	24 2%	20 8%	20 9%
Associates degree	7 3%	7 8%	8 2%
Bachelors degree	13 6%	20 2%	18 8%
Graduate degree	8 0%	13 0%	11 7%

Data source: Esri 2016 demographic and income profile market report

The City of Decatur Community School Corporation, District 61, is the primary responsible authority for the elementary and secondary school structure within the City of Decatur. In addition, school corporation authorities of Argenta/Oreana, Cerro Gordo, Maroa/Forsyth, Mendon, Mt. Zion, and Warrensburg/Latham have jurisdiction for elementary and secondary school structure within certain township locales within the City of Decatur Corporation limits. In addition, Roman Catholic parochial schools at both the elementary and secondary level, as well as other religious affiliated schools at both the elementary and secondary level, remain a vibrant part of the primary and secondary educational structure within the City of Decatur.

The City of Decatur includes two institutions of higher education including Millikin University and Richland Community College.

Millikin University is a private American co-educational, comprehensive four-year university with traditional undergraduate programs in arts and sciences, business, fine arts, and professional studies, as well as non-traditional, adult degree-completion programs (PACE) and graduate programs in business administration and nursing, founded in 1901 with a student enrollment of approximately 2,400 students. Richland Community College District No. 537 ("Richland Community College") was founded in 1972 and offers course study in baccalaureate, occupational, development and public service programs to an enrollment of approximately 3,500 students.

Employment

The total resident labor force in the City of Decatur per the Esri 2016 analysis was reported as 32,085 resident workers for employed population 16 years and older.

Employment statistics for the City of Decatur's major economic sectors are as follows for employed population 16 years and older:

Economic Sector	Employment	% of Total
Agriculture/mining	257	0 8%
Construction	1,701	5 3%
Manufacturing	4,877	15 2%
Wholesale trade	610	1 9%
Retail trade	4,107	12 8%
Transportation/utilities	2,246	7 0%
Information	513	1 6%
Finance/insurance/real estate	1,636	5 1%
Services	14,855	46 3%
Public administration	1,283	4 0%
Total	32,085	100 0%

Data source: Esri 2016 demographic and income profile market report

The employment profile for the City of Decatur is comprised of 71.7% service industries, 7.8% other industries and 20.5% manufacturing and construction industries. Service sector is the largest employment category with 14,855 workers or 46.3% of the workforce population. Other significant employment sectors include manufacturing with 4,877 workers or 15.2% of the workforce, followed by retail trade at 4,107 workers or 12.8%, transportation / utilities at 2,246 workers or 7.0%, finance / insurance / real estate at 1,636 or 5.0%.

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

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

Data source: Esri 2016 demographic and income profile market report

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

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

Total **14,164**

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

The City of Decatur continues to place high emphasis on a growing and diversified local economy. The City has been historically active in supporting manufacturing operations, offering a strong residential labor force, with low-cost alternatives to other cities in Illinois and in the Midwest region. In addition, the City offers a strong infrastructure backbone for establishment of manufacturing, transportation, and distribution industry operations in the City footprint.

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

Unemployment

Unemployment statistics as reported by the U.S. Bureau of Labor Statistics reflects an unemployment rate of 6.6% in the City of Decatur for the composite 2016 calendar year. The seasonally adjusted unemployment rate for the City of Decatur was reported as 4.9% as of April, 2017. The reported unemployment rate is above the State of Illinois and National levels.

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

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

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

Unemployment levels have declined in 2016 in the City of Decatur as well as in comparable cities in Central Illinois, the State of Illinois and at the United States national level, thus, signaling continued improvement in the overall economy and in economic conditions specific to the City of Decatur.

Personal Income

The City of Decatur presently has an estimated 31,695 households with an average per capita personal income of \$24,913 per Esri 2016 analysis, which compares to the State of Illinois average per capita income of \$31,032 and the United States per capita income of \$29,472. Median household and average household income levels for the City of Decatur are below both the state and national levels.

\$ whole	Decatur	State	National
Per capita income	24,913	31,032	29,472
Median household income	39,217	57,337	54,149
Average household income	55,320	80,916	77,008

Data source: Esri 2016 demographic and income profile market report

Cost of Living

The City of Decatur maintains an affordable cost of living currently ranked 9% below the national average and continues to be one of the greatest advantages of living in the community. Decatur ranks favorably when compared to similar locations within the state and the region.

The following chart depicts the cost of living ranking of the City of Decatur in comparison to other locales within the State of Illinois, closely located major centers, and national epicenters

	Ranking
National average	100%
Decatur	91%
Bloomington / Normal, IL	96%
Champaign / Urbana, IL	97%
Danville, IL	91%
Peoria, IL	96%
Rockford, IL	92%
Springfield, IL	86%
Indianapolis, IN	87%
St. Louis, MO	90%
Chicago, IL	117%
New York, NY	217%

Data source: *Infoplease cost of living report circa 2010*

The housing costs in Decatur are below the state and national averages. Per a report compiled by Esri for median home values in year 2015, the median home value for a single-family home in the City of Decatur statistical area was \$78,825 as compared to a median home value in the State of Illinois of \$190,380. The national median home value is \$198,891.

Economic Condition and Position

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

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

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

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

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

The City of Decatur economy is largely a manufacturing driven economy with service industry economic drivers supporting the main employment thrust in the City, as evidenced by the supporting statistics previously reported in this document.

The educational element of the economy, with the presence of Millikin University and Richland Community College, continues to be an important contributor to the economic profile of the City of Decatur.

In addition, the cultural and recreational offerings of Millikin University and Richland Community College, coupled with the Decatur Parks District, provide an array of events and activities that generate economic activity within the City of Decatur, contributing to the local economy.

The City has long maintained and continues to maintain a healthy city economic philosophy, whereby, it is incumbent upon the City to possess the essential financial resources to provide essential services to taxpayers and stakeholders, at all times, regardless of the economic climate existing in the community.

The City is financially stable, with short-term adequate reserves that have assisted the City to weather the economic recession that has affected the local and national economy in the last fiscal years. However, the City is not immune to any lack of economic development in all economic sectors driving the local and national economies.

Recent Awards and Recognitions

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

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

City of Decatur ranked 9th on the list of *Best Illinois Cities for Families* based on housing costs, school quality, child friendliness and safety by **Apartment List Magazine**, a leading, award-winning housing search magazine. **Decatur Recently Ranked in Top 25 of American Cities for Global Trade** by **Global Trade Magazine** – According to the story, "Equidistant from Chicago, Indianapolis and St. Louis, Decatur is poised to warehouse and export goods, bypassing its larger Midwest neighbors."

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

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

Economic Development and Infrastructure Development

Executive Management of the City of Decatur continues to pursue economic development and public works opportunities that will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

Ongoing or Recently Completed Initiatives

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

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

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

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

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

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

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

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

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

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

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

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

Akorn Pharmaceutical – A significant Decatur enterprise and employer has begun a \$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.

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

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

Crossing Healthcare – New \$6 million state-of-the-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-the-art, 46,000 square foot renovated facility provides the Police Department and staff the space and tools needed to effectively and efficiently manage the police protection affairs of the City of Decatur. Working with a local developer, who purchased and renovated the building, this project returned a vacated industrial site to productive community use, and has positioned further commercial and economic development opportunities in the adjacent area.

Downtown Revitalization – The City's Downtown Streetscape project, completed in 2015, was a \$14 million public development imagined as the next step in efforts to bring a new look, feel and energy to the City's Central Business District. The three-phased plan has brought new sidewalks, landscaping, lighting, recreational opportunities and other amenities to Downtown Decatur. Improvements to Central Park, Merchant Street and Lincoln Square were completed in 2013 with 150 new downtown parking spaces added to facilitate the increase in activity. The project spurred a return to prominence of the City's downtown district in the form of new businesses and jobs, entertainment options and the creation of a "new" downtown that is now a destination for residents and visitors. The project was funded with \$10 million from the 2010 General Obligation Bond Issue, \$2 million in motor fuel tax from the State of Illinois, and \$2 million in transportation grants from the Illinois Department of Transportation.

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

Lakeshore Landing Lakefront Development Project – The Decatur Park District and the City continue to work together to bring a new face and amenities to the Nelson Park lakefront. The project will create a destination for both residents and people who come to Decatur to live, work and play. The installation of new boat docks and piers, and lake front promenade improvements were completed in 2013. The project continues with further development initiatives envisioned including a water park, additional boat docks, new restaurant and recreation amenities, and lake view condominium housing.

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

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

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

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

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

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

Administrative Court – The City commenced operation of a new City Administrative Court in 2012, a new tool in efforts to facilitate clean up and maintain the City. City ordinance violations were previously prosecuted in Macon County Circuit Court with the exception of violations of the City's noise ordinance and unlawful use of a motor vehicle charges. The types of cases that can be heard in administrative court now include, among other types, those related to property maintenance, garbage and littering complaints, certain building code and overweight vehicle cases. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results.

Single Stream Recycling – City residents responded in record numbers to the City single-stream recycling program launched in 2012. More than 50 percent of City households signed up to participate in the program and the amount of recycled material continues to increase as residents become accustomed to the program. This program continues to gain further acceptance in the community and further contributes to the "greening" of the City of Decatur.

Archer Daniels Midland ("ADM") Local Investment and Expansion

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

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

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

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

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

Infrastructure Improvement Projects

Water System Improvement Initiative – In the spring of 2013, the Decatur City Council took bold legislative action approving a series of rate increases in the municipal water supply effective May 1, 2013. The approved rate increases, 35% effective May 1, 2013, 30% effective May 1, 2014, 25% effective May 1, 2015, and 2.5% increases effective each May 1 into the future, providing the capital resources for the \$90 million investment currently underway, the largest investment in the City water system since Lake Decatur was created in 1922. The rate increases fund a series of lake dredging initiatives that will increase the capacity of the lake, thereby increasing the retained water levels of the lake by 30%. The rate increases will also fund further investment to secure secondary water supply, as a safeguard in times of drought, as well as a series of investments in replacing aging above and below ground water infrastructure. The dredging initiative is presently entering the second summer of activity with completion expected in 2019.

Lake Decatur Dam Repair Phase I – This \$3.4 million investment completed in 2013 was critical in protecting our ability to control lake levels and protect the Lake Decatur/Sangamon River shoreline. The project rehabilitated mechanical systems, replaced seals and cylinders and repaired the upstream face of the dam. The project was funded by user fees paid by City utility water customers.

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

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

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

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

Franklin Street Water Tower – The City completed construction of a 1-million-gallon capacity tank at 3635 S Franklin Street Road in November, 2012. Both the tower and South Pressure Zone Booster Pump Station were constructed to ensure consistent and reliable water pressure for Decatur water customers south of Lake Decatur and the Sangamon River. The total project cost was \$2.6 million, with 75 percent of the total funded through the Illinois Environmental Protection Agency's Public Water Supply Loan Program at zero interest. The rest of the project was funded with American Recovery and Reinvestment Act (Stimulus) funds the City received at no cost with no obligation to repay.

Downtown Streetscape / Truck Rerouting – The City received \$1.9 million in federal funds to assist improvement of the streetscape along the heavily traveled Franklin and Main Street corridors. Additionally, the City negotiated to receive control of the Main St. U.S. Route 51 corridor from the State of Illinois, allowing for the rerouting of truck traffic outside of the core downtown area, benefiting downtown foot traffic for shoppers and businesses alike.

Eldorado Streetscape Improvements – This project, completed in 2012, brought a new roadway, sidewalks, curbs and other aesthetic improvements to the section of Eldorado Street between Church Street and the railroad tracks just east of Martin Luther King Jr. Drive. Additionally, the State of Illinois completed work to resurface the

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

Brush College Road / East Belt Parkway – The Decatur City Council approved the selection of resources to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Fanes Parkway. This project is important to address traffic flow in this important industrial city corridor. As well, the City, in co-operation with Macon County is pursuing federal funding support to create the East Belt Parkway connecting roadways in support of anticipated economic development opportunities in this industrial sector of the city footprint.

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

Education Investments

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

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

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

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

Financial / Single Audit / Budgetary Controls

The City Management Team, under the direction of the City Manager, is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the

benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs.

The internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Budgetary Controls

In accordance with State of Illinois Statutes and Home Rule Authority adopted by the City of Decatur, the City maintains budgetary controls integrated within the accounting system to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted and approved by the City of Decatur City Council.

Activities of all funds of City operations, including the general fund, special revenue funds, capital project funds, internal service funds, enterprise funds and agency funds have been included in the annual appropriated budget.

By Ordinance of the City Council, the organizational level for which expenditures cannot exceed the appropriated amount is at fund level for both the General Fund and all other funds of City operations.

Expenditures contemplated in excess of appropriated amounts require City of Decatur Council approval prior to expenditure commitment.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at fiscal year end and are required to be appropriated in the subsequent year.

City Vision, Goals, and Objectives

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

Economic Development

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

Neighborhood Revitalization

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

Organizational Operations

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

Infrastructure

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

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

Other Information

Independent Audit

In accordance with State of Illinois Statutes, the City is required to be annually audited by independent certified public accountants

The audit was performed by CliftonLarsonAllen, LLP

In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and Uniform Grant Guidance

The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section (section II) of this report

For each of the past twenty-five (25) years consecutively the City has received an unmodified audit opinion from the independent auditors

The auditors' reports, related specifically to the single audit required by the Single Audit Act Amendments of 1996 are included in section IX of this CAFR report

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its comprehensive annual financial report for the fiscal year ended December 31, 2015

This represents the forty-fourth (44th) consecutive fiscal year in which the City of Decatur has received this prestigious award

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and legal requirements

A Certificate of Achievement is valid for a period of one year. The City of Decatur believes that the current comprehensive annual financial report, contained herewith, continues to meet the GFOA Certificate of Achievement Program requirements, and thus, the City of Decatur will submit this CAFR report to the GFOA for consideration.

Acknowledgments

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

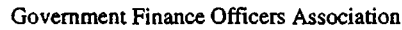
All contributing members of the City of Decatur receive our sincere appreciation for their contribution in the preparation of this report. In addition, we thank the work performed by the independent audit firm of CliftonLarsonAllen, LLP, for their timely work and dedication in this effort.

Finally, without the leadership and support of Mayor Julie Moore Wolfe, members of the City Council, and City Department Heads, preparation of this report would not have been possible.

Closing

This letter of transmittal and Comprehensive Annual Financial Report for the City of Decatur is respectively submitted for the fiscal period ended December 31, 2016.

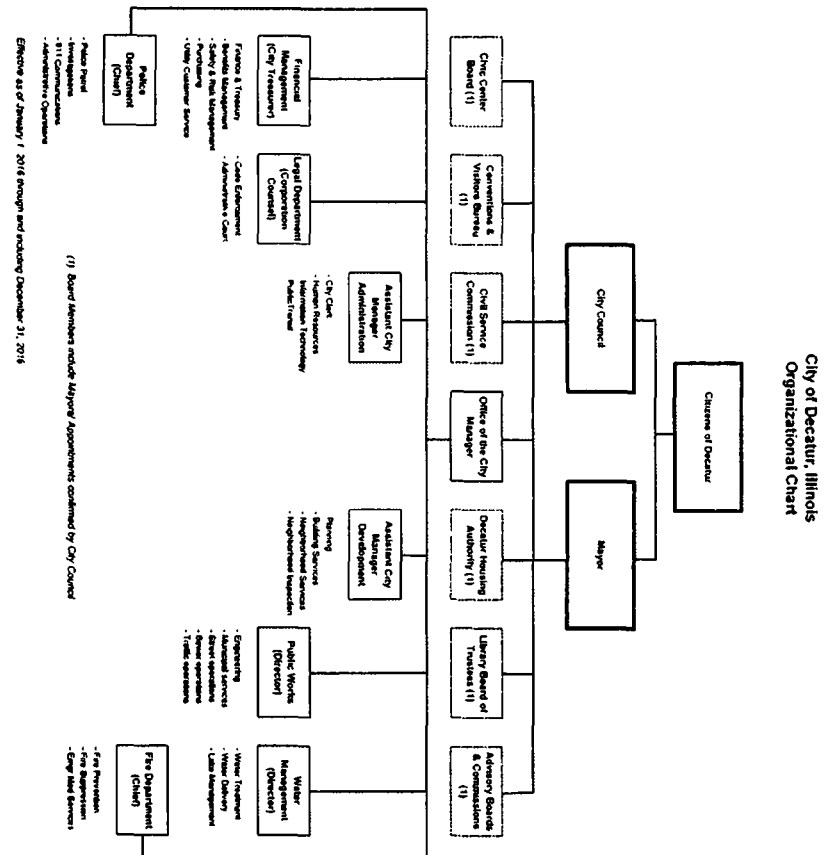

Gregg D. Zientara
City Treasurer & Director of Finance



Presented to
City of Decatur
Illinois

December 31, 2015

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II Financial Section



CliftonLarsonAllen LLP
CLAAconnect.com

Independent Auditors' Report

The Mayor and City Council
City of Decatur, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois (City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Beginning net position/fund balance from previously issued financial statements has been restated to record a correction of an accrued liability and a loss on disposal of assets. See Note 18 which explains this restatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, debt service fund budgetary statement, the combining and individual nonmajor fund financial statements, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

The debt service fund budgetary statement, combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017

The Management of the City of Decatur, Illinois ("City") provides herewith, this Management Discussion & Analysis ("MD&A") of the financial activities and financial condition of the City of Decatur for the fiscal year ended December 31, 2016.

By Ordinance 2013-26 of the City Council, presented and adopted on April 15, 2013, the City elected to change the fiscal year end from April 30 to December 31 to coincide with a calendar year basis, effective January 1, 2014, whereby the fiscal year of the City shall be January 1 to December 31. This MD&A presents the financial position of the City for the twelve (12) month fiscal period commencing January 1, 2016 and ending December 31, 2016, and is hereby referenced in this report as the "twelve (12) month fiscal period ending December 31, 2016", with comparative financial data for the twelve (12) month fiscal period ending December 31, 2015.

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

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

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

City of Decatur, Illinois

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

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

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

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

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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.

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

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

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

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

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015
Total Assets	140,667,044	139,979,303	176,649,696	146,687,585	317,316,740	286,666,668
Deferred Outflow	10,873,313	17,198,181	971,229	1,428,126	11,844,542	18,626,307
Total Liabilities	175,546,392	177,288,774	148,811,745	130,424,200	324,358,137	307,712,974
Deferred Inflows	18,191,832	15,080,157	233,602	64,616	18,425,434	15,144,773
Net Position						
Net investment in capital assets	60,818,124	61,778,472	9,023,087	6,161,938	69,841,211	67,940,410
Restricted	6,002,253	9,282,505	-	-	6,002,253	9,282,505
Unrestricted	(109,018,244)	(106,252,424)	19,552,491	11,464,957	(89,465,753)	(94,787,467)
Total net position (1)	(42,187,867)	(35,191,447)	28,575,576	17,626,895	(13,622,289)	(17,564,552)
Change vs. pr. year	(7,006,420)	(6,703,728)	10,948,683	6,193,610	3,942,263	(510,118)
Expenses	83,219,770	83,542,170	34,843,399	31,498,304	118,063,169	115,040,474
Revenues	76,257,651	74,184,833	43,747,781	40,345,523	122,005,432	114,530,356

Source: City of Decatur Financial Statement 1 and 2

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

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- Government wide net position (total assets and deferred outflows less total liabilities and deferred inflows) as of December 31, 2016 is a deficit position of \$13,622,289.
- Government wide net position increased by \$3,942,263 or 22% during the fiscal year ending December 31, 2016. Governmental activity net position decreased by \$7,006,420 or 20%, and business activity net position increased by \$10,948,683 or 62% during the fiscal year.
- Total assets as of December 31, 2016 of \$317,316,740 increased \$30,649,852 or 11% as compared to total assets as of December 31, 2015.
- Total liabilities as of December 31, 2016 of \$324,358,137 increased \$16,645,163 or 5% as compared to total liabilities as of December 31, 2015.
- Government wide net position of \$69,841,211 are invested in capital assets, net of related debt, and are therefore, not available for spending. \$6,002,253 is classified as restricted primarily for debt service and capital outlay. A negative \$89,465,753 is classified as unrestricted net position, of which \$130,380,176 is net long term pension liability, resulting in an unrestricted net position net of long term pension liability of \$40,914,423.
- Government wide revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to \$122,005,432, versus government wide revenue of \$114,530,356 achieved in the 12-month fiscal period ending December 31, 2015. Governmental activity revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to \$78,257,651, versus governmental activity revenue of \$74,184,833 achieved in the 12-month fiscal period ending December 31, 2015. Business activity revenue achieved in the 12-month fiscal year ending December 31, 2016 amounted to \$43,747,781, versus business activity revenue of \$40,345,523 achieved in the 12-month fiscal period ending December 31, 2015.
- Government wide program expense in the 12-month fiscal year ending December 31, 2016 amounted to \$118,063,169, versus government wide program expense of \$115,040,474 in the 12-month fiscal period ending December 31, 2015. Governmental activity program expense in the 12-month fiscal year ending December 31, 2016 amounted to \$83,219,770, versus governmental activity program expense of \$83,542,170 in the 12-month fiscal period ending December 31, 2015. Business activity program expense in the 12-month fiscal year ending December 31, 2016 amounted to \$34,843,399, versus business activity program expense of \$31,498,304 in the 12-month fiscal period ending December 31, 2015.
- Explanatory commentary concerning the changes in assets, liabilities, deferred outflows & inflows, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

The City of Decatur's financial statements are comprised of four (4) components: 1) government wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also includes other supplementary information in addition to the basic financial statements themselves.

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Government wide financial statements

The government wide financial statements are designed to provide readers with a broad overview of the City of Decatur's finances using "accrual based accounting", a method of accounting used by private-sector business concerns.

Statement of net position

This statement reports all assets, deferred outflows, liabilities, and deferred inflows of the City of Decatur as of December 31, 2016. The difference between total assets, deferred inflows, total liabilities, and deferred inflows is reported as "net position", and can generally be thought of as the net worth of the City. Increase in net position generally indicates an improvement in financial position, while a decrease in net position may indicate a deterioration of financial position.

Statement of activities

This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of Decatur for the twelve months ended December 31, 2016. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenue available for general purposes including property tax, sales & use tax, other tax, fees for services and other revenue sources.

The government wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The major governmental activities of the City of Decatur include general government, economic development, public safety, street construction and maintenance, infrastructure construction and maintenance, and education & culture through the public library. The major business-type activities of the City include the water utility, sewer utility and public transit operations.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use modified accrual accounting method. The City maintains six (6) major governmental funds (General, Library (3 funds), Debt Service, TIF Redevelopment (7 funds), Motor Fuel Tax, Local Streets and Roads and twenty (20) non-major governmental funds.

Proprietary Funds

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

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

Internal service funds are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains four (4) internal service funds. The City of Decatur uses internal service funds to account for its self-insured property, worker's compensation and liability insurance programs, self-funded employee health benefit programs, and fleet maintenance and equipment replacement programs.

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

Fiduciary Funds

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

Notes to the financial statements

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

Other information

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

Government wide financial statements

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

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Assets						
Current & other	46,113,298	43,696,745	52,908,518	38,421,512	99,021,816	82,118,287
Capital assets (net)	94,553,746	96,282,558	123,741,178	108,266,043	218,294,924	205,548,601
Total Assets	140,667,044	139,979,303	176,649,696	146,687,555	317,316,740	288,666,888
Deferred Outflows						
Pension liability	10,873,313	17,198,181	971,229	1,428,126	11,844,542	18,626,307
Liabilities						
Current	14,344,182	11,309,747	15,140,759	14,621,433	29,484,941	25,931,180
Long term	161,202,210	165,979,027	133,670,986	115,802,767	294,873,196	281,781,794
Total Liabilities	175,546,392	177,288,774	148,811,745	130,424,200	324,358,137	307,712,974
Deferred Inflows						
Future property tax	15,846,657	14,309,450	-	-	15,846,657	14,309,450
Pension liability	2,345,175	770,707	233,602	64,616	2,578,777	835,323
Total Deferred Inflow	18,191,832	15,080,157	233,602	64,616	18,425,434	15,144,773
Net position (1)						
Net investment in capital assets	60,818,124	61,778,472	9,023,087	6,161,938	69,841,211	67,940,410
Restricted	6,002,253	9,282,505	-	-	6,002,253	9,282,505
Unrestricted	(109,018,244)	(108,252,424)	19,552,491	11,464,957	(89,465,753)	(94,787,467)
Total net position	(42,197,867)	(35,191,447)	28,575,578	17,626,895	(13,622,289)	(17,564,552)

Source: City of Decatur Financial Statement 1 and 2

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

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

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

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

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

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

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

Deferred outflow of resources representing deferred pension expense for the police pension plan, firefighter pension plan, both administered by the City, and the municipal workers pension plan (IMRF) administered by the State of Illinois was \$11,844,542 at December 31, 2016 and represents a decrease from the position of \$18,626,307 as of the prior year end.

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

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

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

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

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

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Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
\$(whole)	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015	12 months Ending Dec 31, 2016	12 months Ending Dec 31, 2015
Revenue						
Program Revenue						
Charge for services	10,264,220	9,529,473	37,447,276	34,078,084	47,711,496	43,607,557
Grants / contributions	5,428,617	4,900,481	5,892,767	6,197,601	11,321,384	11,098,082
General Revenue						
Property tax	15,546,929	13,512,949	-	-	15,546,929	13,512,949
Local sales & use	11,848,821	11,950,201	-	-	11,848,821	11,950,201
State sales & income	17,630,799	20,862,321	-	-	17,630,799	20,862,321
Utility tax	7,489,097	4,684,705	-	-	7,489,097	4,684,705
Food & beverage tax	3,195,648	3,209,143	-	-	3,195,648	3,209,143
Local motor fuel tax	1,399,777	-	-	-	1,399,777	-
Hotel use tax	697,601	666,384	-	-	697,601	666,384
Other tax	2,545,850	3,011,048	-	-	2,545,850	3,011,048
Investment earnings	35,720	6,923	407,738	297,922	443,458	304,845
Other revenue	2,174,572	1,851,205	-	(228,084)	2,174,572	1,623,121
Total Revenue	78,257,651	74,184,833	43,747,781	40,345,523	122,005,432	114,530,356
Expenses						
General government	12,675,556	11,162,579	-	-	12,675,556	11,162,579
Economic development	2,950,916	2,754,007	-	-	2,950,916	2,754,007
Public safety	47,104,920	49,909,807	-	-	47,104,920	49,909,807
Public works	14,180,746	14,575,459	-	-	14,180,746	14,575,459
Culture	551,580	295,433	-	-	551,580	295,433
Education	4,281,706	3,294,285	-	-	4,281,706	3,294,285
Interest on debt	1,474,346	1,550,600	-	-	1,474,346	1,550,600
Water utility	-	-	22,732,240	20,365,069	22,732,240	20,365,069
Public transit	-	-	7,181,746	6,717,111	7,181,746	6,717,111
Waste removal	-	-	642,358	600,997	642,358	600,997
Sewer	-	-	3,326,538	3,361,311	3,326,538	3,361,311
Storm water	-	-	960,507	453,816	960,507	453,816
Total Expenses	83,219,770	82,476,235	34,843,399	31,498,304	118,063,169	115,040,474
Change in net position						
Excess (deficiency)	(4,962,119)	(9,357,337)	8,904,382	8,847,219	3,942,263	(510,118)
Transfers	(2,044,301)	2,653,609	2,044,301	(2,653,609)	-	-
Change in net position	(7,006,420)	(6,703,728)	10,948,683	6,193,610	3,942,263	(510,118)
Beginning net position (1)	(35,191,447)	(28,487,719)	17,826,895	11,433,285	(17,564,552)	(17,054,434)
Ending net position	(42,197,867)	(35,191,447)	28,575,578	17,626,895	(13,622,289)	(17,564,552)

Source: City of Decatur Financial Statement 2

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

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Governmental Activities

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

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

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

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

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

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

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

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

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

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

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Business Activities

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

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

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

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

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

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

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

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

Management Discussion and Analysis
City of Decatur, Illinois
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Financial Analysis of Government Funds

The City of Decatur uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

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

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

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

Restricted fund balance of \$6,985,109 is sequestered for spending on specific projects or specific types of expenditures whereby constraints have been placed on the use of these resources, including debt service fund (\$814,740), transportation & highway motor fuel tax fund (\$1,714,622), public library fund (\$1,189,131), local streets & roads fund (\$1,343,063) and non-major governmental funds (\$1,923,553).

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

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Unassigned fund balance of \$8,135,659, or 49%, is available for spending at the City's discretion, with \$8,242,880 available in the City General Fund.

The General Fund is the primary operating fund for City operations including general government, public safety police and fire protection, public works operations, certain highways & streets expenses, certain culture & education expenses, certain community development expenses and certain debt service obligations.

As of December 31, 2016, the General Funds balance of \$8,390,012 represents an increase of \$716,309 or 9% from the General Fund balance as of December 31, 2015.

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

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

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

As of December 31, 2016, the General Fund unassigned balance of \$8,242,880 is 13% of in-period fiscal year General Fund Revenue of \$63,588,968, a position consistent with the prior fiscal year end.

The General Fund unassigned fund balance has been traditionally used by the City to fund certain projects and emergency contingencies. In addition, the City will use the unassigned fund balance in future fiscal periods as a cash flow bridge to the receipt of tax revenues from County or State tax distribution authorities in the event of delayed distributions. The General Fund unassigned balance will provide sufficient cash flow resources to cover City General Fund operating obligations without incurring tax anticipation loans or other potential cash flow borrowings during future fiscal periods.

As discussed in Governmental Accounting, Auditing and Financial Reporting ("GAAFR"), a general fund unassigned balance should be either 1) no less than 5 to 15 percent of regular general fund operating revenues, or 2) no less than 1 to 2 months of regular general fund operating expenditures. An unassigned fund balance may be higher if varying circumstance require such as a delay in collection of a major revenue source.

The City's unassigned general fund balance of \$8,242,880 as of December 31, 2016 represents 12% of expected 2017 General Fund Revenue (\$67,500 million) and 1.5 month's coverage of expected 2017 General Fund Expense (\$67,100 million).

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

The Debt Service fund experienced a decrease in fund balance of \$3,155,938, ending the year with fund balance of \$814,740. The debt service fund is used to sequester monies to pay certain general obligation bond debt service and other note payable debt instruments, both of which were used to finance certain improvement projects benefiting the City. The current fund balance and planned future period receipts are

Management Discussion and Analysis
City of Decatur, Illinois
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sufficient to cover 2017 debt service obligations of the City. The decrease in fund balance is the result of the transfer of \$3,251,550 to the water utility fund for debt service on abated debt repositioned for debt service payment directly from the water utility fund.

Tax Increment Financing ("TIF") Redevelopment Fund is comprised of seven (7) individual funds and reported in the aggregate in the financial statements. As of December 31, 2016, the TIF Fund balance is a deficit of \$84,041 versus the prior period fund balance deficit of \$142,439. The primary revenue source funding the TIF fund is incremental property tax within the TIF districts. TIF funds have been negatively impacted by former period declining EAV in the City of Decatur and resultant shortfall of incremental tax revenues flowing into the TIF funds. The City is currently reviewing the revenue flow with expectation to secure the fund balance during fiscal 2017.

The Motor Fuel Tax ("MFT") Fund ended the year with a fund balance of \$1,714,622, a decline of fund balance of \$46,721 versus the prior year end balance. The fund balance decline is the result of the timing of expenditures spending down fund balance versus current period revenue receipts. The MFT primary revenue source is the state imposed motor fuel tax, distributed on a per capita basis to the City of Decatur. Monies collected in the MFT fund are used to pay for repair, maintenance and reconstruction of streets and roads within the City of Decatur footprint.

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

As of December 31, 2016, the Non-Major Governmental Fund balance of \$3,077,851 represents an increase of \$307,925 or 11 from the Non-Major Governmental Fund balance as of December 31, 2015. The increase in fund balance is the result of a net build-up of fund balance positions in certain special revenue funds primarily for capital project outlay.

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

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City of Decatur, Illinois
December 31, 2016

Government Fund Revenue

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

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

Tax revenue continues to represent the most significant source of revenue required to support and to defray the expenses of the governmental services provided by the City.

In the fiscal period ending December 31, 2016, tax revenues accounted for 78.1% of the total revenue stream funding governmental operations, versus 79.0% for the prior fiscal period. Intergovernmental operating grant funding revenue contribution accounted for 6.1% in the current fiscal period, versus 5.4%

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 15.8% of the total revenue, versus 15.6% in the prior fiscal period.

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

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

Government Fund Expenditures

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

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

Government Fund Expenditures

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

Source: City of Decatur Financial Statement 5

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

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

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

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

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

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

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

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

Proprietary Funds

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

\$ (whole)	Water Utility	Public Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	150,068,951	4,279,938	20,970,461	2,200,415	177,519,765	7,422,124
Deferred outflow	971,229	-	-	-	971,229	151,080
Total liabilities	137,628,212	1,385,946	9,602,127	600,280	149,216,567	3,857,005
Deferred inflow	233,602	-	-	-	233,602	36,338
Net investment capital assets	1,073,058	2,431,632	5,155,516	362,883	9,023,087	1,274,392
Unrestricted	12,107,310	462,358	6,212,818	1,237,252	20,019,738	2,405,469
Total net position	13,180,366	2,893,990	11,368,334	1,600,135	29,042,825	3,679,861
Operating revenues	29,830,034	678,441	4,630,531	2,308,270	37,447,276	15,324,438
Operating expenses	18,232,956	7,287,619	3,104,863	1,602,865	30,228,303	14,871,886
Operating income (loss)	11,597,078	(6,609,178)	1,525,668	705,405	7,218,973	452,552
Non operating rev (exp)	(4,124,983)	5,883,537	(207,836)	2,473	1,553,191	(13,946)
Income (loss) before transfers	7,472,095	(725,641)	1,317,832	707,878	8,772,164	438,606
Transfers						
Transfers in	3,251,550	3,165	-	-	3,254,715	-
Transfers out	(1,031,420)	-	(178,994)	-	(1,210,414)	-
Change in net position	9,692,225	(722,476)	1,138,838	707,878	10,816,465	438,606
Net position beginning	3,488,141	3,616,466	10,229,496	892,257	18,226,360	3,241,255
Net position ending	13,180,366	2,893,990	11,368,334	1,600,135	29,042,825	3,679,861

Source: City of Decatur Financial Statement 7 and 8

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds

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

\$ (whole)	Pension Trust Dec 31, 2016	Pension Trust Dec 31, 2015
Total assets	170,707,792	161,122,567
Total liabilities	62,037	52,511
Net position held in trust	170,645,755	161,070,056
Source: City of Decatur Financial Statement 10		

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

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

The Pension Trust Funds are managed by separate pension boards, the Police Pension Board and the Firefighter's Pension Board. The City functions as administrator for the pension trust funds.

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General Fund Budgetary Highlights

The City prepares an annual budget for general fund expenditures, which is presented to the City Council for adoption by Council Resolution before December 31st of each year, proceeding the budget period. Prior to the end of the 1st quarter of the fiscal year, the City submits an appropriation ordinance to the City Council, which upon passage and adoption, provides the City with the legal authority to encumber and spend monies defraying the expenses of the city government operation.

The general fund budget applicable for the fiscal year ending December 31, 2016 is reported as follows:

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

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

The 2016 budget for the 12-month fiscal year was presented to the Decatur City Council in December, 2015. The Decatur City Council approved the budget in resolution form.

The City of Decatur, operating in an appropriation form of statutory spending approval, submitted the 12-month fiscal year (ending December 31, 2016) annual appropriation ordinance to the Decatur City Council in March, 2016, in accordance with State of Illinois statutes.

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

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

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

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

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

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

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

General Fund spending is reviewed on a monthly-basis under the direction of the City Treasurer and Director of Finance to ensure spending remains within budgetary constraints. Quarterly reviews are conducted as required, with general fund department management to review spending projections to ensure

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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	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Assets not depreciated						
Land	8,424,239	8,424,239	4,450,066	4,450,066	12,874,305	12,874,305
Construction in progress	1,928,775	1,845,935	17,951,700	8,207,377	19,880,475	10,053,312
Total	10,353,014	10,270,174	22,401,766	12,657,443	32,754,780	22,927,617
Assets depreciated						
Infrastructure	123,278,139	120,078,657	39,319,964	39,317,749	162,598,103	159,396,406
Building & improvement	45,688,426	45,681,339	134,968,693	125,172,101	180,657,119	170,853,440
Vehicles	14,468,765	15,119,344	8,245,214	7,985,289	22,713,979	23,104,633
Office equipment	4,643,500	4,176,107	104,848	104,848	4,748,348	4,280,955
Other equipment	10,434,450	11,774,027	18,175,834	17,979,474	28,610,284	29,753,501
Total Cost	198,513,280	196,829,474	200,814,553	190,559,461	399,327,833	387,388,935
Accumulated depreciation						
Infrastructure	66,667,255	63,111,542	16,943,018	15,968,291	83,610,273	79,079,833
Building & improvement	24,911,189	23,624,800	73,132,950	70,903,438	98,044,139	94,528,238
Vehicles	11,503,358	11,951,435	6,682,358	6,414,434	18,165,716	18,365,869
Office equipment	2,782,641	2,647,075	101,466	88,710	2,884,107	2,735,785
Other equipment	8,448,105	9,482,238	2,635,350	1,575,988	11,083,455	11,058,226
Total Depreciation	114,312,548	110,817,090	99,475,142	94,950,861	213,787,690	205,767,951
Net Depreciated Assets	84,200,732	86,012,384	101,339,411	95,608,600	185,540,143	181,620,984
Capital Assets, net	94,553,746	96,282,558	123,741,177	108,266,043	218,294,923	204,548,601

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

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

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

Major Capital Asset Construction in Progress at December 31, 2016

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

Source: City of Decatur capital asset records

Capital Assets Analysis

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

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

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

Several major capital projects continued or were commenced in the current fiscal period, as identified in the chart above, and included capital investments in infrastructure, building & building improvements, vehicles, office and other equipment

Total depreciation expense for the current fiscal period was \$13,076,599

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

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

Debt Administration

Outstanding long-term debt as of December 31, 2016 is \$177,064,526, an increase of \$16,815,661 or 10% as compared to the outstanding debt issue as of December 31, 2015. City outstanding debt includes bond issues, notes & loans payable, compensated absences, pension obligations, and other post employment benefits ("OPEB")

\$(whole)	Debt as of Dec 31, 2015	Debt Additions	Debt Retirements	Debt as of Dec 31, 2016	Due within One Year
GO bonds	115,493,107	24,347,098	6,362,617	133,477,588	6,934,721
Notes & loans	38,507,067	1,312,890	2,628,913	37,191,064	3,888,539
Total interest bearing debt	154,000,194	25,659,988	8,991,530	170,668,652	10,823,260
Capital leases	886,988	414,420	382,030	919,378	368,376
Compensated absences	5,361,683	2,837,248	2,722,435	5,476,496	2,600,839
Total Debt	160,248,865	28,911,656	12,095,995	177,064,526	13,792,475

Source: City of Decatur Notes to Financial Statements Note 8 Long-Term Debt

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

General Obligation Series 2016 – The City issued \$22,205,000 Series 2016 General Obligation Bonds dated November 9, 2016 due March 1, 2036. The bond proceeds will be used to finance phase 3 and 4 of the five year \$90 million project to dredge Lake Decatur basins 1-4. The bonds have an interest rate of 3.00% to 5.00% with principal and interest serviced by the annual tax levy and planned to be abated each year with debt service payable from the revenues of the water system.

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

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

Debt retirements include principle payments on general obligation bonds and principle payments on outstanding notes and loans payable in accordance with debt repayment schedules.

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, sick time and holiday time which will be paid to employees upon separation of employment from the City. A liability representing the City's commitment to fund such costs from future operations has been recorded in the Statement of Net Position in the amount of \$5,476,496, as of December 31, 2016.

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund ("IMRF"), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Fund,

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

which is a single-employer pension plan, and the Firefighter's Pension Plan, which is a single-employer pension plan. None of the pension plans issue a separate annual report except for IMRF.

As of December 31, 2016, the net pension obligation of the City to the three pension plans is \$130,380,176.

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

The City provides OPEB post-employment healthcare benefits for retired employees through a single-employer defined benefit plan (Retiree Healthcare Program). The benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel policy and labor union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate annual report. As of December 31, 2016, the net OPEB obligation of the City to the Retiree Healthcare program is \$1,238,787.

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

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

The City bond rating is A1, upper medium quality rating, as rated by Moody's Investor Services (rating date October 12, 2016), and A, upper medium quality rating, as rated by Standard & Poor's (rating date February 27, 2014), for all general obligation debt currently outstanding.

Outstanding Lease Debt

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

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

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

Source: Notes to Financial Statements, Note 17 Capital Leases

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

Economic Factors

Tax revenue, historically and at present, is the principal source of revenue for funding of the governmental activities within the City of Decatur.

Tax revenue is generated from a variety of sources, including property tax, sales & use tax, state income tax, personal property replacement tax, local utility tax, local motor fuel tax, local food & beverage tax, local hotel use tax and other minor taxes.

Property tax revenues received by the City according to the Tax Levy in effect, provide the cash resources to fund City contributions to the Police and Firefighters Pension Funds, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of General Obligation Bond debt payments, provide City funding for general corporate purpose, and provides funding for the City contribution to the City of Decatur Municipal Band.

Under current legislation, all Illinois localities assess properties based on market values. Each year properties are trended, whereby this process involves comparing property values to sales activity in the neighborhoods and adjusting the current assessed values up or down according to trended market data. Assessed values, according to state legislation, are capped at 33% of market value.

The cost of day to day City government as well as the capital spending requirements of City operations, including general government, public safety police and fire protection, public works engineering, streets, municipal services and infrastructure operations, are not funded by property tax revenues, but rather are funded by other taxes including locally imposed or state distributed sales & use tax, state income tax, local food & beverage tax, local hotel use tax, local utility tax, local motor fuel tax and other minor taxes.

The ability of the City to fund basic required services, such as general government, public safety, and public works operations is dependent upon community economic drivers that contribute to tax revenues generated by those tax elements that fund these basic services, namely sales & use tax, income tax, food & beverage tax, hotel use tax, utility tax, local motor fuel tax and other minor taxes.

Financial stability in the City of Decatur is also dependent upon the ability of the State of Illinois to affect timely tax distributions for sales & use tax, income tax, and other tax distributions due to the City in order to secure cash flow and expense coverage normality without additional burden to the City.

Management of the City of Decatur will continue to manage the financial affairs of the City from a posture of fiscal conservatism similar to the management practices that have been engaged in recent and past fiscal periods.

City Management believes that the national and local economy will continue to strengthen, albeit, at a deliberate pace in accordance to the predictions of national and state governmental economists, with low inflation over the near-term future fiscal periods. In addition, job creation in the local economic sector is the primary engine that will drive local economic development and stability.

Future Fiscal Year Budget

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced general fund budget.

The City is committed to creating a budget for future fiscal periods that will remain fiscally responsible to the effective delivery of required services to citizens and stakeholders within the revenue constraints available.

Management Discussion and Analysis
City of Decatur, Illinois
December 31, 2016

Requests for Information

This Management Discussion & Analysis as contained within the City of Decatur Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial affairs of the City as of December 31, 2016 and for the twelve-month period then ended. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to

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

Mailing address and Contact Information

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

City of Decatur, Illinois
June 21, 2017

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

STATEMENT 1

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

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

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

	Major Governmental Funds					Nonmajor Governmental Funds	Total
	General Fund	Library Fund	TIF Fund	Mater Fund-Tax Fund	Debt Service Fund	Local Streets & Reside Fund	
ASSETS							
Cash and investments	\$ 4,182,342	\$ 1,184,222	\$ 1,087,540	\$ 1,423,314	\$ 414,306	1,274,722	\$ 11,172,046
Receivables							
Property taxes, net	9,369,209	2,842,000	1,877,273		1,679,375		15,848,857
Other municipal taxes, net	8,218,281						8,218,281
Other taxes	3,148,431	48,978	105,342			150,741	3,453,492
Due from other governments	59,276			379,682			438,958
Due from other funds	199						199
Accounts receivable	228,038						228,038
Notes receivable							
Interest receivable	3,904						3,904
Other	127,283				434		127,717
Prepaid items	19,849						19,849
Investments							
TOTAL ASSETS	\$ 23,350,826	\$ 4,280,221	\$ 3,056,155	\$ 1,803,061	\$ 2,486,115	\$ 1,425,463	\$ 42,181,811
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 1,029,141	\$ 216,826	\$ 1,221,893	\$ 75,345	\$	\$	\$ 2,543,105
Contracts payable	275			12,654		\$ 18,002	\$ 13,151
Other accrued liabilities	731,483	42,444					773,927
Due to other funds	4,057			14,930			18,987
Unassigned revenue	625,880						625,880
Total liabilities	2,386,846	269,270	1,236,873	88,379		18,002	4,001,370
Deferred inflows of resources							
Subsequent year's property taxes	9,384,209	2,842,000	1,877,273		1,679,375		15,848,857
Unassigned taxes and grants	3,155,826						3,155,826
Total deferred inflows of resources	12,539,035	2,842,000	1,877,273		1,679,375		19,141,103
Fund balances							
Nonspendable							
Prepaid items	127,283						127,283
Investments	19,849						19,849
Restricted							
Transportation and highway				1,714,822			1,714,822
General government						1,741,061	1,741,061
Culture							
Economic development							
Public safety							
Education		1,189,111					1,189,111
Capital projects					814,740		814,740
Debt service							
Committed							
Economic development							
Public safety							
Unassigned	8,747,880		(85,041)				8,662,839
Total fund balances	8,390,012	1,189,111	(85,041)	1,714,822	814,740	1,741,061	16,441,705
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 23,350,826	\$ 4,280,221	\$ 3,056,155	\$ 1,803,061	\$ 2,486,115	\$ 1,425,463	\$ 42,181,811

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

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

Functional/Programs	Net (Expense) Revenue and Changes in Net Position				Component Unit
	Governmental Activities	Business-type Activities	Total		
Primary Government					
Governmental activities	\$ (800,293)	\$ -	\$ (800,293)	\$ -	-
Economic development	(2,550,916)	-	(2,550,916)	-	-
Public safety	(46,355,289)	-	(46,355,289)	-	-
Culture	(11,231,362)	-	(11,231,362)	-	-
Education	(464,439)	-	(464,439)	-	-
Interest and other charges	(1,723,289)	-	(1,723,289)	-	-
Total governmental activities	(27,526,933)	-	(27,526,933)	-	-
Business-type activities					
Water	22,732,240	7,087,794	29,819,034	-	-
Waste disposal	7,181,756	(6,101,546)	1,080,210	-	-
Waste removal	642,339	47,860	690,199	-	-
Storm water	3,320,530	621,585	3,942,115	-	-
Other	3,320,530	1,320,585	4,641,115	-	-
Total business-type activities	34,643,395	8,496,644	43,139,039	-	-
Total primary government	\$ 118,000,189	\$ 8,496,644	\$ 126,496,833	\$ (222,142)	
Component unit					
City Center Authority	\$ 1,503,820		\$ 1,503,820		

General revenues	\$ 875,086	\$ 79,568	\$ 954,654	\$ 406,414
Taxes				
Property taxes	15,546,979	15,546,979	31,093,958	-
Utility taxes	7,469,097	7,469,097	14,938,194	-
Food and beverage taxes	3,195,648	3,195,648	6,391,296	-
Hotel and motel taxes	697,601	697,601	1,395,202	-
Local sales tax	10,032,205	10,032,205	20,064,410	-
Local use tax	1,818,616	1,818,616	3,637,232	-
Other taxes	1,597,717	1,597,717	3,195,434	-
Intergovernmental (state sales and income tax)	2,545,860	2,545,860	5,091,720	-
Gain on sale of capital assets	35,720	407,730	443,450	-
Other general revenues	35,720	407,730	443,450	-
Transfers	2,139,318	2,139,318	4,278,636	-
Total general revenues and transfers	60,520,513	2,452,039	62,972,552	-
Change in net position	17,006,420	10,948,683	27,955,103	(222,142)
NET POSITION, December 31, 2015, AS RESTATED	(35,191,441)	17,675,895	(17,515,546)	5,375,685
NET POSITION, December 31, 2016	\$ (42,197,867)	\$ 28,515,578	\$ (13,682,289)	\$ 5,152,043

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

STATEMENT 4

**CITY OF DECATUR, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
December 31, 2016**

Total fund balances - governmental funds **\$ 16,445,378**

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

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

Capital assets **\$ 208,866,294**
Accumulated depreciation **(114,312,548)**
Net capital assets **94,553,746**

Deferred inflows of resources related to taxes and grants receivable are not available until future periods, therefore, they are not reported in the funds

3,297,449

Net deferred inflows and outflows of resources related to pensions are applicable to future periods, therefore, they are not reported in the funds

8,528,138

Internal service funds are used by the City to charge the costs of certain activities to individual funds. Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (capital assets are included above and long term liabilities below)

3,136,609

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

(159,438)

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of

Compensated absences payable **(4,957,921)**
Net pension obligation **(128,187,417)**
Post-employment benefits **(997,465)**
Capital leases **(781,031)**
Bonds payable **(27,807,841)**
Notes payable **(5,268,074)**
Total long-term liabilities **(167,999,749)**

Net position of governmental activities **\$ (42,197,867)**

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

	General Fund	Library Fund	TIF Fund	Motor Fuel Tax Fund	Debt Service Fund	Local Streets & Roads Fund	Nonmajor Governmental Funds	Total
REVENUES								
Taxes	\$ 30,839,661	\$ 2,817,010	\$ 1,345,809	\$ -	\$ 2,209,174	\$ 1,148,111	\$ 4,294,117	\$ 39,403,872
Charges for service	7,168,854	-	-	-	-	-	-	7,168,854
Investment income and net decrease in	-	-	-	-	-	-	-	-
Fee value of investments	8,763	2,307	1,124	4,192	2,447	-	4,227	16,953
Intergovernmental	22,082,724	169,117	184,074	2,144,457	-	-	1,173,215	25,553,587
Licenses and permits	1,002,264	-	-	-	-	-	-	1,002,264
Fines and fees	1,752,555	51,417	-	-	-	-	735,175	2,539,147
Other revenue	1,133,931	25,128	-	1,190	162,327	-	561,674	2,883,150
Total revenues	63,568,586	3,265,000	2,531,212	2,145,647	2,371,891	1,401,159	6,440,247	78,683,632
EXPENDITURES								
Current								
General government	10,764,652	-	1,125,409	-	-	-	1,815,627	12,699,688
Economic development	43,061,797	-	-	-	-	-	124,048	43,185,845
Public safety	-	-	-	-	-	-	559,674	559,674
Culture	-	-	-	-	-	-	256,793	256,793
Public works	9,010,294	3,627,811	-	2,228,564	-	1,151,279	1,762	15,938,549
Education	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal retirement	422,240	-	565,400	-	1,414,480	-	4,791,558	6,793,678
Interest and other charges	65,315	-	37,478	-	1,080,157	-	25,951	1,208,901
Total expenditures	64,258,698	3,627,811	2,008,185	2,228,564	2,494,637	1,151,279	8,148,784	76,867,178
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(690,112)	(362,811)	523,027	(82,917)	(122,746)	249,880	(1,708,537)	(1,033,256)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	7,781	-	-	-	-	-	77,630	85,411
Issuance of debt	381,765	284,851	18,000	-	214,254	1,093,140	2,702,474	3,982,484
Transfers in	784,682	-	-	-	-	-	711,243	1,495,925
Transfers out	(743,087)	-	(64,658)	-	(3,251,550)	-	-	(4,059,300)
Total other financing sources (uses)	430,141	284,851	(46,658)	-	(3,037,296)	1,093,140	2,779,347	(1,326,611)
Net change in fund balances	716,309	(78,810)	162,349	(48,721)	(3,155,938)	1,343,063	307,425	(75,112)
FUND BALANCES (DEFICIT)								
Beginning of Year as previously stated	7,673,703	1,267,291	(142,438)	1,781,343	3,970,678	-	2,748,926	17,300,503
Prior Period Adjustment	-	-	(103,951)	-	-	-	-	(103,951)
Beginning of Period, as restated	7,673,703	1,267,291	(246,389)	1,781,343	3,970,678	-	2,748,926	17,188,551
FUND BALANCES (DEFICIT), END OF YEAR	\$ 8,390,012	\$ 1,188,481	\$ 84,061	\$ 1,732,622	\$ 814,740	\$ 1,343,063	\$ 3,056,351	\$ 16,445,378

The accompanying notes are an integral part of the financial statements

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
December 31, 2016

Net change in total fund balance	\$	(751,173)	
Amounts reported for governmental activities in the Statement of Activities are different because			
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be "available" and are not reported as revenue in the governmental funds			
Taxes and grants received		(971,960)	
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the governmental funds			
Increase in long-term compensated absences	\$	(54,433)	
Decrease in accrued interest on debt		<u>5,151</u>	
		(49,282)	
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets			
Capital expenditures		4,312,470	
Depreciation		<u>(6,321,690)</u>	
		(2,009,220)	
The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) which do not affect change in fund balance			
Capital contribution		673,194	
Proceeds from sale of capital assets		(85,411)	
Gain on disposal of capital assets		<u>35,254</u>	
		623,037	
Internal service funds are used by the City to charge the costs of certain activities to individual funds. A portion of the net income of the internal service funds is reported with governmental activities on the Statement of Activities		306,388	
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position			
Capital lease obligation		305,474	
Note and Bond obligations		<u>2,778,351</u>	
		3,083,825	

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES (CONTINUED)
December 31, 2016

Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statements of Activities	\$	46,120	
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term debt in the Statement of Net Position			
Capital lease obligation	\$	(414,420)	
Note and bond obligations		<u>(1,264,144)</u>	
		(1,678,564)	
Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred inflows and outflows of resources related to pensions, and the investment experience		(5,650,299)	
Bonds premiums/discounts on issuance were reported in the governmental funds. However, these amounts have been deferred and amortized in the Statement of Net Position			
Amortization on bond premium		<u>44,708</u>	
Change in net position of governmental activities	\$	<u>(7,006,420)</u>	

The accompanying notes are an integral part of the financial statements

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

	Business-type Activities					Governmental
	Major Enterprise Funds					Activities-internal Service Funds
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 21,314,480	\$ 6,378,241	\$ 35,081	\$ 1,580,773	\$ 29,308,585	\$ 5,020,616
Investments	18,517,084				18,517,084	
Receivables						
Accounts receivable	3,039,338	268,408	1,309,708	256,759	4,874,213	656
Interest receivable	41,242				41,242	
Other receivable						890
Due from other funds	419,642				419,642	
Inventories	424,285		193,536		617,821	268,086
Prepaid expenses						185,000
Total current assets	43,758,071	6,646,649	1,538,325	1,837,532	53,778,567	5,475,658
Capital assets						
Land	3,550,667		899,399		4,450,066	
Construction in progress	17,196,053	435,376		320,273	17,951,702	
Buildings	46,789,407		4,215,413	45,250	51,030,070	
Improvements other than buildings	101,471,649	22,242,856	218,076		123,930,581	
Machinery and equipment	18,395,567	72,281	7,386,032		25,853,901	9,018,232
Less accumulated depreciation	187,383,363	22,750,513	12,718,921	365,523	223,218,320	9,018,232
	81,070,483	8,428,701	9,875,318	2,840	99,475,142	7,089,788
Total capital assets	106,312,880	14,323,812	2,741,603	362,683	123,741,178	1,948,468
Total noncurrent assets	106,312,880	14,323,812	2,741,603	362,683	123,741,178	1,948,468
TOTAL ASSETS	150,069,951	20,870,461	4,279,808	2,200,415	177,518,785	7,423,124
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount related to pension	971,228				971,228	151,080
LIABILITIES						
Current liabilities						
Accounts payable	986,637	314,437	84,311	265,901	1,663,286	35,407
Contracts payable	4,568,643	31,448		4,379	4,604,470	
Claims payable						2,729,222
Interest payable	1,111,133	87,946	5,422		1,204,501	2,815
Other accrued liabilities	70,741		69,641		140,382	25,134
Compensated absences	95,076		151,247		246,323	
Unearned revenue			185,366	330,000	515,366	656
Capital lease payable	12,099	65,678			78,078	
Notes payable	1,402,779	418,357	33,214		1,854,350	28,237
Bonds payable	4,834,003				4,834,003	
Due to other funds			402,822		402,822	12,982
Total current liabilities	13,083,111	918,167	942,023	600,280	15,543,581	2,834,533
Noncurrent liabilities						
Compensated absences	105,084		167,168		272,252	
Net pension liability	2,192,759				2,192,759	341,086
Other post-employment benefits	241,322				241,322	37,539
Capital lease payable	10,058	50,211			60,269	
Notes payable	21,158,134	8,633,749	276,757		30,068,640	643,837
Bonds payable	100,835,744				100,835,744	
Total noncurrent liabilities	124,543,101	8,683,960	443,925		133,670,986	1,022,472
Total liabilities	137,626,212	9,602,127	1,385,948	600,280	149,214,567	3,857,005
DEFERRED INFLOWS OF RESOURCES						
Deferred amount related to pension	233,602				233,602	36,336
NET POSITION						
Net investment in capital assets	1,073,056	5,155,516	2,431,632	362,683	9,022,887	1,274,382
Unrestricted	12,107,310	6,212,616	462,358	1,237,252	20,019,738	2,405,469
Total net position	\$ 13,180,366	\$ 11,368,134	\$ 2,893,990	\$ 1,600,135	\$ 29,042,625	\$ 3,679,851

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.

NET POSITION OF BUSINESS-TYPE ACTIVITIES \$ 28,575,578

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

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

	Business-type Activities					Governmental Activities-
	Major Enterprise Funds					Internal Service Funds
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Charges for services	\$ 29 467 637	\$ 4 614 611	\$ 647 223	\$ 2 308 270	\$ 37 037 741	\$ 12 806 040
Payroll deduction/retiree contributions						2 373 862
Other revenue	362 387	15 920	31 218		409 535	144 536
Total operating revenues	29 830 024	4 830 531	678 441	2 308 270	37 447 276	15 324 438
OPERATING EXPENSES						
Personnel services	4 375 032	-	5 067 864		9 442 896	606 860
Contractual services	5 946 790	2 550 324	811 302	1 573 227	10 883 643	1 153 996
Supplies	2 146 295	-	767 491	27 375	2 961 161	831 427
Other charges	384 807	12 113	174 619		571 339	11 694 157
Depreciation and amortization	5 378 232	542 426	446 243	2 283	6 369 164	365 746
Total operating expenses	18 232 956	3 104 863	7 287 619	1 602 865	30 228 303	14 871 886
Operating income (loss)	11 597 078	1 525 668	(6 609 178)	705 405	7 218 873	452 552
NONOPERATING REVENUES (EXPENSES)						
Investment income and net increase in fair value of investments	380 961	13 839	465	2 473	407 738	9 832
Intergovernmental revenue	-	-	5 892 767		5 892 767	
Interest and other charges	(4 355 802)	(221 675)	(9 685)		(4 587 172)	(23 778)
Loss on disposal of assets	(160 142)	-	-	-	(160 142)	
Total nonoperating revenues (expenses)	(4 124 983)	(207 836)	5 883 537	2 473	1 553 191	(13 948)
Income (loss) before transfers	7 472 095	1 317 832	(725 841)	707 878	8 772 164	438 606
TRANSFERS						
Transfers in	3 251 550		3 165		3 254 715	
Transfers out	(1 031 420)	(178 994)			(1 210 414)	
Net transfers	2 220 130	(178 994)	3 165		2 044 301	
Change in net position	8 692 225	1 138 838	(722 476)	707 878	10 816 465	438 606
NET POSITION, BEGINNING OF YEAR	3 484 141	10 729 496	3 616 466	692 257		3 241 255
NET POSITION, END OF YEAR	\$ 13 180 366	\$ 11 368 234	\$ 2 893 990	\$ 1 600 135		\$ 2 679 861

Reconciliation to Statement of Activities

Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities.

NET BUSINESS-TYPE ACTIVITIES \$ 10,948,683

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

STATEMENT 9

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

	Business-type Activities				Governmental Activities- 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	\$ 29,584,343	\$ 4,823,503	\$ 720,358	\$ 2,818,583	\$ 37,946,787
Cash paid to suppliers for goods and services	(10,580,215)	(2,548,738)	(1,531,842)	(1,588,221)	(18,230,116)
Cash paid to employees/contract employees	(3,738,887)		(5,019,589)		(8,758,476)
Net cash provided by (used in) operating activities	15,265,131	2,074,765	(5,822,183)	1,049,342	12,567,055
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue			5,892,787		5,892,787
Cash transfers from other funds	3,251,550		3,165		3,254,715
Cash transfers to other funds	(1,031,420)	(178,894)			(1,210,314)
Net cash provided by (used in) noncapital financing activities	2,220,130	(178,894)	5,895,932		7,937,068
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(19,645,185)	(525,288)	(2,807)	(257,278)	(20,430,778)
Proceeds from the acquisition of debt	24,347,097	65,680	5,818		24,418,593
Proceeds from the sale of capital assets					23,802
Principal payment on debt	(5,717,297)	(487,053)	(33,254)		(6,218,004)
Interest payments and other charges	(4,383,788)	(178,002)	(8,508)		(4,582,308)
Net cash used in capital and related financing activities	(5,409,194)	(1,105,773)	(38,853)	(257,278)	(6,811,098)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(19,584,011)				(19,584,011)
Proceeds from sale of investments	17,037,058		(3,165)		17,033,893
Investment income	324,827	13,839	95	2,473	341,895
Net cash provided by (used in) investing activities	(2,222,126)	13,839	(2,700)	2,473	(2,218,514)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,843,941	803,837	31,186	784,539	11,473,513
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,470,538	5,574,404	3,895	786,234	17,835,072
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,314,480	\$ 6,378,241	\$ 35,081	\$ 1,580,773	\$ 29,308,585
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 11,587,078	\$ 1,525,868	\$ (6,809,178)	\$ 705,405	\$ 7,218,973
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,378,232	542,426	448,243	2,263	6,389,164
Effects of changes in operating assets and liabilities:					
Receivables	(69,089)	(7,028)	(143,449)	(19,707)	(238,283)
Other receivable	(11,850)				(11,850)
Inventories	(87,682)		(15,454)		(103,136)
Prepaid items	100,000				100,000
Due from other funds	(184,842)				(184,842)
Accounts payable	(2,952,452)	(4,207)	9,102	134,230	(1,913,327)
Contracts payable	(50,378)	17,908		(2,849)	(35,327)
Other liabilities	284,746		57,385		342,131
Net pension liability, deferred inflows and outflows	351,288				351,288
Due to other funds			247,822	(100,000)	147,822
Unearned revenue			185,368	320,000	505,368
Net Cash Provided by (Used in) Operating Activities	\$ 15,265,131	\$ 2,074,765	\$ (5,822,183)	\$ 1,049,342	\$ 12,567,055

Noncash transactions: Property and equipment purchases in the Sewer Fund for which the cash has not been disbursed but rather is in accounts payable amounted to \$14,183.

Property and equipment purchases in the Sewer Fund for prior year which the cash had not been disbursed but rather was in accounts payable amounted to \$32,803, which was reversed out in the current year.

Property and equipment purchases in the Water Fund for prior year which the cash had not been disbursed but rather was in accounts payable or contracts payable amounted to \$9,922,522 which was reversed out in the current year.

Property and equipment purchases in the Water Fund for which the cash has not been disbursed but rather is in accounts payable or contracts payable amounted to \$8,490,380.

Cash payable listed as a receivable in the Sewer Fund in the prior year for \$19,686 was reversed out in the current year.

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

STATEMENT 10

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2016

ASSETS

Cash and short-term investments	\$ 6,518,414
Accrued interest	391,921
Investments, at fair value:	
U S Government obligations	30,569,283
Mutual funds	51,814,565
Common stock	54,753,932
Annuities	136,966
International stock	2,077,919
Municipal bonds	2,618,916
Corporate bonds	21,825,876
Total investments	163,797,457

TOTAL ASSETS \$ 170,707,792

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 62,037

Net Position

Net position restricted for pensions	170,645,755

TOTAL LIABILITIES AND NET POSITION \$ 170,707,792

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

STATEMENT 11

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

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

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Unit

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A THE FINANCIAL REPORTING ENTITY (Continued)

Discretely Presented Component Unit

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

Complete financial statements for the Civic Center Authority may be obtained at Civic Center Authority, #1 Gary K. Anderson Plaza, Decatur, Illinois 62523.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments.

Joint Venture

The City is a participant with Macon County, Illinois (the County) in a nonequity joint venture to provide financial support for the Decatur Macon County Law Enforcement Center. The Decatur Public Building Commission (DPBC), a separate legal entity, owns and operates the Law Enforcement Center. The DPBC is governed by a five member board composed of three appointees from the City and two from the County. See Note 12 for information about the City's transactions with the DPBC during the year. Complete financial statements for the DPBC can be obtained from the DPBC's administrative office at 333 South Franklin, Decatur, Illinois 62523.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B BASIS OF PRESENTATION

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

City-wide Financial Statements – The City-wide financial statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The City has reported three categories of program revenues in the statement of activities (1) fees, fines and charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, they reduce the net cost of each function to be financed from the City's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns for amounts reported in the individual funds as interfund receivables and payables. Similarly, transfers between funds have been eliminated in the statement of activities. Amounts reported in the governmental or proprietary funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net position as accounts receivable or payable to external parties.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

Proprietary funds separate all activity into two categories: operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Nonoperating revenues and expenses entail all other activity not included in operating revenues and expenses. Nonoperating revenues and expenses include capital and noncapital financing activities and investing activities.

Differences occur from the manner in which the governmental activities and the City-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity, as an example. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the City-wide statements and the statements for governmental funds.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all of the general revenues of the City which are not specifically levied or collected for other City funds, and for expenditures related to public works, public safety, and other general governmental activities of the City.

Decatur Public Library Fund – This special revenue fund accounts for revenues designated to finance the City's Public Library and expenditures of such fund. The Library's primary source of revenue is property taxes.

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

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Proprietary Funds

Proprietary funds are used to account for those City activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The City reports the following major proprietary funds:

Water Fund – This fund accounts for the construction, operation, and maintenance of the City-owned water treatment and distribution system. Revenues are generated through charges to users based upon water consumption.

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

Mass Transit Fund – This fund accounts for the operation and maintenance of the City-owned public transit system.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments, or other funds. These include Pension Trust Funds. The Pension Trusts include the Fire Pension Fund and Police Pension Fund which account for activities as prescribed by the statutes of the State of Illinois.

In addition to the major funds mentioned above, the City uses the following fund types:

Governmental Fund Types

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – Debt Service Funds are used to account for the City's accumulation of resources for, and the payment of, long-term debt, principal, interest, and related costs.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Proprietary Fund Types.

Enterprise Funds – The Enterprise Funds operations are financed similar to a private business enterprise; the intent is that the cost of the service is financed by user charges, and the activities be measured on a net income basis.

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost-reimbursement basis. Such goods and services include maintenance of City vehicles, and administration of the City's self insurance policies, including risk management and employee benefit insurance.

D POOLED CASH AND INVESTMENTS

The City maintains pooled cash accounts for different fund groups which are used to account for all cash and investment transactions of that group. Monthly interest income of each pool is distributed to the individual funds based on their average cash balance in the pool during that period.

Investments are stated at fair value. Fair value for the investment in Illinois Funds is the same as the value of the pool shares. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act.

E CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F INVENTORIES

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G LONG-TERM DEBT

In the City-wide financial statements and in the proprietary fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

H CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, alleys, and similar items), are reported in the applicable governmental or business-type activities columns in the City-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost meeting certain capitalization thresholds and a useful life of more than two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to land and buildings are capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H CAPITAL ASSETS (Continued)

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

I EQUITY CLASSIFICATIONS

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

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

Fund Financial Statements – The following classifications describe the categories of fund balance on the fund financial statements based on the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I EQUITY CLASSIFICATIONS (Continued)

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

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council, or through the City Council delegating this responsibility to the Finance Director or other official, in accordance with Council budget policies. There were no assigned fund balances as of December 31, 2016.

Unassigned – This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

Use of Restricted Resources

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

J PROPERTY TAXES

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

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

Property in Macon County, Illinois, the county in which the City resides, is assessed by the Macon County Assessor. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Macon County Clerk computes the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Macon County Collector.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J PROPERTY TAXES (Continued)

Property taxes are collected by the Macon County Treasurer who affects the tax distribution to the taxing units based on the taxing unit's respective share of the tax collection. Taxes levied in one year become due and payable by property owners in two equal installments during the following year. The first installment is due no later than June 1st and the second installment is due no later than September 1st. The Macon County Treasurer distributes the tax collection to the taxing units within 45 days of collection due date.

Based on collection histories, the City has provided at December 31, 2016 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy.

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

K COMPENSATED ABSENCES

City employees receive vacation and sick pay in varying amounts based upon their employment anniversary dates. The City reimburses employees for accumulated vacation days upon their termination or retirement. Employees must take vacation accrued during the year of the accrual. Management and general service employees, fire, and police, may accumulate up to 240, 200, and 200 days of sick leave, respectively, to be paid upon death or retirement. The City pays no accumulated sick leave upon termination.

City employees required to work on any of the City's authorized holidays are given equivalent time off. This holiday time is reimbursable to employees upon termination or retirement.

A liability for compensated absences (unused vacation, sick, and holiday time) of the City relating to employees of the governmental activities is recorded in the City-wide financial statements. The compensated absences will be paid from the fund from which the employee is paid. For governmental funds this includes the General Fund and Library Fund.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K COMPENSATED ABSENCES (Continued)

The accumulated vacation, sick, and holiday time liability of employees charged to the Proprietary Fund Types is reported as an expense and as a liability of those funds as the benefits accrue to the employees

L INTERFUND TRANSACTIONS/TRANSFERS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the City-wide financial statements as "internal balances".

M CLAIMS AND JUDGMENTS

When a probable claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss under its self-insurance program. The claim liability includes claims incurred but not reported (IBNR), based on historical data pursuant to the self-funded workmen's compensation, comprehensive general liability, employee dishonesty, property damage, medical, dental, and unemployment compensation programs.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N DEFERRED OUTFLOWS OF RESOURCES

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

O DEFERRED INFLOWS OF RESOURCES

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

P PENSIONS

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements

- 1 The annual budget is legally adopted by Council Resolution through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds (including TIF redevelopment funds), debt service funds, capital project funds, enterprise funds, internal service funds, and pension trust funds
- 2 The process is initiated in September of each year, with departmental requests presented in October to the Budget Review Committee comprised of the City Manager, City Treasurer, and Director of Finance
- 3 The City Manager's proposed and balanced executive budget is presented to the City Council during November with a public hearing and final adoption taking place prior to December 31st of each year
- 4 The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of March of each year, in accordance with State of Illinois statutory requirements. The Appropriation Ordinance may include changes from the approved budget and is adopted upon City Council passage after an additional public hearing
- 5 Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis which is not in accordance with Generally Accepted Accounting Principles (GAAP). The Budget to Actual schedules included in Required Supplementary Information include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General Fund and major special revenues funds
- 6 The level of budgetary control is by Fund. Therefore, expenditures cannot legally exceed appropriations beyond this level
- 7 Supplemental appropriation ordinances may be passed by the City Council, as required to appropriate new spending for expenditure not contemplated in the fiscal year appropriation ordinance, with funding provided by a new revenue source or expended from fund balance reserves

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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

B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

At year-end the carrying value of the City's deposits, including certificates of deposit, was \$39,006,549 and the respective bank balances totaled \$39,518,250, not including cash on hand of \$6,855

Interest Rate Risk – the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy states the portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated. In addition, the City shall maintain a diversity of investments to avoid unreasonable risks. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

31% of the Government's investments in U.S. Government agencies were rated Aaa by Moody's Investors Service, and ratings were not available for the remaining 69%. 39% of the government's investments in municipal bonds were rated Aaa by Moody's, 37% were rated Aa1, 4% were rated Aa2, 16% were rated AA+, and 4% were not rated. 10% of the government's investments in corporate bonds were rated Aaa by Moody's, 2% were rated Aa1, 7% were rated Aa2, 5% were rated Aa3, 12% were rated A1, 18% were rated A2, 23% were rated A3, 11% were rated Baa1, 6% were rated Baa2, 4% were rated Baa3, and 2% were not rated.

Custodial Credit Risk – the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the City. As of December 31, 2016, the City's bank deposits were fully collateralized.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2016, the City had the following investments:

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

The City invests in various investment securities. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the Statement of Net Position.

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

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments in The Illinois Funds

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

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

At December 31, 2016, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of \$1,723, bank deposits of \$580,305.

Reconciliation of this footnote to the financial statements

	<u>Primary Government</u>
Carrying amount of bank deposits – per note above	\$ 39,006,549
Cash on hand – per note above	6,855
Investments – per note above (including Illinois Funds)	<u>197,320,841</u>
Total	<u>\$ 236,334,245</u>
	<u>Primary Government</u>
Statement 1	
Cash and cash equivalents	\$ 47,501,290
Investments	18,517,084
Statement 10	
Cash and short-term investments	6,518,414
Long-term investments	<u>163,797,457</u>
Total	<u>\$ 236,334,245</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

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

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General	\$ 784,882	\$ 743,087
Library	284,651	-
TIF	18,000	84,698
Debt service	216,258	3,251,550
Nonmajor Governmental Funds	731,243	-
Major Enterprise Funds		
Water	3,251,550	1,031,420
Mass Transit	3,165	-
Sewer	<u>-</u>	<u>178,994</u>
Total	<u>\$ 5,289,749</u>	<u>\$ 5,289,749</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. There was a unique one-time transfer from the Debt Service Fund to the Water Fund for unrestricted monies accumulated in the Debt Service Fund to pay down debt that is now being paid from the Water Fund.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 - CAPITAL ASSETS

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

Primary government

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

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

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

Discretely Presented Component Unit

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - RECEIVABLES

The following is a summary of other taxes, due from other governments, accounts, notes, and other receivables by fund type at December 31, 2016, less the allowance for uncollectible accounts. Any other uncollectible amounts are not believed to be material

Governmental Activities:

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

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

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

Business-Type Activities:

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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

The majority of compensated absences are liquidated by the General Fund.
See Note 17 for more detail of the capital lease obligations.
Net pension obligation and other post-employment benefit obligation changes are disclosed in separate footnotes.
Long-term bond and note obligations outstanding at December 31, 2016 are comprised of the following:

A General Obligation Bonds

General Obligation Bonds, Series 2008

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

Remaining principal and interest payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Debt Service
2017	\$ 860,000	\$ 315,081	\$ 1,175,081
2018	895,000	278,531	1,173,531
2019	935,000	240,494	1,175,494
2020	975,000	200,756	1,175,756
2021	1,020,000	159,319	1,179,319
2022-2024	2,610,000	200,581	2,810,581
Total	\$ 7,295,000	\$ 1,394,762	\$ 8,689,762

General Obligation Bonds, Series 2010A

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

Fiscal Year	Principal	Interest	Total Debt Service
2017	\$ 205,000	\$ 432,958	\$ 637,958
2018	470,000	424,245	894,245
2019	495,000	403,095	898,095
2020	520,000	379,583	899,583
2021	545,000	354,882	899,882
2022-2026	3,565,000	1,263,555	4,828,555
2027-2030	2,110,000	315,075	2,425,075
Total	\$ 7,910,000	\$ 3,573,393	\$ 11,483,393

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2010B

\$28,270,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030, interest of 1.50 to 7.00 percent (principal and interest to be serviced by annual tax levy) to finance capital improvements in the City. As of December 31, 2016, approximately \$343,000 of the proceeds remained unexpended.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Treasury Rebate</u>	<u>Total Debt Service</u>
2017	\$ 1,185,000	\$ 1,301,218	\$ (478,551)	\$ 2,007,667
2018	1,250,000	1,256,780	(462,997)	2,043,783
2019	1,325,000	1,205,217	(444,950)	2,085,267
2020	1,405,000	1,147,249	(424,661)	2,127,588
2021	1,480,000	1,082,268	(401,918)	2,160,350
2022-2026	8,565,000	4,144,650	(1,566,249)	11,143,401
2027-2030	<u>7,870,000</u>	<u>1,359,693</u>	<u>(546,667)</u>	<u>8,683,026</u>
Total	<u>\$23,080,000</u>	<u>\$11,497,075</u>	<u>\$ (4,325,993)</u>	<u>\$ 30,251,082</u>

General Obligation Bonds, Series 2010C

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 205,000	\$ 71,750	\$ 276,750
2018	210,000	65,600	275,600
2019	215,000	57,200	272,200
2020	225,000	48,600	273,600
2021	235,000	39,600	274,600
2022-2024	<u>755,000</u>	<u>61,400</u>	<u>816,400</u>
Total	<u>\$ 1,845,000</u>	<u>\$ 344,150</u>	<u>\$ 2,189,150</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2010D

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 235,000	\$ 9,400	\$ 244,400
Total	<u>\$ 235,000</u>	<u>\$ 9,400</u>	<u>\$ 244,400</u>

General Obligation Bonds, Series 2012

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 620,000	\$ 129,481	\$ 749,481
2018	630,000	116,981	746,981
2019	645,000	104,231	749,231
2020	655,000	90,822	745,822
2021	670,000	76,744	746,744
2022-2025	<u>2,890,000</u>	<u>144,800</u>	<u>3,034,800</u>
Total	<u>\$ 6,110,000</u>	<u>\$ 663,059</u>	<u>\$ 6,773,059</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2013

\$17,220,000 Series 2013 General Obligation Bonds dated January 24, 2013 due March 1, 2025, interest of 2 00 to 5 00 percent (principal and interest to be serviced by annual tax levy) to refund Series 2004B general obligation bonds which were used to refund the 2000 and 1985 general obligation bonds used in the construction of the water treatment facility

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 1,250,000	\$ 589,400	\$ 1,839,400
2018	1,285,000	551,375	1,836,375
2019	1,325,000	498,975	1,823,975
2020	1,390,000	431,100	1,821,100
2021	1,465,000	362,425	1,827,425
2022-2025	<u>6,660,000</u>	<u>675,500</u>	<u>7,335,500</u>
Total	<u>\$ 13,375,000</u>	<u>\$ 3,108,775</u>	<u>\$ 16,483,775</u>

General Obligation Bonds, Series 2014

\$24,055,000 Series 2014 General Obligation Bonds dated April 8, 2014 due March 1, 2034, interest of 3 00 to 5 00 percent to finance phase 1 of six (6) year \$90.4 project to dredge Lake Decatur basins 1-4

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 860,000	\$ 1,001,538	\$ 1,861,538
2018	885,000	970,937	1,855,937
2019	920,000	934,838	1,854,838
2020	955,000	897,337	1,852,337
2021	995,000	858,337	1,853,337
2022-2026	5,670,000	3,556,513	9,226,513
2027-2031	7,100,000	2,106,044	9,206,044
2032-2034	<u>5,105,000</u>	<u>391,125</u>	<u>5,496,125</u>
Total	<u>\$22,490,000</u>	<u>\$ 10,716,669</u>	<u>\$ 33,206,669</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2015

\$23,305,000 Series 2015 General Obligation Bonds dated September 3, 2015 due March 1, 2035, interest of 2 00 to 5 00 percent to finance water construction projects

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 815,000	\$ 920,750	\$ 1,735,750
2018	840,000	895,925	1,735,925
2019	865,000	870,350	1,735,350
2020	900,000	839,375	1,739,375
2021	935,000	802,675	1,737,675
2022-2026	5,190,000	3,498,825	8,688,825
2027-2031	6,555,000	2,136,050	8,691,050
2032-2035	<u>6,415,000</u>	<u>533,338</u>	<u>6,948,338</u>
Total	<u>\$ 22,515,000</u>	<u>\$10,497,288</u>	<u>\$ 33,012,288</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 percent to finance water construction projects. As of December 31, 2016, approximately \$22,791,595 of the proceeds remains unexpended

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable

U S Department of Housing and Urban Development Series 2002-A Certificates

\$3,000,000 Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 (Note B-95-MC-17-0008-A) due August 1, 2022, interest of 2.99 to 6.12 percent

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 185,000	\$ 70,649	\$ 255,649
2018	190,000	59,974	249,974
2019	195,000	48,859	243,859
2020	200,000	37,296	237,296
2021	205,000	25,295	230,295
2022	<u>210,000</u>	<u>12,852</u>	<u>222,852</u>
Total	\$ 1,185,000	\$ 254,925	\$ 1,439,925

Illinois Environmental Protection Agency 2001 Loan

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 419,307	\$ 65,051	\$ 484,358
2018	431,576	52,782	484,358
2019	444,205	40,153	484,358
2020	457,203	27,155	484,358
2021	470,581	13,777	484,358
2022	<u>120,464</u>	<u>1,748</u>	<u>122,212</u>
Total	\$ 2,343,336	\$ 200,666	\$ 2,544,002

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A Notes Payable (Continued)

Illinois Environmental Protection Agency Water Loan

\$9,444,709 loan with the Illinois Environmental Protection Agency (IEPA), of which \$2,451,381 was forgivable for net debt of \$6,993,328, to finance the costs relating to the construction of a new water main, water tower, and booster pump station. The term of the loan is for 20 years with a fixed rate of 0.00%. The semi-annual repayment dates are July 10 and January 10.

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

Illinois Environmental Protection Agency Sewer Loan - 2013

\$8,835,821 loan with the Illinois Environmental Protection Agency (IEPA), of which \$764,148 was forgivable for net debt of \$7,589,673 to finance the costs related to the rehabilitation of certain main line sewer infrastructure. The term of the loan is for 20 years with a fixed interest rate of 1.93%. The semi-annual repayment dates are June 15 and December 15.

Remaining principal and interest payments to maturity are as follows:

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Regions Capital Advantage Promissory Note Series 2013

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 664,590	\$ 540,660	\$ 1,205,250
2018	835,573	514,927	1,350,500
2019	903,444	485,056	1,388,500
2020	974,201	452,799	1,427,000
2021	1,049,222	418,028	1,467,250
2022-2026	6,504,020	1,471,230	7,975,250
2027-2028	<u>4,880,305</u>	<u>224,133</u>	<u>5,104,438</u>
Total	<u>\$ 15,811,355</u>	<u>\$ 4,106,833</u>	<u>\$ 19,918,188</u>

Busey Bank – 2014

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 303,294	\$ 12,945	\$ 316,239
2018	309,232	7,007	316,239
2019	<u>156,639</u>	<u>1,123</u>	<u>157,762</u>
Total	<u>\$ 769,165</u>	<u>\$ 21,075</u>	<u>\$ 790,240</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan – 2014

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

Remaining principal and interest payments to maturity are as follows:

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

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>
2017	\$ 136,655	\$ 24,345	\$ 161,000
2018	140,797	20,203	161,000
2019	144,399	16,601	161,000
2020	148,499	12,501	161,000
2021	152,692	8,308	161,000
2022	<u>139,173</u>	<u>3,951</u>	<u>143,124</u>
Total	<u>\$ 862,215</u>	<u>\$ 85,909</u>	<u>\$ 948,124</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Busey Bank Fire Apparatus Pierce Impel Pumper

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 59,992	\$ 8,770	\$ 68,762
2018	61,372	7,390	68,762
2019	62,783	5,979	68,762
2020	64,228	4,534	68,762
2021	65,705	3,057	68,762
2022	<u>67,216</u>	<u>1,546</u>	<u>68,762</u>
Total	\$ 381,296	\$ 31,276	\$ 412,572

Busey Bank Police Interceptor Vehicles

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

Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 107,763	\$ 809	\$ 108,572
Total	\$ 107,763	\$ 809	\$ 108,572

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Busey Bank Fire Facility Rehabilitation - 2016

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

Busey Bank Local Road & Street Resurfacing - 2016

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

C Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, sick time and holiday time which will be paid to employees upon separation from City service. In Governmental Fund Types, the cost of these benefits is recognized when payments are made to employees. Enterprise Fund Types accrue vacation time benefits in the period in which they are earned. A liability representing the City's commitment to fund such costs from future operations has been recorded in the Statement of Net Position in the amount of \$4,957,921. These costs are substantially paid through the General Fund and the Library Fund.

D Conduit Debt

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - LONG-TERM DEBT (CONTINUED)

D. Conduit Debt (Continued)

In 1996, the City issued City of Decatur, Macon County, Illinois Hospital Facility Revenue Bonds, Series 2010A, B, C and D on behalf of Decatur Memorial Hospital. The proceeds were used by Decatur Memorial Hospital to finance certain facility improvements. Subsequent refunding of the original debt issue occurred in 2010, 2012 and 2014. The original amount of the debt issue was \$30,500,000. The maturity date of the Bonds is December 22, 2020. The Bonds are limited obligations of the City, payable solely from payments made by Decatur Memorial Hospital under its Direct Note Obligations, payments from the Decatur Memorial Hospital under a Loan Agreement and certain other monies held by a trustee under a trust indenture for holders of the Bonds. The Bonds do not pledge the full faith and credit of the City and the issuance of the Bonds does not directly, indirectly, or contingently obligate the City to levy any form of taxation for the payment of the Bonds or to make any appropriation for their payment. Outstanding principal on the Bonds as of December 31, 2016 is \$7,344,000.

NOTE 9 - PENSION PLANS

The City contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan, which is a single-employer pension plan, and the Firefighter's Pension Plan, which is also a single-employer pension plan. None of the pension plans issue a separate report except for IMRF.

A. IMRF

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City annual contribution rate for calendar year 2016 was 12.93%. For the fiscal year ended December 31, 2016, the City contributed \$1,795,318 to the plan.

The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for nondisabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$101,325,044	\$88,338,974	\$12,986,070
Changes for the year:			
Service Cost	1,558,448	-	1,558,448
Interest on the Total Pension Liability	7,425,184	-	7,425,184
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(1,363,508)	-	(1,363,508)
Changes of Assumptions	(338,253)	-	(338,253)
Contributions - Employer	-	1,795,318	(1,795,318)
Contributions - Employees	-	656,825	(656,825)
Net Investment Income	-	6,033,824	(6,033,824)
Benefit Payments, including Refunds of Employee Contributions	(5,428,433)	(5,428,433)	-
Other	-	525,845	(525,845)
Net Changes	1,853,473	3,583,379	(1,729,906)
Balances at December 31, 2016	\$103,178,517	\$91,922,353	\$11,256,164

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

A. IMRF (CONTINUED)

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

B. Defined Benefit Single-Employer Pension Plans

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 4,213,121	\$ 5,023,785	\$ 9,236,906
Plan member	1,251,329	833,972	2,085,301
Miscellaneous revenue	<u>3,953</u>	<u>-</u>	<u>3,953</u>
Total contributions	<u>5,468,403</u>	<u>5,857,757</u>	<u>11,326,160</u>
Investment earnings			
Interest and dividends	948,137	751,488	1,699,625
Net increase in the fair value of investments	<u>7,387,666</u>	<u>4,146,156</u>	<u>11,533,822</u>
Total investment income	<u>8,335,803</u>	<u>4,897,644</u>	<u>13,233,447</u>
Less investment expense	<u>263,222</u>	<u>133,187</u>	<u>396,409</u>
Net investment income	<u>8,072,581</u>	<u>4,764,457</u>	<u>12,837,038</u>
Total additions	<u>13,540,984</u>	<u>10,622,214</u>	<u>24,163,198</u>
DEDUCTIONS			
Benefits and refunds	7,061,048	7,339,489	14,400,537
Administrative expense	<u>100,276</u>	<u>86,686</u>	<u>186,962</u>
Total deductions	<u>7,161,324</u>	<u>7,426,175</u>	<u>14,587,499</u>
Change in net position	6,379,660	3,196,039	9,575,699
NET POSITION, BEGINNING OF YEAR	<u>91,955,790</u>	<u>69,114,266</u>	<u>161,070,056</u>
NET POSITION, END OF YEAR	<u>\$98,335,450</u>	<u>\$72,310,305</u>	<u>\$ 170,645,755</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, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Police Pension Plan

Plan Description

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

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

At December 31, 2016 the Police Pension Plan membership consisted of

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Police Pension Plan (Continued)

Plan Description (continued)

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

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040.

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of December 31, 2016 is as follows:

Total Pension Liability	\$ 150,548,376
Plan Fiduciary Net Position	<u>98,218,282</u>
Net Pension Liability	<u>\$ 52,330,094</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.24%

Actuarial Assumptions

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

Valuation Date	1/1/2017
Measurement Date	12/31/2016
Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Projected Salary Increases	3.5%
Investment Rate of Return	7.5%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2017

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Police Pension Plan (Continued)

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2%	80%
Core Fixed Income	34%	2.07%
Broad US Equities	64%	4.06%

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for Police Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 24 years from January 1, 2017. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Police Pension Plan (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Police Pension Plan (Continued)

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

For the year ended December 31, 2016 the City will recognize a pension expense of \$5,968,637. On December 31, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,379,620
Net difference between projected and actual earnings	<u>3,089,774</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,089,774</u>	<u>\$ 1,379,620</u>

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

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

Fire Pension Plan

Plan Description

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Fire Pension Plan (Continued)

Plan Description (continued)

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

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

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

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

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held on the date of retirement. The pension shall be increased by 1/12 of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

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

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Fire Pension Plan (continued)

Net Pension Liability

The components of the net pension liability of the Fire Pension Plan as of December 31, 2016 is as follows

Total Pension Liability	\$ 139,104,225
Plan Fiduciary Net Position	<u>72,310,307</u>
Net Pension Liability	<u>\$ 66,793,918</u>

Plan Fiduciary Net Position as a
Percentage of the Total Pension
Liability 51.98%

Actuarial Assumptions

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

Valuation Date	1/1/2017
Measurement Date	12/31/2016
Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Projected Salary Increases	3.5%
Investment Rate of Return	7.0%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2017

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - PENSION PLANS (CONTINUED)

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

Fire Pension Plan (continued)

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	7%	8.0%
Core Fixed Income	30%	2.07%
Broad US Equities	63%	4.06%

Discount Rate

The discount rate used to measure the total pension liability was 7.0% for Fire Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 24 years from January 1, 2017. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 9 - PENSION PLANS (CONTINUED)

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

Fire Pension Plan (Continued)

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

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

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

For the year ended December 31, 2016 the City will recognize a pension expense of \$7,836,226. On December 31, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,285,585	\$ -
Net difference between projected and actual earnings	<u>2,483,542</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,769,127</u>	<u>\$ -</u>

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 9 - PENSION PLANS (CONTINUED)

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

Fire Pension Plan (Continued)

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

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

NOTE 10 - CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME, and Federal Transit Administration programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for and including the year ended December 31, 2016, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be insignificant.

The City, as landowner of an industrial center, has a potential environmental liability arising from the activities of various tenants at the site. The City entered into a cost sharing agreement with three other parties and environmental remediation has occurred. No current claim by any State, Federal, or local agency has been filed against the City. The City and its legal counsel believe that primary liability for any future claim will rest with the prior owners. No estimate of a liability can be made at this time.

NOTE 11 - LITIGATION

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 12 - COMMITMENTS

The City has the following commitments

- A As a result of the City's involvement in the construction of the Decatur Civic Center building, the City and the Decatur Metropolitan Exposition Auditorium and Office Building Authority (Authority) entered into an intergovernmental cooperation agreement in 1977, as amended in 1980, which included a negotiated 99 year rent-free lease for office space. The lease terms require the City to pay only utility and maintenance costs based on square footage occupied by the City within the building, which is approximately 40 percent of the space.

In applying the accounting standards related to accounting for leases, this lease should be capitalized due to its term and included in long-term debt. However, since these costs represent executory costs and are not quantifiable, the lease has not been capitalized and is classified as an operating lease. Also, since the costs are not quantifiable, the future minimum lease payments are not determinable.

The City pays an operating subsidy to the Authority at the beginning of each fiscal year, in such amount to fund operations anticipated in the fiscal year. The operating subsidy is adjusted each year by the change in the consumer price index.

- B On June 7, 2014, as amended March 7, 2016 and January 30, 2017, the City entered into a lease agreement with the Decatur Public Building Commission to occupy certain space within the Macon County Law Enforcement Center facility through December 31, 2016. The current year lease expense was \$32,718. Future minimum rental payments are estimated as follows:

<u>Year</u>	<u>Amount</u>
2017	<u>\$ 33,372</u>

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 12 - COMMITMENTS (CONTINUED)

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

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

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

<u>Year</u>	<u>Amount</u>
2017	\$ 38,400
2018	38,784
2019	<u>22,848</u>
Total	<u>\$ 100,032</u>

- E Other Commitments

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 13 - RISK MANAGEMENT

The City is self-insured for worker's compensation, comprehensive general liability, employee dishonesty, property damage, medical, and unemployment compensation claims. The unemployment compensation is funded totally by the City. The medical program is insured for amounts above the self-insurance retention limits of \$200,000 per individual and approximately \$10,298,655 in the aggregate by an insurance carrier. The other programs are insured for amounts above the self-insurance retention limits of \$25,000 - \$500,000 by an insurance carrier. There have been no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there have been no settlements that exceeded insurance coverage.

Rates are developed annually to fund the self-insurance programs, both claims and administrative costs, in the self-insurance internal service fund. All funds and departments of the City are charged monthly thereafter based on their loss history and exposure.

The claims liability for group health is \$995,016 and the nonmedical claims liability of \$1,734,206 at December 31, 2016 is based on the requirements of accounting standards related to Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability account for years ended December 31, 2016 and 2015 were:

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

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

**CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 14 - RELATED PARTY TRANSACTIONS

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

The City is required to maintain the Authority's operating reserve fund at \$100,000. The City is required to replenish this fund whenever it falls below \$100,000. The Authority has not required this fund to be maintained at \$100,000, but reimbursement has been made as cash flow dictates. During 2016, the City contributed \$406,614 to the Authority.

NOTE 15 - FUND EQUITY

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

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

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

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

The City provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree can choose to participate or not participate in the City's plan.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Membership

The City's Retiree Healthcare Program includes three employee groups: Fire, Police and all other City, which are the same as those used for the pension plan.

At January 1, 2016, membership consisted of

Retirees and beneficiaries currently receiving benefits	117
Active employees	<u>467</u>

Total	<u>584</u>

Participating employers	<u>1</u>

D. Funding Policy

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

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

E. Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of generally accepted accounting principles. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City had an actuarial valuation performed for the plan as of January 1, 2016 to determine the funded status of the plan as of that date as well as the City's annual required contribution (ARC) for the fiscal year ended December 31, 2016. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	\$ 875,638	73.42%	\$1,238,787
December 31, 2015	\$ 757,052	88.47%	\$1,006,046
December 31, 2014	\$ 743,660	126.37%	\$ 918,760

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

Annual required contribution	\$ 904,763
Interest on net prior year OPEB obligation	33,200
Adjustment to annual required contribution	<u>(62,325)</u>

Annual OPEB cost	875,638

Contributions made	<u>642,899</u>

Increase in net OPEB obligation	232,741

Net OPEB obligation, beginning of year	<u>1,006,046</u>

Net OPEB obligation, end of year	<u>\$ 1,238,787</u>

F. Funded Status and Funding Progress

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Information related to OPEB is as follows:

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

Annual contribution	\$ 904,763
Contribution made	\$ 642,899
Actuarial valuation date	1/1/2016

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

Actuarial Assumptions	
Discount rate	3.30%
Projected salary increase	N/A
Healthcare trend rate	Fire-5.60%, Police & City-8.70% in 2016, 4.00% ultimate
Cost of living adjustment	N/A

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

NOTE 17 - CAPITAL LEASES

The City has entered into various lease agreements as lessee for financing of vehicles which included a fire truck, a police SUV, a sewer truck, water truck(s), a traffic truck, police patrol vehicles, fire command vehicles, and a VOIP telephone system. All nine leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 17 - CAPITAL LEASES (CONTINUED)

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

Total **\$ 1,456,591**

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

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

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 18 - RESTATEMENT OF NET POSITION/FUND BALANCE

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

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

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

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



RSI-1

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

III Required Supplementary Information

Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	IMRF		Actual Contribution as a % of Covered Payroll
			Contribution Deficiency (Excess)	Covered Payroll	
2016	\$ 1,772,566	\$1,795,318	\$ (22,752)	\$13,708,943	13 10%
2015	1,771,905	1,787,566	(15,661)	14,232,171	12 56%
2014	1,695,313	1,633,605	61,708	13,307,066	12 28%

Police Pension Plan

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Police Pension Plan		Actual Contribution as a % of Covered Payroll
			Contribution Deficiency (Excess)	Covered Payroll	
2016	\$ 4,167,919	\$ 4,213,121	\$ (45,202)	\$ 11,996,768	35 12%
2015	4,026,184	4,229,151	(202,967)	12,391,182	34 13%
2014	4,159,443	4,277,221	(117,778)	12,227,509	34 98%
2013	2,735,709	3,666,579	(930,870)	11,664,930	31 43%

Fire Pension Plan

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Fire Pension Plan		Actual Contribution as a % of Covered Payroll
			Contribution Deficiency (Excess)	Covered Payroll	
2016	\$ 4,875,173	\$ 5,023,785	\$ (148,612)	\$ 8,907,509	56 40%
2015	4,565,589	4,265,438	300,151	8,779,591	48 58%
2014	4,174,530	4,232,824	(58,294)	8,250,783	51 30%
2013	2,774,140	3,806,762	(1,032,622)	8,451,621	45 04%

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

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

RSI-2

OTHER POST-EMPLOYMENT BENEFITS – RETIREE HEALTH INSURANCE

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
1/1/2016	\$ -	\$9,894,045	\$ 9,894,045	0%	\$ 34,613,220	28.6%
1/1/2015	-	8,917,600	8,917,650	0%	35,402,944	25.2%
1/1/2014	-	9,143,999	9,143,999	0%	34,222,364	26.7%

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

RSI-3

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

Calendar Year Ended, December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$2,329,042	\$ 2,344,035	\$ 2,726,891
Interest	10,858,441	10,868,268	9,571,302
Difference in expected and actual experiences	-	-	57,370
Changes of assumptions/methods	-	-	6,068,547
Effect of liability gains or losses	(1,494,924)	(678,659)	-
Benefit payments	<u>(7,061,048)</u>	<u>(6,824,723)</u>	<u>(6,102,938)</u>
Net Change in Total Pension Liability	4,631,511	5,708,921	12,321,172
Total Pension Liability - Beginning	<u>145,916,865</u>	<u>140,207,944</u>	<u>127,886,772</u>
Total Pension Liability – Ending (A)	<u>\$150,548,376</u>	<u>\$ 145,916,865</u>	<u>\$ 140,207,944</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,213,121	\$ 4,229,151	\$ 4,277,221
Contributions - Employee	1,251,329	1,240,308	1,186,391
Net investment income	8,167,736	24,273	5,790,077
Benefit payments	(7,061,048)	(6,824,723)	(6,102,938)
Administrative expense	<u>(351,980)</u>	<u>(264,895)</u>	<u>(64,986)</u>
Net Change in Plan Fiduciary Net Position	6,219,158	(1,595,886)	5,085,765
Plan Fiduciary Net Position - Beginning	<u>91,999,124</u>	<u>93,595,010</u>	<u>88,509,245</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 98,218,282</u>	<u>\$ 91,999,124</u>	<u>\$ 93,595,010</u>
Net Pension Liability (A) – (B)	\$ 52,330,094	\$ 53,917,741	\$ 46,612,934
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.24%	63.05%	66.75%
Covered Employee Payroll	\$ 11,996,768	\$ 12,391,182	\$ 12,227,509
Net Pension Liability as a Percentage of Covered Employee Payroll	436%	435%	381%

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

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

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

Calendar Year Ended December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 2,065,510	\$ 2,051,437	\$ 2,183,902
Interest	9,334,747	9,344,391	8,357,081
Difference in expected/actual experience	-	-	2,180,908
Changes of assumptions/methods	-	-	9,131,603
Effect of liability gain or losses	147,773	2,865,795	-
Benefit payments	<u>(7,339,489)</u>	<u>(7,030,555)</u>	<u>(6,743,544)</u>
Net Change in Total Pension Liability	4,208,541	7,231,068	15,109,950
Total Pension Liability - Beginning	<u>134,895,684</u>	<u>127,664,616</u>	<u>112,554,666</u>
Total Pension Liability - Ending (A)	<u>\$139,104,225</u>	<u>\$ 134,895,684</u>	<u>\$ 127,664,616</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 5,023,785	\$ 4,265,438	\$ 4,232,824
Contributions - Employee	833,972	847,728	809,470
Net investment income	4,989,376	460,973	4,671,711
Benefit payments	(7,339,489)	(7,030,555)	(6,743,544)
Administrative expense	<u>(319,375)</u>	<u>(264,992)</u>	<u>(252,605)</u>
Net Change in Plan Fiduciary Net Position	3,188,269	(1,721,408)	2,717,856
Plan Fiduciary Net Position - Beginning	<u>69,122,038</u>	<u>70,843,446</u>	<u>68,125,590</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$72,310,307</u>	<u>\$ 69,122,038</u>	<u>\$ 70,843,446</u>
Net Pension Liability (A) - (B)	<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	51.98%	51.24%	55.49%
Covered Employee Payroll	\$ 8,907,509	\$ 8,779,591	\$ 8,250,783
Net Pension Liability as a Percentage of Covered Employee Payroll	750%	749%	689%

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

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

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

<u>*Police Pension</u>	
Fiscal Year	
Ended	Rate
2016	9.02%
2015	0.02%
<u>*Firefighters' Pension</u>	
Fiscal Year	
Ended	Rate
2016	7.36%
2015	0.57%

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

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

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

	2016	2015
Calendar Year Ended December 31,		
Total Pension Liability		
Service cost	\$ 1,558,483	\$ 1,484,366
Interest on the total pension liability	7,425,184	7,126,789
Changes of benefit terms	-	-
Differences between expected and actual experience of the total pension liability	(1,363,508)	896,106
Changes of assumptions	(338,253)	225,465
Benefit payments	(5,428,433)	(5,622,411)
Net Change in Total Pension Liability	1,853,473	4,110,285
Total Pension Liability – Beginning	101,325,044	97,214,759
Total Pension Liability – Ending (A)	\$ 103,178,517	\$ 101,325,044
Plan Fiduciary Net Position		
Contributions – Employer	\$ 1,795,318	\$ 1,787,566
Contributions – Employees	656,825	717,309
Net investment income	6,033,824	753,618
Benefit payments	(5,428,433)	(5,622,441)
Other (Net Transfer)	525,845	(106,040)
Net Change in Plan Fiduciary Net Position	3,583,379	(3,469,988)
Plan Fiduciary Net Position – Beginning	88,338,974	90,808,962
Plan Fiduciary Net Position – Ending (B)	\$ 91,922,353	\$ 88,338,974
Net Position Liability – Ending (A) - (B)	\$ 11,256,164	\$ 12,986,070
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	89.09%	87.18%
Covered Valuation Payroll	\$13,708,943	\$14,232,174
Net Pension Liability as a Percentage of Covered Valuation Payroll	82.11%	91.24%

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

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CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2016

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

CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 LIBRARY FUND
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Taxes	\$ 2,793,000	\$ 2,817,010	\$ 24,010
Investment income and net increase in fair value of investments	75	2,307	2,232
Intergovernmental	425,000	363,485	(61,515)
Fines and fees	50,150	51,437	1,287
Other revenue	16,136	25,129	8,993
Total revenues	<u>3,284,361</u>	<u>3,259,368</u>	<u>(24,993)</u>
EXPENDITURES			
Current:			
Education	<u>3,670,430</u>	<u>3,472,631</u>	<u>197,799</u>
Excess (deficiency) of revenues over expenditures	<u>(386,069)</u>	<u>(213,263)</u>	<u>172,806</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	334,651	284,651	(50,000)
Transfers out	<u>(94,290)</u>	<u>-</u>	<u>94,290</u>
Total other financing sources (uses)	<u>240,361</u>	<u>284,651</u>	<u>44,290</u>
	<u>\$ (145,708)</u>	<u>71,388</u>	<u>\$ 217,086</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP		<u>(149,548)</u>	
Net change in fund balance - GAAP basis		(78,160)	
FUND BALANCE, BEGINNING OF YEAR		<u>1,267,291</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,189,131</u>	

CITY OF DECATUR, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
 CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
 TIF DISTRICT FUND
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Property taxes	\$ 1,754,000	\$ 1,806,270	\$ 52,270
Intergovernmental	400,200	425,501	25,301
Investment income	-	2,329	2,329
Total revenues	<u>2,154,200</u>	<u>2,234,100</u>	<u>79,900</u>
EXPENDITURES			
Current:			
Economic development	<u>1,049,700</u>	<u>888,860</u>	<u>160,840</u>
Debt Services:			
Principal retirement	688,693	568,400	120,293
Interest and other charges	<u>150,856</u>	<u>304,296</u>	<u>(153,440)</u>
Total expenses	<u>1,889,249</u>	<u>1,761,556</u>	<u>127,693</u>
Excess of revenues over expenditures before other financing uses	<u>264,951</u>	<u>472,544</u>	<u>207,593</u>
OTHER FINANCING USES			
Transfers in	-	18,000	18,000
Transfers out	<u>(118,148)</u>	<u>(84,698)</u>	<u>33,450</u>
	<u>\$ 146,803</u>	<u>405,846</u>	<u>\$ 259,043</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP		<u>(243,497)</u>	
Net change in fund balance (deficit) - GAAP basis		162,349	
FUND DEFICIT, Beginning of Period, as previously reported		(142,439)	
Prior Period Adjustment		<u>103,951</u>	
BEGINNING OF PERIOD, as restated		<u>(246,390)</u>	
FUND DEFICIT, END OF YEAR		<u>\$ (84,041)</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, 2016

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
Investment income	\$ -	\$ 4,192	\$ 4,192
Intergovernmental			
Motor fuel tax	1,825,000	1,929,331	104,331
Other	109,739	179,729	69,990
Other revenue	<u>267,000</u>	<u>31,160</u>	<u>(235,840)</u>
Total revenues	<u>2,201,739</u>	<u>2,144,412</u>	<u>(57,327)</u>
EXPENDITURES			
Public works:			
Street repair and maintenance	<u>3,320,313</u>	<u>2,145,050</u>	<u>1,175,263</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,118,574)</u>	<u>(638)</u>	<u>\$ 1,117,936</u>
NET CHANGES IN BUDGETARY BASIS TO GAAP		<u>(46,083)</u>	
Net change in fund balance - GAAP basis		(46,721)	
FUND BALANCE, BEGINNING OF YEAR		<u>1,761,343</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,714,622</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, 2016

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

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

Note 1 - Basis of Accounting

The accompanying budgetary schedules are prepared on the cash basis of accounting

APPROPRIATED BUDGET AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements

- 1 The annual budget is legally adopted by Council Resolution through the budgetary process on an annual fiscal year basis for the general fund, special revenue funds, (including TIF redevelopment funds), debt service funds, capital project funds, enterprise funds, internal service funds, and pension trust funds
- 2 The process is initiated in September of each year, with departmental requests presented in October to the Budget Review Committee comprised of the City Manager, City Treasurer and Director of Finance
- 3 The City Manager's proposed and balanced executive budget is presented to the City Council during November with a public hearing and final adoption taking place prior to December 31st of each year
- 4 The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of March of each year, in accordance with State of Illinois statutory requirements. The Appropriation Ordinance may include changes from the approved budget and is adopted upon City Council passage after an additional public hearing
- 5 Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis which is not in accordance with Generally Accepted Accounting Principles (GAAP). The Budget to Actual schedules included in Required Supplementary Information include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General Fund and major Special Revenue funds
- 6 The level of budgetary control is by Fund. Therefore, expenditures cannot legally exceed appropriations beyond this level
- 7 Supplemental appropriation ordinances may be passed by the City Council, as required to appropriate new spending for expenditure not contemplated in the fiscal year appropriation ordinance, with funding provided by a new revenue source or expended from fund balance reserves

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

Note 2 - Expenditures over Budget

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

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

A IMRF

Valuation Date:
Notes

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	28-year closed period, until remaining period reaches 15 years (then 15-year rolling period)
Asset Valuation Method	5-year smoothed market, 20% corridor
Wage Growth	3.5%
Price Inflation	2.75% approximate, No explicit price inflation assumption is used in this valuation
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013
Mortality	RP-2014 Blue Collar health Annuitant Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to nondisabled lives set forward 10 years.

Other Information
Notes

There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation

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

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

B Police Pension Plan

Valuation Date	1/1/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	24 Years as of January 1, 2017
Amortization Growth Rate	3 5%
Asset Valuation Method	Market value
Inflation	2 5% per year
Salary Increases	3 5% per year until the assumed retirement age
Investment Rate of Return	7 5% per year
Retirement Age	Rates of retirement for age 50 to 65 were used
	<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 2017
Termination Rates	See table below
Disability Rates	See table below It is assumed that 100% of disability retirements and pre-retirement deaths are service related

<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, 2016

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

C Fire Pension Plan

Valuation Date	1/1/17
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining Amortization Period	24 Years as of January 1, 2017
Amortization Growth Rate	3 5%
Asset Valuation Method	Market value
Inflation	2 5% per year
Salary Increases	3 5% per year until the assumed retirement age
Investment Rate of Return	7 0% per year
Retirement Age	Rates of retirement for age 50 to 65 were used
	<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 2017
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

EXHIBIT 1

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which, by statute, charter provision, or local ordinance, are designated to finance particular functions or activities of the government as follows

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

The HOME Fund accounts for federal funds used in a revolving loan program for subsidizing the purchase by first time buyers of homes within designated areas of the City.

Community Development Block Grant (CDBG) Fund accounts for entitlement revenues from the U.S. Department of Housing and Urban Development (HUD) and designated expenditures in the areas of housing and neighborhood revitalization, public facilities improvement, and economic development.

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

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

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

The Municipal Band Fund accounts for revenues, including property taxes levied for this activity, and expenditures for the City's Municipal Band.

The PEG Fund accounts for revenues received for franchise rights granted allowing the installation and operation of cable communication networks and expenditures for the operation of the Public Education and Governmental television station.

The DCDF fund accounts for the nonprofit corporation which finances and subsidizes housing rehabilitation activities for the City.

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds)

The Capital Projects Fund accounts for continuous capital projects, which are financed primarily from intergovernmental revenues, charges for service, and investment income. This fund accounts for revenues and expenditures for numerous related capital projects.

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

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

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

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

EXHIBIT 3

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

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

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

Account	General Fund	Capital Projects Fund	Public Safety Fund	Police Fund	Fire Fund	Public Works Fund	Library Fund	Other Funds	Total
REVENUES									
Taxes	1,041,111	-	1,149,919	71	31,794	61,476	-	-	2,223,301
Investment income	3,143	-	-	-	-	-	-	-	3,143
Charges for services	350,000	-	-	-	-	-	-	-	350,000
Intergovernmental	1,778,236	-	-	-	-	-	-	-	1,778,236
Fines and fees	339,105	-	-	-	-	-	-	-	339,105
Other revenues	701,793	60,078	-	-	-	-	-	-	761,871
Total revenues	3,379,187	61,060	-	-	-	-	-	-	3,440,247
EXPENDITURES									
Current:									
Economic development	1,815,447	-	-	-	-	-	-	-	1,815,447
Public safety	557,742	266,307	-	-	-	-	-	-	824,049
Culture	556,674	-	-	-	-	-	-	-	556,674
Public works	80,306	175,796	-	-	-	-	-	-	256,102
Education	11,782	-	-	-	-	-	-	-	11,782
Debt Service:									
Principal retirement	472,425	207,334	-	-	-	-	-	-	679,759
Interest and other charges	5,159	20,792	-	-	-	-	-	-	25,951
Total expenditures	3,499,535	670,229	-	-	-	-	-	-	4,169,764
Excess (deficiency) of revenues over expenditures	(120,348)	(609,169)	-	-	-	-	-	-	(729,517)
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	57,227	20,403	-	-	-	-	-	-	77,630
Transfers in	106,156	625,087	-	-	-	-	-	-	731,243
Loan proceeds	-	228,569	-	-	-	-	-	-	228,569
Total other financing sources (uses)	163,383	874,059	-	-	-	-	-	-	1,037,442
Net change in fund balances	43,035	264,890	-	-	-	-	-	-	307,925
FUND BALANCES, BEGINNING OF YEAR	2,200,365	569,561	-	-	-	-	-	-	2,769,926
FUND BALANCES, END OF YEAR	2,243,400	834,451	-	-	-	-	-	-	3,077,851

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

CITY OF BURLINGAME
HONORABLE SPECIAL SERVICES JUDGE
COMBINED STATEMENTS OF REQUESTED EXPENSES AND CHARGES IN PENDING SUIT FOR THE
True Signed December 31, 2016

Category	Region A		Region B		Region C		Region D		Region E		Region F		Region G		Region H	
	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2	Value 1	Value 2
Global Performance	120,500	85,300	95,200	70,100	110,800	60,400	130,200	55,900	105,600	40,700	140,100	30,500	125,300	20,800	150,000	10,200
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	120,500	85,300	95,200	70,100	110,800	60,400	130,200	55,900	105,600	40,700	140,100	30,500	125,300	20,800	150,000	10,200
	120,500	85,300	95,200	70,100	110,800	60,400	130,200	55,900	105,600	40,700	140,100	30,500	125,300	20,800	150,000	10,200
Regional Breakdown	30,100	20,500	25,800	18,900	28,500	19,200	32,000	22,100	27,300	17,800	35,000	24,500	31,200	21,000	38,000	26,500
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	30,100	20,500	25,800	18,900	28,500	19,200	32,000	22,100	27,300	17,800	35,000	24,500	31,200	21,000	38,000	26,500
	30,100	20,500	25,800	18,900	28,500	19,200	32,000	22,100	27,300	17,800	35,000	24,500	31,200	21,000	38,000	26,500
Product Analysis	45,000	30,200	38,500	25,100	42,000	28,800	48,000	32,500	40,500	26,900	50,000	33,800	46,000	31,000	52,000	35,200
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	45,000	30,200	38,500	25,100	42,000	28,800	48,000	32,500	40,500	26,900	50,000	33,800	46,000	31,000	52,000	35,200
	45,000	30,200	38,500	25,100	42,000	28,800	48,000	32,500	40,500	26,900	50,000	33,800	46,000	31,000	52,000	35,200
Customer Segments	20,000	15,500	18,000	13,800	19,500	14,200	22,000	16,800	17,500	13,000	24,000	18,500	21,000	15,800	25,000	19,200
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	20,000	15,500	18,000	13,800	19,500	14,200	22,000	16,800	17,500	13,000	24,000	18,500	21,000	15,800	25,000	19,200
	20,000	15,500	18,000	13,800	19,500	14,200	22,000	16,800	17,500	13,000	24,000	18,500	21,000	15,800	25,000	19,200
Marketing Initiatives	15,000	10,200	12,500	8,900	14,000	9,500	16,000	11,000	13,500	8,800	17,000	12,000	15,000	10,500	18,000	13,200
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	15,000	10,200	12,500	8,900	14,000	9,500	16,000	11,000	13,500	8,800	17,000	12,000	15,000	10,500	18,000	13,200
	15,000	10,200	12,500	8,900	14,000	9,500	16,000	11,000	13,500	8,800	17,000	12,000	15,000	10,500	18,000	13,200
Operational Metrics	8,500	6,000	7,200	5,100	7,800	5,500	9,000	6,300	8,100	5,800	9,500	6,600	8,700	6,000	10,000	7,200
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	8,500	6,000	7,200	5,100	7,800	5,500	9,000	6,300	8,100	5,800	9,500	6,600	8,700	6,000	10,000	7,200
	8,500	6,000	7,200	5,100	7,800	5,500	9,000	6,300	8,100	5,800	9,500	6,600	8,700	6,000	10,000	7,200
Financial Summary	5,200	3,800	4,500	3,200	4,800	3,500	5,500	4,000	4,900	3,600	5,800	4,200	5,100	3,900	6,000	4,500
	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	5,200	3,800	4,500	3,200	4,800	3,500	5,500	4,000	4,900	3,600	5,800	4,200	5,100	3,900	6,000	4,500
	5,200	3,800	4,500	3,200	4,800	3,500	5,500	4,000	4,900	3,600	5,800	4,200	5,100	3,900	6,000	4,500
Future Projections	10,000	7,500	9,000	6,800	9,500	7,200	10,500	8,000	10,000	7,800	11,000	8,500	11,500	9,000	12,000	9,500
	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024
	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit	Revenue	Profit
	10,000	7,500	9,000	6,800	9,500	7,200	10,500	8,000	10,000	7,800	11,000	8,500	11,500	9,000	12,000	9,500
	10,000	7,500	9,000	6,800	9,500	7,200	10,500	8,000	10,000	7,800	11,000	8,500	11,500	9,000	12,000	9,500

EXHIBIT 7

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

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

EXHIBIT 8

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Federal grant	\$ 1,669,300	\$ 903,622	\$ (765,678)
Other revenue	-	360	360
Total revenue	<u>1,669,300</u>	<u>903,982</u>	<u>(765,318)</u>
EXPENDITURES			
Economic Development:			
Public services	1,073,044	282,527	790,517
Personnel services	167,238	217,857	(50,619)
Contractual services	241,918	222,708	19,210
Supplies	2,100	822	1,278
Other charges	<u>5,000</u>	<u>608</u>	<u>4,392</u>
Debt Services:			
Principal retirement	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Total expenditures	<u>1,669,300</u>	<u>904,522</u>	<u>764,778</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(540)</u>	<u>(540)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>488</u>	<u>488</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (52)</u>	<u>\$ (52)</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Intergovernmental	\$ 320,035	\$ 266,348	\$ (53,687)
Investment income	<u>-</u>	<u>247</u>	<u>247</u>
Total revenue	<u>320,035</u>	<u>266,595</u>	<u>(53,440)</u>
EXPENDITURES			
Economic development	<u>320,035</u>	<u>316,345</u>	<u>3,690</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (49,750)</u>	<u>\$ (49,750)</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, 2016

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

EXHIBIT 11

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

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

EXHIBIT 12

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

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

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 439	\$ 439
Other revenue	<u>100,000</u>	<u>91,352</u>	<u>(8,648)</u>
Total revenues	<u>100,000</u>	<u>91,791</u>	<u>(8,209)</u>
EXPENDITURES			
Education	<u>150,000</u>	<u>11,782</u>	<u>138,218</u>
NET CHANGE IN FUND BALANCE	<u>\$ (50,000)</u>	<u>\$ 80,009</u>	<u>\$ 130,009</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 50	\$ 50
Other revenue	<u>36,000</u>	<u>30,305</u>	<u>(5,695)</u>
Total revenues	<u>36,000</u>	<u>30,355</u>	<u>(5,645)</u>
EXPENDITURES			
Economic development	<u>120,320</u>	<u>17,946</u>	<u>102,374</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(488)</u>	<u>(488)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (84,320)</u>	<u>\$ 11,921</u>	<u>\$ (108,507)</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Intergovernmental	\$ 2,072,913	\$ 30,000	\$ (2,042,913)
Investment income	<u>-</u>	<u>231</u>	<u>231</u>
Total revenue	<u>2,072,913</u>	<u>30,231</u>	<u>(2,042,682)</u>
EXPENDITURES			
Public works	<u>1,051,435</u>	<u>75,306</u>	<u>976,129</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>50,000</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,021,478</u>	<u>\$ 4,925</u>	<u>\$ (1,016,553)</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 20	\$ 20
Other revenue	<u>396,000</u>	<u>395,615</u>	<u>(385)</u>
Total revenues	<u>396,000</u>	<u>395,635</u>	<u>(365)</u>
EXPENDITURES			
Culture	<u>391,800</u>	<u>419,636</u>	<u>(27,836)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>50,000</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,200</u>	<u>\$ 25,999</u>	<u>\$ 21,799</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, 2016

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

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

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

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

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

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

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

EXHIBIT 21

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

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

EXHIBIT 22

CITY OF DECATUR, ILLINOIS
2010 PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2016

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

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

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



V Supplementary Information

Non Major Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for operations A) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes

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

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

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

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

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

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

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

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINED STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

	Recycling Fund	Storm Water Fund	Fiber Optics Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 693,903	\$ 1,594,660	\$ 330,000	\$ 2,618,563
Cash paid to suppliers for goods and services	(1737,174)	(832,047)		(1,569,221)
Net cash provided by (used in) operating activities	(43,271)	762,613	330,000	1,049,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment		(257,276)	-	(257,276)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	241	2,232		2,473
NET INCREASE (DECREASE) IN CASH	(43,030)	507,589	330,000	794,539
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	65,479	720,755		786,234
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 22,449	\$ 1,228,324	\$ 330,000	\$ 1,580,773
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	\$ 47,860	\$ 657,545	\$ -	\$ 705,405
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense		2,263		2,263
Effects of changes in operating assets and liabilities				
Accounts receivable	3,685	(23,382)		(19,697)
Accounts payable	5,184	129,046		134,230
Contracts payable	-	(2,849)	-	(2,849)
Due to other funds	(100,000)		-	(100,000)
Unearned revenue			330,000	330,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (43,271)</u>	<u>\$ 762,613</u>	<u>\$ 330,000</u>	<u>\$ 1,049,342</u>



VI Supplementary Information

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and commodities furnished by a designated department or agency to other departments and agencies within a single governmental unit on a cost reimbursement basis. Amounts expended by the fund are restored thereto, either from operating earnings or by transfers from other funds, so that the original fund capital is left intact.

The Fleet Maintenance/ERF Fund accounts for services provided by the City's garage for repair and maintenance of motorized vehicles and equipment and for funds transferred from operating departments for the expenses of operating and replacement of City equipment. Capital outlay for automotive and other machinery and equipment is from this fund.

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

The Self Insurance (Employee Benefit Insurance) Fund accounts for financial resources, including payroll deductions and the City's contribution, and expenditures made for payment of medical, nonmedical, unemployment claims, flexible spending program, and the related costs for the programs.

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

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 645,160	\$ 2,407,439	\$ 1,968,017	\$ 5,020,616
Receivables	-	-	-	-
Accounts receivable	656	-	-	656
Other	-	-	690	690
Inventories	268,696	-	-	268,696
Prepaid	-	185,000	-	185,000
Total current assets	<u>914,512</u>	<u>2,592,439</u>	<u>1,968,707</u>	<u>5,475,658</u>
Property, plant, and equipment				
Machinery and equipment	9,016,232	-	-	9,016,232
Less accumulated depreciation	<u>7,069,766</u>	<u>-</u>	<u>-</u>	<u>7,069,766</u>
Total property, plant, and equipment	<u>1,946,466</u>	<u>-</u>	<u>-</u>	<u>1,946,466</u>
Total assets	2,860,978	2,592,439	1,968,707	7,422,124
Deferred outflows of resources				
Deferred amount related to pension	<u>151,080</u>	<u>-</u>	<u>-</u>	<u>151,080</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,012,058</u>	<u>\$ 2,592,439</u>	<u>\$ 1,968,707</u>	<u>\$ 7,573,204</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	\$ 35,407	\$ -	\$ -	\$ 35,407
Interest payable	2,915	-	-	2,915
Other accrued liabilities	22,455	2,679	-	25,134
Claims payable	-	1,734,206	995,016	2,729,222
Unearned revenue	656	-	-	656
Notes payable	28,237	-	-	28,237
Due to others	<u>12,982</u>	<u>-</u>	<u>-</u>	<u>12,982</u>
Total current liabilities	<u>102,632</u>	<u>1,736,885</u>	<u>995,016</u>	<u>2,834,533</u>
Non-current liabilities				
Other post-employment benefits	37,539	-	-	37,539
Net pension liability	341,096	-	-	341,096
Notes payable	<u>643,837</u>	<u>-</u>	<u>-</u>	<u>643,837</u>
Total non-current liabilities	<u>1,022,472</u>	<u>-</u>	<u>-</u>	<u>1,022,472</u>
Total liabilities	<u>1,125,104</u>	<u>1,736,885</u>	<u>995,016</u>	<u>3,857,005</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	1,274,392	-	-	1,274,392
Unrestricted	<u>576,224</u>	<u>855,554</u>	<u>973,691</u>	<u>2,405,469</u>
Total net position	<u>1,850,616</u>	<u>855,554</u>	<u>973,691</u>	<u>3,679,861</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 3,012,058</u>	<u>\$ 2,592,439</u>	<u>\$ 1,968,707</u>	<u>\$ 7,573,204</u>

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

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,502,227	\$ 2,085,306	\$ 8,218,507	\$ 12,806,040
Payroll deductions/retiree contributions	-	-	2,373,862	2,373,862
Other revenue	<u>22,652</u>	<u>-</u>	<u>121,884</u>	<u>144,536</u>
Total operating revenues	<u>2,524,879</u>	<u>2,085,306</u>	<u>10,714,253</u>	<u>15,324,439</u>
OPERATING EXPENSES				
Personnel services	806,860	-	-	806,860
Contractual services	261,816	110,662	781,218	1,153,696
Supplies	817,765	13,662	-	831,427
Insurance and other charges	530,698	2,117,168	9,046,291	11,694,157
Depreciation	<u>385,746</u>	<u>-</u>	<u>-</u>	<u>385,746</u>
Total operating expenses	<u>2,802,885</u>	<u>2,241,492</u>	<u>9,827,509</u>	<u>14,871,886</u>
Operating income (loss)	<u>(278,006)</u>	<u>(156,186)</u>	<u>886,744</u>	<u>452,552</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other charges	(23,778)	-	-	(23,778)
Investment income	<u>1,281</u>	<u>6,127</u>	<u>2,424</u>	<u>9,832</u>
Total nonoperating revenues (expenses)	<u>(22,497)</u>	<u>6,127</u>	<u>2,424</u>	<u>(13,946)</u>
Net income (loss)	<u>(300,503)</u>	<u>(150,059)</u>	<u>889,168</u>	<u>438,606</u>
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	2,151,119	3,226,478	(2,136,342)	3,241,255
Prior period adjustment	<u>-</u>	<u>(2,220,865)</u>	<u>2,220,865</u>	<u>-</u>
NET POSITION, BEGINNING OF YEAR AS RESTATED	<u>2,151,119</u>	<u>1,005,613</u>	<u>84,523</u>	<u>3,241,255</u>
NET POSITION, END OF YEAR	<u>\$ 1,850,616</u>	<u>\$ 855,554</u>	<u>\$ 973,691</u>	<u>\$ 3,679,861</u>

EXHIBIT 28

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

	Fleet Maintenance/ERF Fund	Risk Management Fund	Employee Benefit Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 2,524,879	\$ 2,065,308	\$ 10,714,253	\$ 15,324,438
Cash paid to suppliers for goods and services	(1,578,538)	(2,747,679)	(9,463,857)	(13,788,075)
Cash paid to employees	(536,056)			(536,056)
Net cash provided by (used in) operating activities	412,284	(662,373)	1,250,396	1,000,307
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant, and equipment	(86,964)			(86,964)
Proceeds from the sale of property, plant, and equipment	23,802			23,802
Principal payment on debt	(27,316)			(27,316)
Interest payments and other charges	(23,696)			(23,696)
Net cash used in capital and related financing activities	(94,374)			(94,374)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	1,281	6,127	2,424	9,832
NET INCREASE (DECREASE) IN CASH	319,191	(656,246)	1,252,820	915,765
CASH BEGINNING OF YEAR	<u>225,969</u>	<u>3,063,695</u>	<u>715,187</u>	<u>4,104,851</u>
CASH END OF YEAR	<u>\$ 845,160</u>	<u>\$ 2,407,439</u>	<u>\$ 1,968,017</u>	<u>\$ 5,020,616</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (278,006)	\$ (158,186)	\$ 866,744	\$ 452,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	385,746			385,746
Effects of changes in operating assets and liabilities				
Receivables	(161)			(161)
Due to other fund	12,962			12,962
Inventories	(765)			(765)
Accounts payable	21,543			21,543
Other current liabilities	44,450	(506,187)	383,652	(98,085)
Unearned revenue	161			161
Net pension liability: deferred inflows and deferred outflows	226,354			226,354
Net Cash Provided by (Used in) Operating Activities	412,284	(662,373)	1,250,396	1,000,307



FIDUCIARY FUNDS

Fiduciary Funds are used to account for resources received and held by a governmental unit as agent or trustee for individuals, private organizations or other governments

The City has one type of Fiduciary Fund Pension Trust Fund

The Fire Pension Fund and the Police Pension Fund account for activities as prescribed by the statutes of the State of Illinois.

VII Supplementary Information

Fiduciary Funds

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
December 31, 2016

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

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

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



VIII Statistical Section

Statistical Section

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

Demographic and Economic Information

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year

	2002	2003	2007	2008	2011	2012	2013	2014	2015	2016
Core assets and liabilities										
Non-investment in capital assets	21 827 108	59 200 174	17 251 811	14 095 614	15 721 374	21 708 131	17 744 425	6 584 186	61 778 472	60 818 124
Risk-based	2 407 527			4 743 750	2 704 200	9 860 013	6 613 695	12 177 075	9 300 436	6 002 513
Un-risk-based	17 699 450	41 918 180	25 455 421	13 593 861	13 017 174	11 847 118	2 161 480	4 107 786	101 209 830	101 209 830
1-year and pre-combined assets and provision	6 551 109	41 137 738	41 007 255	14 008 213	13 090 066	4 075 070	12 027 206	7 454 264	141 254 412	142 197 862
Reserves in respect of:										
Non-investment in capital assets	57 930 294	50 440 235	46 724 098	46 061 710	52 810 641	46 371 142	41 816 101	15 140 788	1 198 630	6 161 918
Risk-based	26 848 161	25 190 821								
Un-risk-based	31 082 133	25 249 414	46 724 098	46 061 710	52 810 641	46 371 142	41 816 101	15 140 788	1 198 630	6 161 918
1-year and pre-combined assets and provision	86 777 130	84 819 134	46 724 098	46 061 710	52 810 641	46 371 142	41 816 101	15 140 788	1 198 630	6 161 918
Other assets and liabilities										
Non-investment in capital assets	79 778 118	118 770 409	71 928 522	71 060 310	68 431 815	66 641 414	65 434 521	52 825 315	67 500 410	67 500 410
Risk-based	21 938 021	25 190 821		4 743 750	2 704 200	9 860 013	6 613 695	12 177 075	10 695 336	9 300 436
Un-risk-based	17 699 450	41 918 180	44 015 253	13 241 564	13 017 174	11 847 118	2 161 480	17 095 101	12 004 120	10 199 830
1-year and pre-combined assets and provision	91 515 465	124 010 946	118 025 782	107 081 671	102 118 101	91 205 722	82 110 524	61 047 491	87 095 612	86 899 612

Notes: 1. Fiscal years 2007 to 2013 include the months of May to April. 2013 Study was a nonseasonal fiscal based competitive of months May 2013 to November 2011. Fiscal years 2014 and forward are January to December.

Note 2 Not practiced at December 31, 2013, the bank's relationship to and position relative to governmental activities with certain spending discretion in business activities.

The 2015 revision of December 31 reflects the implementation of GASB 67 and GASB 68.

Note 3: Net position at December 31, 2015 reflects the implementation of C 15B 07 and 08

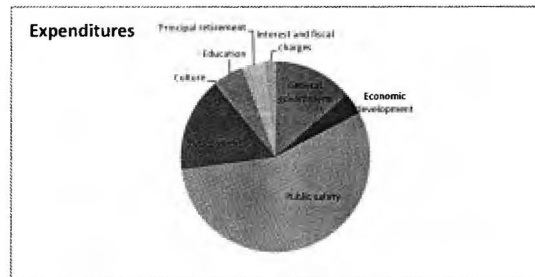
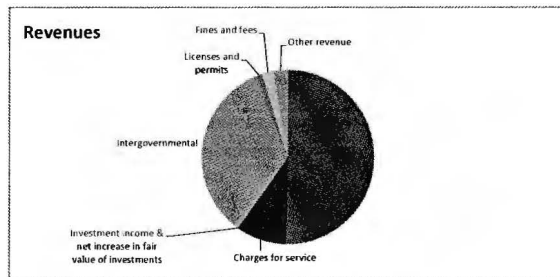
Abstract

Financial Trends

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

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

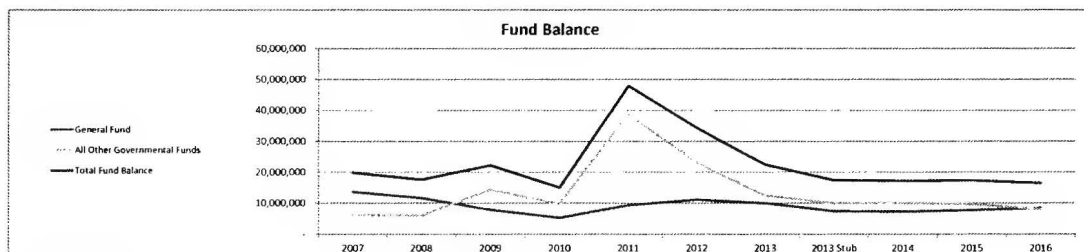
	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
Revenues											
Taxes	20,412,864	20,938,809	21,622,903	21,708,706	21,910,552	22,628,487	22,484,576	26,189,719	35,055,074	35,116,746	39,518,263
Charges for service	140,221	98,878	61,208	94,978	83,722	622,614	727,378	2,998,948	5,882,463	6,817,347	7,518,858
Investment income & net increase in fair value of investments	680,310	526,969	254,071	81,064	36,891	217,062	230,394	6,676	108,684	5,419	25,888
Intergovernmental	35,755,784	38,890,223	37,944,081	32,901,498	41,808,973	37,879,127	36,310,372	17,059,866	25,286,186	25,523,543	26,563,642
Licenses and permits	824,540	790,214	734,515	743,221	659,054	752,854	734,747	607,026	737,684	857,174	1,002,264
Fines and fees	905,843	1,236,173	1,359,823	1,736,347	1,550,885	1,589,055	1,727,788	1,140,677	2,219,963	1,854,952	1,743,097
Other revenue	430,613	387,717	1,168,836	429,582	819,179	2,470,315	3,175,013	2,146,447	3,068,767	1,666,208	2,114,408
Total revenues	59,150,175	62,868,983	63,125,437	57,695,396	66,869,256	66,159,514	65,390,266	50,149,359	72,358,821	71,841,389	78,486,420
Expenditures											
General government	12,861,179	14,222,410	13,714,869	13,007,676	13,573,156	12,369,181	13,003,747	7,454,390	10,858,506	11,226,048	10,764,852
Economic development											2,950,916
Public safety	32,484,928	34,627,287	37,043,722	36,451,503	34,845,020	38,113,003	39,136,143	29,766,067	43,908,692	43,052,390	43,885,346
Public works	17,398,138	16,409,318	13,619,381	14,173,622	16,730,343	25,874,325	21,049,550	14,787,744	14,305,973	13,986,745	12,644,198
Culture	3,910,134	4,030,476	3,961,788	3,950,374	3,468,406	3,742,754	3,866,845	2,486,678	79,679	89,252	556,674
Education									3,590,771	3,332,483	3,639,593
Debt service											
Principal retirement	2,515,152	2,518,462	5,803,265	2,700,995	10,723,029	3,683,643	32,965,000	3,725,000	2,643,868	2,384,488	3,084,879
Interest and other charges	2,940,944	3,050,429	3,391,628	3,404,887	3,410,443	5,112,958	4,283,320	2,971,098	1,533,390	1,482,590	1,455,719
Total expenditures	72,110,475	74,858,382	77,534,653	73,689,057	82,750,397	88,895,864	114,304,605	61,190,977	76,920,879	75,553,996	78,982,177
Deficiency of revenues over expenditures	(12,960,300)	(11,989,399)	(14,409,216)	(15,993,661)	(15,881,141)	(22,736,350)	(48,914,339)	(11,041,618)	(4,562,058)	(3,712,607)	(495,757)



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

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
General Fund						Note 1					
Nonspendable						23,407	25,596	26,416	27,303	27,165	147,132
Restricted						89,754	1,847				
Unassigned						10,996,973	9,906,565	7,311,171	7,201,807	7,646,538	8,242,880
Reserved	1,244,305	1,136,354	666,740	301,594	845,847						
Unreserved	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614						
Total general fund	13,617,913	11,621,202	7,841,549	5,255,229	9,275,461	11,110,134	9,934,008	7,337,587	7,229,110	7,673,703	8,390,012
All other governmental funds											
Nonspendable								34,192	8,341		
Restricted						22,533,206	13,159,972	9,976,688	9,861,038	9,254,618	6,985,109
Assigned						754,957					
Unassigned						(183,387)	(702,682)		(64,518)	(146,112)	(107,221)
Reserved	3,047,814	1,770,534	3,258,830	5,247,531	12,800,837						
Committed									183,001	518,273	1,177,478
Unreserved reported in:											
Special revenue funds	3,415,306	3,846,689	4,704,765	3,344,042	7,355,646						
Capital projects funds	(264,923)	341,085	6,399,703	1,107,713	18,537,635						
Total all other governmental funds	6,198,197	5,958,308	14,363,298	9,749,286	38,694,118	23,104,776	12,457,290	10,010,880	9,987,872	9,626,799	8,055,366
TOTAL FUND BALANCE	19,816,110	17,579,510	22,204,847	15,004,515	47,969,579	34,214,910	22,391,298	17,348,467	17,216,982	17,300,502	16,445,378



Note 1: Reporting change the result of implementation of GASB 54 with the fiscal year ending April 30, 2012
 Note 2: Fiscal years 2007 to 2013 include the months of May to April. "2013 Sub" 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 Activities and Change in Net Position
Most Recent Fiscal Year (\$ in whole)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
NET (EXPENSE) REVENUE											
Governmental activities	(53,949,423)	(61,341,572)	(64,916,856)	(65,255,436)	(62,082,517)	(67,454,901)	(70,847,968)	(66,082,752)	(57,689,704)	(68,046,281)	(67,269,313)
Business-type activities	563,531	(1,237,145)	(1,811,094)	2,091,904	4,009,586	1,595,899	1,156,144	5,497,229	685,948	8,777,781	8,406,644
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(53,385,892)	(62,578,717)	(66,727,950)	(63,163,532)	(58,072,931)	(65,859,002)	(69,691,824)	(60,585,523)	(56,903,756)	(59,268,500)	(58,862,669)
General Revenues and Other Changes in Net Position											
Governmental activities											
Taxes											
Property taxes	11,701,520	12,063,453	12,446,830	12,582,958	13,337,710	13,515,648	13,493,391	13,394,261	13,545,241	13,512,949	13,546,929
Sales and use taxes	22,041,008	23,160,806	23,133,533	21,585,950	22,975,574	23,919,621	22,917,247	14,952,647	23,555,100		
Income taxes	6,410,060	7,712,550	7,209,039	6,028,935	6,797,068	6,192,641	7,398,372	4,500,441	7,012,635		
Local sales and use taxes										11,950,201	11,848,821
Utility taxes	5,341,719	5,336,258	5,375,225	5,666,459	5,268,016	5,310,600	5,299,527	7,001,535	1,814,468	4,684,705	3,499,097
Ford and beverage taxes	2,714,786	2,877,615	2,951,196	3,084,936	2,806,014	3,095,186	3,049,941	2,008,028	926,151	3,309,145	3,195,648
Hotel and motel taxes	652,839	681,483	649,612	677,513	498,812	711,055	580,985	421,055	648,697	666,384	697,601
Motor fuel taxes											1,097,777
Other taxes	991,002	1,643,308	1,584,417	1,435,493	1,506,000	1,141,429	1,509,097	1,646,831	2,389,730	3,011,048	2,545,850
Intergovernmental (state, sales and income tax)										20,862,321	17,630,390
Investment earnings	1,025,446	786,557	327,255	156,092	164,803	279,646	237,961	7,644	110,415	6,923	3,720
Miscellaneous	969,144	649,409	1,212,713	529,736	605,959	2,051,932	6,115,935	2,224,667	4,048,767	1,851,205	2,174,572
Transfers	6,374,086	6,632,272	7,075,736	7,711,457	7,133,374	11,097,160	8,379,461	3,938,564	1,863,197	2,655,697	12,044,401
Total governmental activities	38,561,610	61,503,715	62,165,234	59,136,427	61,183,330	67,266,916	69,729,049	40,157,711	60,495,405	62,408,498	66,520,515
Business-type activities											
Property taxes	217,091	218,254	216,872								
Investment earnings	1,212,199	1,017,691	621,036	415,711	97,133	91,842	28,057	1,581	209,608	507,922	407,738
Miscellaneous		(119,958)	402,734	101,350	(316,446)	16,315			1,077	(228,084)	
Transfers	(6,774,000)	(6,612,277)	(7,075,736)	(7,711,457)	(7,133,374)	(11,097,160)	(8,729,461)	(5,938,564)	(1,863,197)	(2,655,697)	2,844,501
Total business-type activities	(5,344,710)	(5,496,290)	(5,832,524)	(7,195,496)	(7,852,087)	(10,985,003)	(8,701,424)	(5,956,963)	(1,648,512)	(2,375,771)	2,452,039
TOTAL PRIMARY GOVERNMENT	33,216,894	56,007,425	56,332,710	51,940,931	53,330,243	56,281,913	61,027,625	34,200,728	58,846,893	60,032,727	67,972,552
CHANGE IN NET POSITION											
Governmental activities	4,612,187	192,141	(2,753,602)	(6,119,009)	(489,187)	(188,975)	(1,518,019)	2,454,929	2,845,701	(5,637,793)	(7,006,420)
Business-type activities	(4,781,185)	(6,733,455)	(7,643,828)	(4,801,902)	(3,444,381)	(9,389,304)	(7,545,280)	(4,597,754)	2,034,436	6,197,610	10,948,683
TOTAL PRIMARY GOVERNMENT	(168,998)	(6,541,292)	(10,396,538)	(10,920,911)	(4,743,548)	(9,577,379)	(9,065,299)	2,015,175	4,879,137	555,817	3,942,263

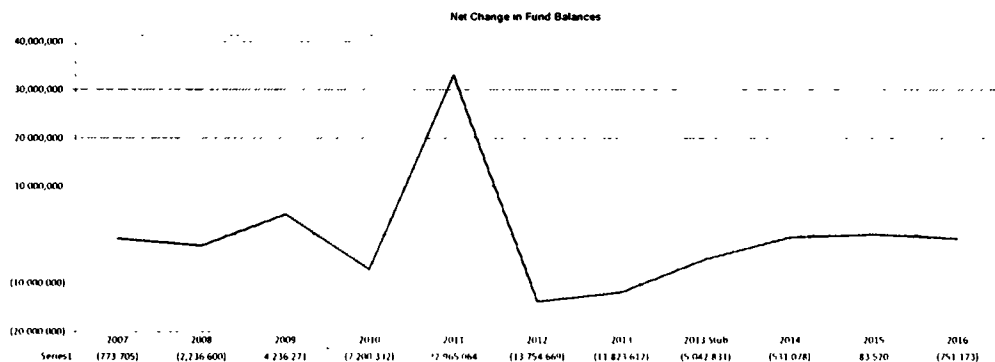
Note 1: Fiscal years 2007 to 2013 include the months of May to April. "2013 Sub" was a transition fiscal period consisting of months May 2013 to December 2013. Fiscal years 2014 and forward are January to December.
 Note 2: Net position at December 31, 2013 includes restatement of net position increase 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 activities.
 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
Statement of Activities and Change in Net Position
Most Recent Fiscal Year (\$ in whole)

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
EXPENSES											
Governmental activities											
General government	12,752,403	12,899,611	11,667,513	10,469,200	11,735,004	13,692,390	14,693,051	8,318,866	12,159,280	12,850,651	12,675,556
Economic development											2,950,910
Public safety	31,948,049	33,879,086	37,007,402	38,406,935	35,477,795	41,416,933	38,834,959	29,422,201	40,664,492	49,909,607	47,104,920
Public works	10,562,237	15,604,712	16,595,618	17,190,569	19,443,483	13,846,451	17,199,373	10,877,524	14,579,926	14,575,450	14,180,746
Culture	5,016,250	4,441,150	4,443,700	4,359,055	4,514,057	3,770,113	3,622,804	2,518,155	286,764	295,433	551,580
Education									3,595,829	3,294,285	4,281,706
Interest on debt	2,952,552	3,076,008	3,566,996	3,434,867	3,332,503	4,508,919	4,413,553	2,264,985	1,247,201	1,550,600	1,474,146
Total governmental activities expenses	62,141,291	69,899,567	71,097,229	73,860,626	74,520,842	77,214,806	78,463,740	53,401,731	72,535,504	82,476,235	83,219,770
Business-type activities											
Water	12,547,968	13,161,424	13,807,253	15,017,552	13,611,171	13,312,583	14,576,678	9,663,567	18,504,972	20,365,069	22,732,240
Parking	748,568	757,198	721,662	745,510	509,932						
Mass Transit	4,936,203	5,788,725	5,661,146	5,994,281	6,626,503	6,542,694	6,151,784	4,230,742	6,790,731	6,717,111	7,181,756
Housing programs	11,322	72,653	39,312	10,986	6,633	96,422	6,370	9,979			
Waste removal	518,561	356,549	554,083	545,302	556,721	1,238,284	584,028	405,409	640,461	600,997	642,358
Storm Water											
Sewer	755,344	1,279,297	1,487,930	1,890,168	1,317,412	1,872,785	1,900,376	1,507,017	3,111,645	3,363,311	3,326,538
Total business-type activities expenses	19,519,066	21,917,205	22,514,815	24,250,330	22,648,372	23,062,768	23,219,636	15,816,714	29,066,881	31,498,304	34,843,599
TOTAL PRIMARY GOVERNMENT EXPENSES	81,660,357	91,816,772	93,612,044	98,110,956	97,169,214	100,277,574	101,683,376	69,218,445	101,602,475	113,974,539	118,063,369
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government	1,509,879	1,593,067	1,545,847	1,907,784	1,693,970	2,398,906	2,541,423	4,339,647	8,329,815	9,103,166	9,518,090
Public safety	230,736	426,660	427,804	471,925	420,751	433,184	577,676	365,350	306,716	237,031	594,272
Other activities	129,089	105,538	185,892	194,837	178,940	332,433	71,112	30,634	201,551	189,276	151,858
Operating grants and contributions	6,321,264	6,462,730	6,010,640	6,030,644	10,093,544	6,815,292	4,425,861	2,652,239	4,903,661	3,601,072	4,755,423
Capital grants and contributions					33,120				1,140,122	1,299,809	673,194
Total governmental activities program revenues	8,191,068	8,587,995	8,169,391	8,608,190	12,420,325	9,779,815	7,615,772	7,398,950	14,580,954	14,426,235	15,692,857
Business-type activities											
Charges for services											
Water	11,509,404	12,620,045	12,608,936	13,690,334	12,008,182	13,281,540	13,102,613	14,848,584	21,330,708	26,726,719	29,850,034
Other activities	33,287	3,964,874	736,264	3,183,967	3,753,039	3,651,584	4,247,649	3,295,551	5,385,211	7,351,365	7,617,242
Operating grants and contributions	5,259,319	4,095,141	4,377,061	9,133,023	12,940,027	5,722,143	8,025,518	6,170,028	6,033,830	6,137,601	8,892,767
Capital grants and contributions					1,605,270						
Total business-type activities program revenues	20,001,997	20,680,060	20,502,221	26,642,324	26,656,878	24,658,267	24,375,760	21,313,943	32,749,529	39,215,685	43,340,043
TOTAL PRIMARY GOVERNMENT REVENUES	9,193,065	29,187,555	28,671,511	35,242,514	39,077,203	34,336,882	31,991,532	28,712,693	47,290,423	53,691,920	59,032,900

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

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
Other Financing Sources											
Bond & loan proceeds	5,021,960	2,925,000	11,322,400	250,000	41,381,208		28,080,658		1,625,358	1,369,277	1,703,474
Sale of assets	243,886	7,750	36,107	78,494	83,217	71,239	15,172	57,877	11,775	48,221	85,411
Transfers in	9,810,513	10,630,370	10,559,161	12,242,983	11,252,494	13,318,967	13,538,587	9,359,659	4,531,061	3,566,728	2,035,034
Transfers out	(2,889,764)	(3,810,321)	(3,272,181)	(3,778,345)	(3,870,714)	(4,408,525)	(4,563,600)	(3,414,749)	(2,137,214)	(1,188,099)	(4,079,335)
Total other financing sources	12,186,595	9,752,799	18,645,487	8,793,129	48,846,205	8,981,681	37,090,727	5,998,787	4,030,980	3,796,127	(255,416)
NET CHANGE IN FUND BALANCES	(773,705)	(2,236,600)	4,236,271	(7,200,312)	32,965,064	(13,754,669)	(11,823,612)	(5,042,831)	(531,078)	83,520	(751,173)
Capital Outlay	6,643,530	6,531,587	4,567,696	6,357,189	4,937,640	17,452,588	12,912,591	7,001,582	6,765,634	5,665,335	4,985,664
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%	12.36%	5.95%	5.55%	6.14%



Note 1: Fiscal years 2007 to 2013 include the months of May to April. 2013 Sub 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 (5% whole)

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2013 Sub	2014	2015	2016
State Distributed Taxes											
State Sales Tax	10,984,079	11,229,163	11,496,206	10,524,844	11,281,868	11,446,917	11,422,817	7,316,428	11,477,601	11,654,760	11,241,506
Local Sales Tax	10,152,573	10,384,125	10,728,195	9,905,182	10,469,019	10,890,188	10,721,110	6,618,214	10,540,198	10,559,805	10,058,133
State Income Tax	6,821,496	7,528,533	7,109,638	5,205,505	7,004,698	5,621,265	8,022,579	5,068,148	7,286,357	8,039,696	7,420,934
Telephone Utility Tax	2,958,110	2,902,953	2,951,848	2,033,034	2,665,242	2,601,713	2,664,872	1,583,423	2,070,031	1,880,878	1,980,913
Motor Fuel Tax	2,768,269	2,296,607	2,155,941	2,051,807	2,079,526	1,922,875	1,829,533	1,233,326	1,884,548	1,929,331	1,929,331
Local Use Tax	1,062,248	1,115,792	1,187,105	928,506	1,127,826	1,125,534	1,212,494	812,432	1,420,091	1,505,880	1,942,083
State Replacement Tax	1,063,750	1,531,070	1,404,734	1,229,941	1,407,353	1,269,825	1,269,838	196,877	1,404,809	1,505,939	1,335,328
Video Gaming Tax							34,827		539,548	836,212	1,116,081
Locally Collected Taxes											
Food & Beverage Tax	2,714,786	2,827,615	2,963,871	2,893,444	2,987,815	3,094,227	3,063,891	2,045,764	3,060,481	3,167,837	3,260,918
Utility Tax	1,676,535	1,565,161	1,660,441	1,565,000	1,622,691	1,535,539	1,669,896	981,986	1,641,634	1,483,186	1,289,034
Local Motor Fuel Tax	788,388	622,865	1,174,485	901,782	993,298	801,626	1,354,071	573,085	1,081,560	1,097,781	1,084,913
Cable TV Tax	652,839	681,483	676,711	555,277	601,716	716,136	599,436	444,313	649,787	675,211	690,077
Hotel Use Tax											
TOTAL	41,543,093	42,755,367	43,619,125	38,922,352	42,241,102	41,025,882	43,875,384	27,701,165	43,152,532	44,277,236	47,563,998

Note 1: Fiscal years 2007 to 2013 include the months of May to April. 2013 "Sub" was a transition fiscal period consisting of months May, 2013 to December 2013. Fiscal years 2014 and hereon are January to December. Source: City cash records.

Revenue Capacity

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

City of Decatur, Illinois
Property Tax Rates - Direct and Overlapping
Governmental Units
Most Recent Fiscal Years

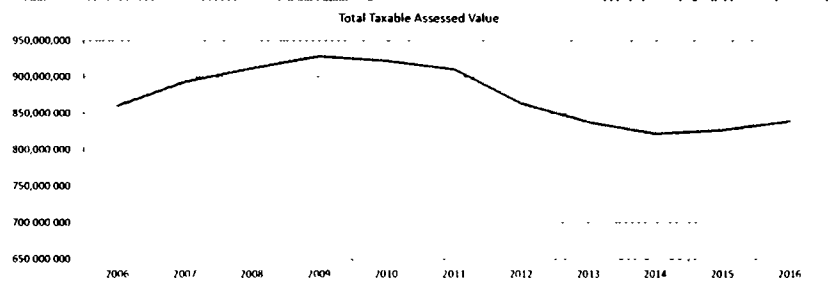
Tax Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fiscal Year Ended	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
City of Decatur	1.24170	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177
County of Macon	0.94028	0.94681	0.93697	0.95288	0.95958	0.95558	0.91349	0.94732	0.98067	1.08131	1.20181
Sanitary District	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420	0.33123	0.34837	0.34658	0.37112
Decatur School District	4.31073	4.36148	4.33613	4.34873	4.28718	4.31545	4.39115	4.33259	4.42015	4.67266	4.86451
Decatur Park District	1.02881	1.02801	1.03816	1.03785	1.03791	1.03991	1.09716	1.11716	1.12049	1.15036	1.15046
Decatur Township	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025	0.35229	0.36010	0.35927	0.35275
Mosquito Abatement	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318	0.03544	0.03646	0.03748	0.03599
Conservation District	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713	0.11025	0.11405	0.11717	0.11247
Mental Health	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000	0.15000	0.15000	0.15000	0.15000
Richland Community College	0.38678	0.39411	0.39429	0.39467	0.43246	0.47799	0.48286	0.49082	0.49243	0.54062	0.54703
Macon County Health	0.08207	0.09206	0.10418	0.10235	0.10225	0.09981	0.10260	0.10348	0.10354	0.10275	0.10066
Cooperative Extension	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446	0.02467	0.02468	0.02817	0.02760
Total Tax Rate per \$100 AV	8.83897	8.90359	8.85711	8.89683	8.92454	9.07009	9.31692	9.40132	9.58621	10.22135	10.56617
Share of Total Tax Rate Levied by City of Decatur	14.0%	13.8%	13.6%	13.7%	13.9%	14.2%	14.6%	15.0%	15.0%	16.0%	15.6%

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

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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 Properties	Farm Properties	Commercial Property	Industrial Property	Railway Properties	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Actual Tax Collections
2006	4/30/2008	517,434,461	1,878,674	200,821,905	70,998,967	9,370,115	860,504,122	1.24180	10,683,740	10,938,772
2007	4/30/2009	540,861,975	2,298,573	268,800,438	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	273,386,838	71,870,604	12,487,285	912,014,180	1.20637	11,002,263	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	276,665,803	76,911,168	16,057,363	922,154,799	1.24353	11,467,272	11,514,203
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	68,222,743	17,230,871	863,833,509	1.36044	11,751,936	11,374,809
2013	12/31/2014	498,132,967	3,874,516	233,201,842	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	231,671,836	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	16,762,989	827,227,091	1.63498	13,524,998	13,368,247
2016	12/31/2017	493,960,507	1,179,399	262,338,524	62,736,200	16,082,358	839,296,988	1.65177	13,863,257	not yet available

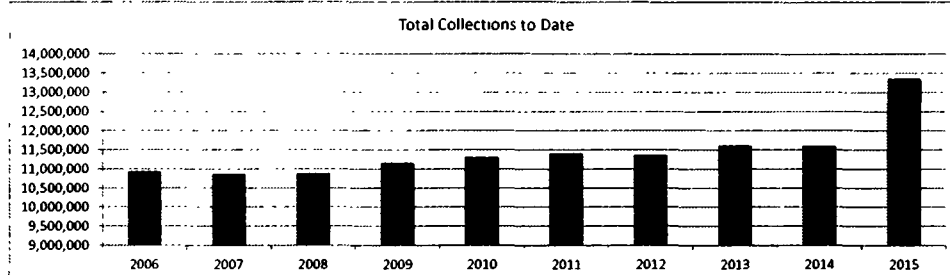


Note 1: Actual tax collections reported is the civil city only and excludes tax receipts from Tax Increment Financing Districts or Special Assessments.
Note 2: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year.

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

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

Property Tax Levy Year	Fiscal Year Ended	Taxes Levied for the Fiscal Year	Total Taxes Extended by County Collector	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2006	4/30/2008	10,685,006	10,685,396	10,918,703	102%	(20,069)	10,938,772	102%
2007	4/30/2009	11,009,404	11,009,825	10,876,870	99%	n/a	10,876,870	99%
2008	4/30/2010	11,001,990	11,002,265	10,886,987	99%	n/a	10,886,987	99%
2009	4/30/2011	11,297,338	11,297,500	11,171,844	99%	n/a	11,171,844	99%
2010	4/30/2012	11,467,074	11,467,272	11,314,203	99%	n/a	11,314,203	99%
2011	4/30/2013	11,751,429	11,751,637	11,414,665	97%	n/a	11,414,665	97%
2012	12/31/2013	11,751,637	11,751,936	11,374,809	97%	n/a	11,374,809	97%
2013	12/31/2014	11,784,000	11,784,238	11,619,217	99%	n/a	11,619,217	99%
2014	12/31/2015	11,800,000	11,800,112	11,606,976	98%	n/a	11,606,976	98%
2015	12/31/2016	13,524,802	13,524,998	13,368,247	99%	n/a	13,368,247	99%
2016	12/31/2017	13,863,000	13,863,257	in process		n/a	in process	



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

Source Office of the Macon County Treasurer

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

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

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

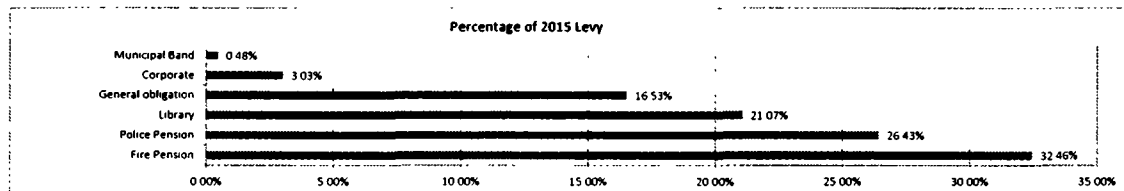
Note Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent calendar year

Source Office of the Macon County Supervisor of Assessments

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

Tax Levy Year Fiscal Year Ended	2006 4/30/2008	2007 4/30/2009	2008 4/30/2010	2009 4/30/2011	2010 4/30/2012	2011 4/30/2013	2012 12/31/2013	2013 12/31/2014	2014 12/31/2015	2015 12/31/2016	2016 12/31/2017
PURPOSE OF FUND											
Library	0.38071	0.39196	0.37138	0.32309	0.32553	0.32945	0.34729	0.33111	0.33753	0.34453	0.34553
Police Pension	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226	0.41352	0.44745	0.45004	0.43217	0.47362
Fire Pension	0.33349	0.31260	0.33683	0.35104	0.38973	0.39612	0.43004	0.45341	0.45612	0.53069	0.54570
Municipal Bond	0.00814	0.00840	0.00823		0.00651	0.00659	0.00695	0.00716	0.00730	0.00786	0.00775
Corporate										0.04954	0.07499
IMRF Retirement	0.07590	0.08592	0.11544	0.12415		0.00979	0.01154	0.01194	0.02828		
Mass Transit System	0.02541	0.02448	0.02398								
BOND AND INTEREST											
General obligation	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110	0.15500	0.15600	0.27019	0.20418
ALL PURPOSE - TOTAL	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177
Actual Rate Extended	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527	1.63498	1.65177



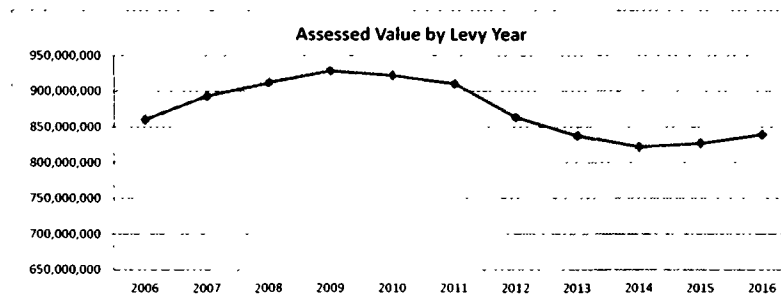
Source: "Certificate of Tax Extension" Office of the Macon County Clerk

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

REAL PROPERTY

LEVY YEAR	FISCAL YEAR ENDED	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	RATIO OF ASSESSED VALUE TO TOTAL ACTUAL VALUE (1)	DIRECT RATE PER \$100 ASSESSED VALUATION
2006	4/30/2008	860,504,122	2,581,512,566	33.33%	1.24176
2007	4/30/2009	893,386,367	2,680,159,101	33.33%	1.23237
2008	4/30/2010	912,014,180	2,736,042,540	33.33%	1.20637
2009	4/30/2011	928,543,809	2,785,651,427	33.33%	1.21669
2010	4/30/2012	922,154,799	2,766,464,397	33.33%	1.24353
2011	4/30/2013	910,653,770	2,751,901,510	33.33%	1.29049
2012	12/31/2013	863,853,509	2,591,500,527	33.33%	1.36044
2013	12/31/2014	838,097,609	2,514,292,827	33.33%	1.40607
2014	12/31/2015	822,152,764	2,466,458,292	33.33%	1.43527
2015	12/31/2016	827,227,091	2,481,681,273	33.33%	1.63498
2016	12/31/2017	839,296,988	2,517,890,964	33.33%	1.65177



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

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

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

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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.

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

Tax Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fiscal Year Ended	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
PURPOSE OF FUND											
Library	3,272,583	3,501,717	3,387,038	3,000,032	3,000,046	3,000,083	3,000,007	2,775,025	2,775,012	2,850,046	2,900,023
Police Pension	2,645,104	2,723,310	2,995,602	2,824,630	3,577,223	3,572,053	3,572,124	3,750,067	3,700,016	3,575,027	3,975,079
Fire Pension	2,869,695	2,792,726	3,071,937	3,073,852	3,593,914	3,607,202	3,714,829	3,800,018	3,750,003	4,390,012	4,580,044
Municipal Bond	70,045	75,044	75,059		60,032	60,011	60,036	60,008	60,017	65,020	65,045
Corporate										409,808	629,389
IMRF Retirement	653,123	749,730	1,052,829	1,152,787		89,151	99,686	100,069	232,505		
Mass Transit System	218,654	218,701	218,701								
BOND AND INTEREST											
General obligation	956,192	948,598	201,099	1,246,199	1,236,056	1,423,138	1,305,252	1,299,051	1,282,559	2,235,085	1,713,677
ALL PURPOSE - TOTAL	10,685,396	11,009,825	11,002,265	11,297,500	11,467,272	11,751,638	11,751,936	11,784,258	11,800,112	13,524,998	13,863,257

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

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

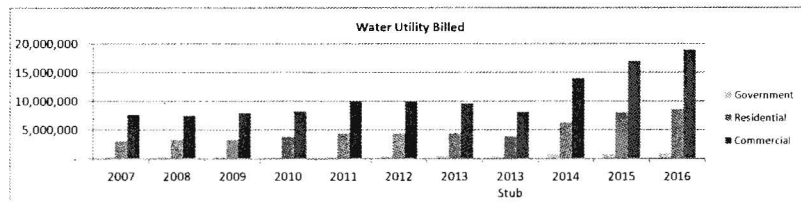
	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Service Charge Per Meter											
Domestic-all meters (monthly)	\$ 1.11	\$ 1.11	\$ 1.27	\$ 1.46	\$ 1.68	\$ 1.68	\$ 1.68	\$ 2.27	\$ 2.95	\$ 3.69	\$ 3.78
Non-Domestic & large Users (monthly)											
Meter size 5/8"-3/4"	2.99	2.99	3.44	3.95	4.55	4.55	4.55	6.14	7.98	9.98	10.23
Meter size 1"-1 1/2"	11.05	11.05	12.71	14.61	16.81	16.81	16.81	22.69	29.50	36.88	37.80
Meter size 2"-4"	39.00	39.00	44.85	51.58	59.31	59.31	59.31	80.07	104.09	130.11	133.36
Meter size 7"-12"	182.00	182.00	209.30	240.70	276.80	276.80	276.80	373.68	485.78	607.23	622.41
Meter size 14"-18"	747.50	747.50	859.63	988.57	1,136.85	1,136.85	1,136.85	1,534.75	1,995.18	2,493.98	2,556.33
Usage Charge-cu ft (monthly)											
Domestic and Non-Domestic											
1st 700	1.37	1.37	1.58	1.81	2.08	2.08	2.08	2.81	3.65	4.56	4.67
Next 1,500	1.24	1.24	1.43	1.64	1.89	1.89	1.89	2.55	3.32	4.15	4.25
Next 12,900	1.11	1.11	1.28	1.47	1.69	1.69	1.69	2.28	2.96	3.70	3.79
Next 18,300	0.89	0.89	1.02	1.18	1.35	1.35	1.35	1.82	2.37	2.96	3.03
Next 133,300	0.70	0.70	0.81	0.93	1.06	1.06	1.06	1.43	1.86	2.33	2.39
Next 833,300	0.66	0.66	0.76	0.87	1.00	1.00	1.00	1.35	1.76	2.20	2.26
Next 1,000,000	0.55	0.55	0.63	0.73	0.84	0.84	0.84	1.13	1.47	1.84	1.89
All Over 2,000,000	0.39	0.39	0.45	0.52	0.59	0.59	0.59	0.80	1.04	1.30	1.33
Large User											
1st 700	2.10	2.10	2.42	2.78	3.19	3.19	3.19	4.31	5.60	7.00	7.18
Next 1,500	1.90	1.90	2.19	2.51	2.89	2.89	2.89	3.90	5.07	6.34	6.50
Next 12,900	1.69	1.69	1.94	2.24	2.57	2.57	2.57	3.47	4.51	5.64	5.78
Next 18,300	1.36	1.36	1.56	1.80	2.07	2.07	2.07	2.79	3.63	4.54	4.65
Next 133,300	1.08	1.08	1.24	1.43	1.64	1.64	1.64	2.21	2.87	3.59	3.68
Next 833,300	1.00	1.00	1.15	1.32	1.52	1.52	1.52	2.05	2.67	3.34	3.42
Next 1,000,000	0.84	0.84	0.97	1.11	1.28	1.28	1.28	1.73	2.25	2.81	2.88
All Over 2,000,000	0.60	0.60	0.69	0.79	0.91	0.91	0.91	1.23	1.60	2.00	2.05

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

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

Fiscal Year	Water Utility Billed				Direct rate per 700 cubic feet		Actual Receipts
	Residential	Commercial	Government	Total	Domestic and Non-Domestic	Large Users	
2007	3,102,937	7,665,383	322,649	11,090,969	1.37	2.10	11,194,002
2008	3,306,843	7,442,905	349,014	11,098,762	1.37	2.10	11,405,485
2009	3,266,713	7,932,315	348,853	11,547,880	1.58	2.42	11,731,801
2010	3,792,121	8,213,894	399,863	12,405,878	1.81	2.78	12,275,664
2011	4,356,560	9,941,636	476,239	14,774,435	2.08	3.19	14,589,805
2012	4,355,566	9,924,667	483,055	14,763,289	2.08	3.19	14,898,121
2013	4,422,817	9,618,089	482,404	14,523,310	2.08	3.19	14,865,522
2013 Stub	3,889,119	8,138,292	463,137	12,490,549	2.81	4.31	11,901,327
2014	6,278,627	13,994,091	727,710	21,000,428	3.65	5.60	20,258,789
2015	8,013,010	16,926,951	834,928	25,774,889	4.56	7.00	25,715,500
2016	8,580,181	18,893,937	932,841	28,406,959	4.67	7.18	28,458,953

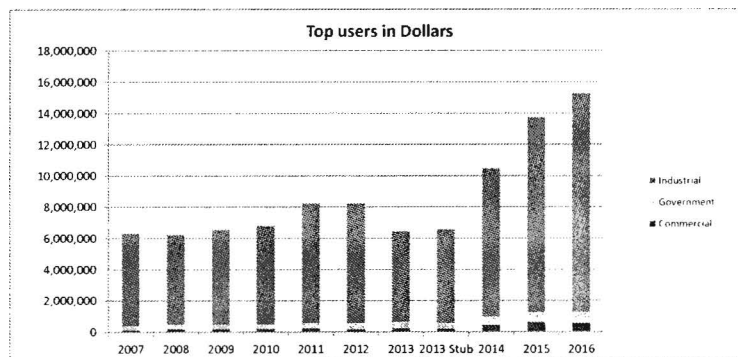


Note 1: Fiscal years 2007 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
Fiscal years 2014 and forward are January to December.
Source: City water utility records.

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

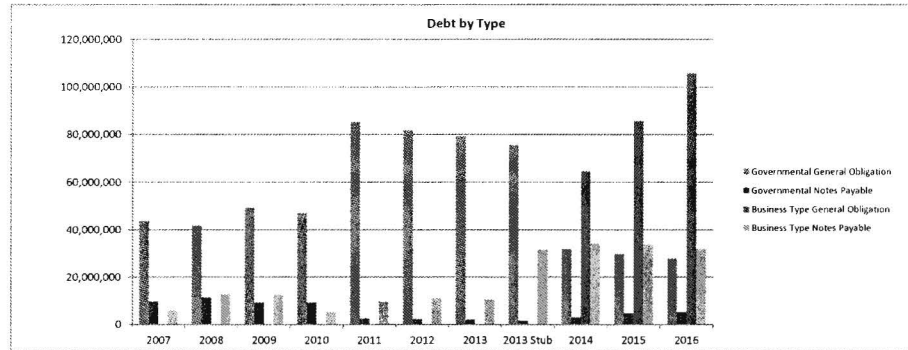
Fiscal Year	Total Water Billed	Revenue of Top 10 Customers in Category			Percentage of Total
		Industrial	Commercial	Government	
2007	11,090,969	5,899,731	117,977	291,625	56.9%
2008	11,098,762	5,714,968	197,870	315,586	56.1%
2009	11,547,880	6,052,058	186,708	316,887	56.8%
2010	12,405,878	6,267,839	207,533	306,451	54.7%
2011	14,774,435	7,648,174	231,140	359,514	55.8%
2012	14,763,289	7,643,251	179,996	411,138	55.8%
2013	14,523,310	5,793,605	227,653	423,603	44.4%
2013 Stub	12,490,549	6,014,319	216,327	343,393	52.6%
2014	21,000,428	9,481,398	442,901	550,203	49.9%
2015	25,774,889	12,450,799	624,684	636,899	53.2%
2016	28,406,959	13,984,499	566,015	711,030	53.7%



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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Assessed Value	Percentage of Assessed Valuation	Per Capita
	General Obligation	Notes Payable	General Obligation	Notes Payable				
2007	43,774,249	9,791,388		5,933,637	59,499,274	829,097,689	7.18%	727
2008	41,678,968	11,349,444		12,844,386	65,872,798	860,504,122	7.66%	805
2009	49,474,407	9,232,376		12,520,940	71,227,723	893,386,367	7.97%	870
2010	47,194,649	9,171,000		5,288,262	61,653,911	912,014,180	6.76%	753
2011	85,102,316	2,580,000		9,659,529	97,341,845	928,543,809	10.48%	1279
2012	81,822,528	2,305,000		11,167,345	95,294,873	922,154,799	10.33%	1252
2013	79,221,881	2,025,000		10,487,213	91,734,094	910,633,770	10.07%	1205
2013 Stub	75,566,756	1,710,000		31,452,600	108,729,356	863,833,509	12.59%	1428
2014	31,754,484	3,022,070	64,509,272	34,223,632	133,509,458	838,097,609	15.93%	1754
2015	29,835,429	4,826,718	85,657,678	33,680,365	154,000,190	822,152,764	18.73%	2023
2016	27,807,841	5,268,074	105,669,747	31,922,990	170,668,652	827,227,091	20.63%	2242
Percent of total debt	16.29%	3.09%	61.92%	18.70%	100.00%			



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

Note 2: Net position at December 31, 2013 includes reclassification of general obligation bond debt from governmental to business type activity.

Source: Comprehensive Annual Financial Report for relevant fiscal year. US Census Bureau

Debt Capacity

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

City of Decatur, Illinois
Governmental Direct and Overlapping Debt
Most Recent Fiscal Year (\$'s whole)

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

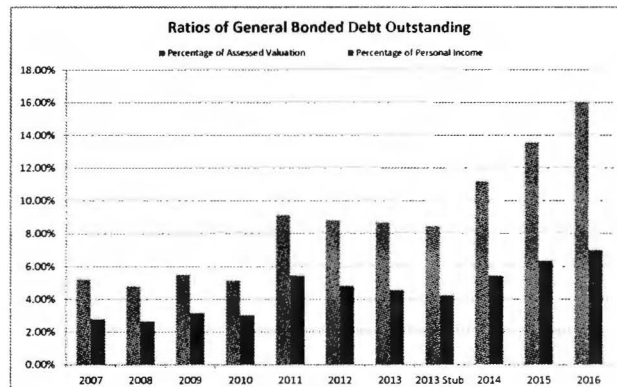
- (1) City expects to continue to abate all of the property tax levies for debt service on its General Obligation Bonds, Series 2008, Series 2013, Series 2014 and Series 2015 and a portion of the tax levies for its General Obligation Bonds, Series 2010A, Series 2010B and Series 2010C
- (2) Includes Decatur Public Building Commission Revenue Bonds payable from lease payments secured by ad valorem taxes levied on all taxable property within the County
- (3) Excludes outstanding principal amounts of general obligation "alternate revenue source" bonds that are anticipated to be paid from sources other than general taxation and self-supporting debt
- (4) 2011-2015 American Community Survey 5-year estimates, U.S. Census Bureau

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Valuation	Percentage of Personal Income	Per Capita
2007	43,774,249	380,993	43,393,256	5.23%	2.79%	530
2008	41,678,968	372,473	41,306,495	4.80%	2.65%	505
2009	49,474,407	205,337	49,269,070	5.51%	3.17%	602
2010	47,194,649	145,925	47,048,724	5.16%	3.02%	575
2011	85,102,316	316,303	84,786,013	9.13%	5.45%	1,114
2012	81,822,528	409,119	81,413,409	8.83%	4.81%	1,070
2013	79,221,881	159,400	79,062,481	8.68%	4.56%	1,039
2013 Sub	75,566,756	2,399,692	73,167,064	8.47%	4.22%	961
2014	97,263,756	3,437,184	93,826,572	11.20%	5.44%	1,233
2015	115,493,107	3,970,678	111,522,429	13.56%	6.35%	1,465
2016	133,477,588	814,740	132,662,848	16.04%	7.00%	1,743



Note: Fiscal years 2007 to 2013 include the months of May to April. "2013 Sub" 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.

Demographic and Economic Information

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

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

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

Source: Economic Development Foundation and Illinois Department of Employment Security

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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>
2007	81,860	19,009	1,556,007	37.2	16,820	5.8%
2008	81,860	19,009	1,556,007	37.2	17,410	5.7%
2009	81,860	19,009	1,556,007	37.2	16,113	9.8%
2010	81,860	19,009	1,556,007	37.2	16,877	12.8%
2011	76,122	19,009	1,556,007	37.2	16,896	9.7%
2012	76,122	22,229	1,692,116	39.1	16,350	9.4%
2013	76,122	22,756	1,732,232	39.2	17,240	10.3%
2013 Stub	76,122	22,756	1,732,232	39.0	16,280	12.4%
2014	76,122	22,677	1,726,219	39.4	16,324	8.7%
2015	76,122	23,058	1,755,221	39.6	16,411	8.2%
2016	76,122	24,913	1,896,427	39.8	15,728	7.0%

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

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

Operating Information

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

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

Function	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Public safety											
Police											
Patrol Units	32	38	37	41	54	45	53	45	44	38	38
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Public works											
Bridges	17	17	17	18	18	18	19	19	19	19	19
Sidewalks (ft)	536,944	536,944	536,944	536,944	536,944	536,944	544,144	548,044	544,144	544,144	544,144
Streets (sq yd)	1,301,406	1,301,406	1,423,166	1,473,854	1,477,259	1,477,259	1,496,995	1,496,995	1,509,977	1,509,977	1,579,506
Storm Sewers (ft)	284,203	284,203	288,204	288,204	288,204	288,204	288,204	288,204	288,204	288,204	288,204
Culture and recreation											
Library Bookmobiles	2	2	2	2	2	2	2	2	2	2	2
Water											
Water Mains (miles)	527	527	527	527	527	527	527	527	531	531	531
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36	36	36	36
Parking											
Garages	2	2	2	2	2	2	2	2	2	2	2
Lots	5	5	5	5	5	5	5	5	5	5	5
Mass Transit											
Buses	25	25	25	32	23	23	23	22	22	22	22
Trolleys	2	2	2	2	2	2	2	2	2	2	2
Sewer											
Sanitary Sewers (ft)	370,179	370,179	370,179	370,179	370,179	370,179	370,179	370,179	396,189	396,189	396,189

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

Fiscal years 2014 and forward are January to December.

Source: City of Decatur Records.

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

Function	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014	2015	2016
Public safety											
Police											
Call for Service	66,732	65,439	63,776	58,443	59,766	58,800	60,729	42,430	58,088	59,072	56,319
Traffic Citations	6,804	14,188	15,689	16,650	13,072	10,530	11,591	8,567	11,870	8,938	8,632
Parking Tickets	1,688	1,225	1,153	1,124	1,015	1,504	1,866	1,306	1,473	892	1,188
Fire											
Call Outs	8,623	8,931	8,790	8,659	9,030	9,320	8,711	5,795	8,712	10,317	11,679
Inspections	616	834	1,058	206	1,450	265	789	1,342	1,509	1,262	793
Public works											
Street Surface Improv. (LA MI)	20.5	22.5	35.4	37.4	4.6	5.2	16.7	4.1	4.0	3.3	13.9
Potholes Repaired	10,200	16,722	16,589	31,670	22,059	13,579	21,063	12,158	66,091	48,734	41,939
Pavement markings-paint (LF)	448,412	275,463	71,600	53,739	300	652,808	235,822	322,774	280,103	40,321	392,563
Culture and recreation											
Library Items Loaned	635,162	596,504	611,071	638,186	593,111	501,740	487,803	303,323	422,369	376,140	300,646
Extensive (bookmobiles)	89,925	57,550	86,269	61,840	0	0	0	0	0	0	0
General Government											
Bldg Permits New Home	10	10	8	20	16	9	8	8	32	11	13
Bldg Permits New Home (Value)	\$1,018,074	\$1,400,265	\$1,130,000	\$3,007,500	\$1,307,070	\$3,232,835	\$2,021,000	\$1,855,900	\$1,908,700	\$1,902,000	\$2,047,000
Bldg permits All Residential (Value)	\$14,418,656	\$12,208,415	\$11,635,002	\$9,067,293	\$8,793,456	\$7,781,179	\$8,790,906	\$6,058,924	\$7,502,246	\$6,837,313	\$7,558,641
Bldg permits All Other (Value)	\$67,033,509	\$40,366,718	\$51,992,426	\$55,135,825	\$26,112,075	\$55,983,451	\$26,183,706	\$31,109,047	\$44,999,233	\$42,366,920	\$78,815,276
Water											
Water Consumption (CU FT)	859,211,576	868,515,699	851,382,505	785,159,158	842,550,729	835,315,308	835,989,759	558,175,057	810,103,373	803,866,983	811,764,925
Metered Services	31,489	31,555	31,489	31,466	31,459	31,433	31,410	31,393	31,376	31,418	31,381
Sediment Divulged (lbs. 1000)	201,227	180,435	92,145	154,713	104,223	412,170	0	0	324,620	2,727,652	3,181,651
Parking											
Tickets Issued Note 1	15,543	15,691	15,799	15,510	15,615	15,524	6,984	4,045	7,696	6,127	4,567
Parking Lot Maintenance (Hours)	1,498	1,562	1,538	1,120	1,703	1,210	940	688	1,415	425	522
Mass Transit											
Buses & Trolleys (Ridership)	1,173,301	1,257,955	1,242,425	1,265,966	1,314,357	1,467,156	1,438,437	961,426	1,489,705	1,254,118	1,236,846
Paratransit Vans/Taxis	34,090	34,668	34,142	32,270	27,496	27,432	35,234	24,398	35,947	32,517	34,260
Waste removal											
Recycling (pounds)	2,785,959	2,699,720	2,361,919	2,365,162	5,036,850	6,558,000	7,236,000	5,287,458	8,241,825	7,840,000	7,650,830
Sewer											
Sanitary Sewer Inflow (LF)	208,991	250,000	409,923	150,000	225,000	330,000	211,265	176,783	304,580	286,388	287,572

Note 1: Parking meters were removed from the central parking zone in the Spring of 2012 reducing the number of parking meter related tickets issued in fiscal year 2013.

Note 2: Fiscal years 2007 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.

Fiscal years 2014 and forward are January to December.

Source: City of Decatur Records.

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

Limit Type	\$ Limit	Base	Deductible	Maintenance Deductible	Annual Premium
Commercial Package Property & Liability					
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 & 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
Sign 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 \$	10,000 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
Personal Property					
Property & automobile physical damage	Limit \$	215,469,549	1,000,000		\$ 71,764 included above
Flood & earthquake	Limit \$	11,150,000			included above
Additional coverage					
Ordinance or law	Limit \$	1,000,000			included above
Mobile equipment	Limit \$	1,000,115			included above
Vehicles	Limit \$	18,429,030			included above
Newly acquired locations	Limit \$	2,000,000			included above
Municipal sales tax revenues	Limit \$	11,000,000			included above
ITDP equipment	Limit \$	2,817,000			included above
ITDP media	Limit \$	2,516,000			included above
Valuable papers	Limit \$	1,350,000			included above

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

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

Source: City of Decatur Records

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

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

	Limit Type	\$ Limit	Coins	Deductible SIR	Maintenance Deductible	Annual Premium
Equipment Breakdown						\$ 7,002
Blanket	Limit	\$ 100,000,000		5,000		included above
Additional coverages						
Ammonia contamination		\$ 1,000,000				included above
Expediting expenses		\$ 1,000,000				included above
Water damage		\$ 1,000,000				included above
Electronic data		\$ 1,000,000				included above
Spillage		\$ 1,000,000				included above
Debris removal		\$ 1,000,000				included above
Business income, loss of utilities		\$ 1,000,000				included above
Business income, pollutant clean-up		\$ 100,000				included above
Off premises property damage		\$ 1,000,000				included above
Functional error & omissions		\$ 100,000				included above
Business income, dependent premises		\$ 1,000,000				included above
Newly acquired premises		\$ 100 days				included above
Blanket		\$ 250,000				included above
Fungus/pollutant clean-up		\$ 50,000				included above
Crime						\$ 3,202
11 theft	Limit	\$ 500,000	per loss coverage	5,000		included above
Forgery or alteration	Limit	\$ 200,000	single loss	5,000		included above
Inland 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
Cyber Liability						\$ 13,938
Privacy liability	Limit	\$ 1,000,000	each claim aggregate	25,000		included above
Data breach - standard	Limit	\$ 250,000	each claim aggregate	25,000		included above
Data breach - side cat	Limit	\$ 500,000	each claim aggregate	25,000		included above
Network security	Limit	\$ 1,000,000	each claim aggregate	25,000		included above
Intellectual property	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 coverages	Limit	\$ 1,000,000				included above
Excess Workers Compensation						\$ 62,429
Workers compensation	Limit	Statutory	per occurrence	500,000		included above
Employers liability	Limit		per occurrence	200,000		included above
Advisory & Broker						\$ 62,000
Annual agency fee						

Data source: City of Decatur Office of the City Treasurer



IX Single Audit Section

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

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U S Department of Housing and Urban Development				
Direct Programs				
Community Development Block Grants/Entitlement Grants *	14 218	B-14-MC-17-0008	\$ 267,734	\$ -
	14 218	B-15-MC-17-0008	200,352	-
	14 218	B-16-MC-17-0008	437,758	-
Subtotal Community Development Block Grants/Entitlement Grants			905,844	-
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants	14 239	M-09-MC-17-0203	86,844	-
	14 239	M-11-MC-17-0203	7,581	-
	14 239	M-12-MC-17-0203	20,732	-
	14 239	M-13-MC-17-0203	113,093	-
	14 239	M-14-MC-17-0203	103,184	-
	14 239	M-15-MC-17-0203	19,828	-
Subtotal HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants			351,262	-
Total U S Department of Housing and Urban Development			1,257,106	-
U S Department of Justice				
Direct Programs				
JAG Grant	16 738	2015-DJ-BX-0067	22,871	-
Subtotal			22,871	-
BulletProof Vest Partnership Program	16 607	1121-0235 - 2015	5,067	-
Total U S Department of Justice			27,938	-
U S Department of Transportation				
Passed-through Illinois Department of Transportation				
IL Highway Planning	20 205	SPR-PL-3000(55)	74,897	-
IL Highway Planning	20 205	SPR-PL-3000(73)	83,516	-
IL Highway Planning	20 205	702202	24,023	-
IL Highway Planning	20 205	729012	88,909	-
Subtotal Highway Planning and Construction Cluster			271,345	-
STEP Grant	20 616	AP-16-0113	34,844	-
STEP Grant	20 600	AP-17-0175	12,028	-
Subtotal Highway Safety Cluster			46,872	-
Technical Studies Guide	20 505	IL-80-0012	18,562	-
Technical Studies Guide	20 505	IL-80-0017	16,129	-
Subtotal			34,691	-
Subtotal Passed-through Illinois Department of Transportation			352,908	-

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

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Direct Programs				
Federal Transit Formula Grants *	20 507	IL-90-X760-00	1,461,807	-
Subtotal			1,461,807	-
Total U.S. Department of Transportation			1,814,715	-
U.S. Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency				
Clean Water Revolving Fund	66 458	L17-5280	2,534	-
Subtotal Passed-through Illinois Environmental Protection Agency			2,534	-
Direct Programs				
Brownfield Grant	66 818	BF-00E00879	132	-
Total U.S. Environmental Protection Agency			2,666	-
National Endowment for the Humanities				
Passed-through Secretary of State				
Project Next Generation	45 310	16-3028-PNG	8,462	-
Department of Homeland Security				
Direct Program				
Assistance to Firefighter	97 044	EMW 2014-FO-4630	40,810	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,151,797	\$ -

* Denotes a major program

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

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

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

This information is an integral part of the accompanying schedule



CliftonLarsonAllen LLP
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Mayor and City Council
City of Decatur, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Decatur, Illinois, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Decatur, Illinois's basic financial statements, and have issued our report thereon dated June 21, 2017. Our report includes a reference to other auditors who audited the financial statements of the Civic Center, as described in our report on the City's financial statements. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Civic Center, discretely presented component unit, were not audited in accordance with *Government Auditing Standards*; therefore, the procedures described below do not include the operations of Civic Center.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

City of Decatur, Illinois's Response to Finding

City of Decatur, Illinois' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Decatur, Illinois's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017



CliftonLarsonAllen LLP
CLAAconnect.com

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

The Mayor and City Council
City of Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited City of Decatur, Illinois's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Decatur, Illinois's major federal programs for the year ended December 31, 2016. City of Decatur, Illinois's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Decatur, Illinois's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Decatur, Illinois's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Decatur, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Other Matters

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

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

Report on Internal Control Over Compliance

Management of City of Decatur, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Decatur, Illinois's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur, Illinois's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item Findings 2016-002 and 2016-003 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Champaign, Illinois
June 21, 2017

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

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified opinion

Internal control over financial reporting

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

Federal Awards

Internal control over major programs

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

14 218	Community Development Block Grants/Entitlement Grants
20 507	Federal Transit Formula Grants

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

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

Section II – Financial Statement Findings

FINDING NO. 2016-001 - MATERIAL ADJUSTING ENTRIES

Repeat Finding Prior year finding 2015-001

Criteria or Specific Requirement Internal controls over financial statements require close review of all balances to ensure they are in accordance with generally accepted accounting principles (GAAP)

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

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

Effect Beginning net position/fund balance was misstated

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

Recommendation The City should closely review its asset and liability accounts to ensure the proper recording of activity in accordance with GAAP.

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

City financial management has reviewed the specifics of the conditions noted in the finding and has conducted a review of City processes providing guidance over the conditions identified in the finding. City processes were either reinforced, review steps redefined or decision timing in accounting matters repositioned in the process to remove risk of finding repeat in the future.

City Official Responsible City Treasurer and Director of Finance

Expected Completion The Plan is ongoing

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

Section III – Federal Award Findings and Questioned Costs

Finding No. 2016-002 - CONTROLS OVER REPORTING

Federal Agency/Program U S Department of Transportation - 20 507 –
Federal Transit Formula Grants

Questioned Costs None

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

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

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

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

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

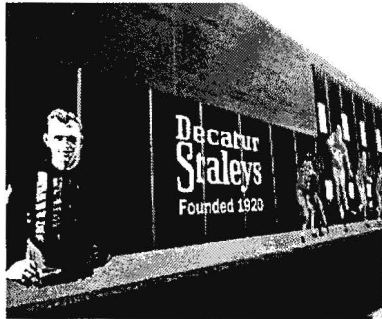
Recommendation We recommend putting in place a procedure for preparation of the quarterly reports and have a separate individual review the quarterly reports for accuracy prior to submission. This review should be documented.

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

City financial management has reviewed the specifics of the conditions noted in the finding and has conducted a review of City processes providing guidance over the conditions identified in the finding. City processes were either reinforced, review steps redefined or decision timing in accounting matters repositioned in the process to remove risk of finding repeat in the future.

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

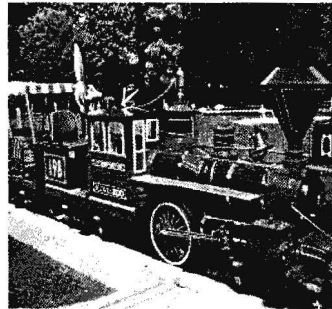
Expected Completion The Plan is ongoing



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

Decatur, Illinois
Home to:

- Decatur Celebration
- Scovill Zoo
- Rock Springs Nature Center



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



City of Decatur, Illinois

Contact Information:

Office of the City Manager

217-424-2801

One Gary K Anderson Plaza

Decatur, IL 62523

www.decaturlil.gov

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

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

Finding No. 2016-003 – CONTROLS OVER PROCUREMENT

Federal Agency/Program U S Department of Transportation - 20 507 –
Federal Transit Formula Grants

Questioned Costs None

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

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

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

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

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

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

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

City financial management has reviewed the specifics of the conditions noted in the finding and has conducted a review of city processes providing guidance over the conditions identified in the finding. The City will prepare a policy and procedure that will define responsibility and behavior of the organization to remove the risk of finding repeat in the future

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

Expected Completion December 31, 2017

APPENDIX D

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

EXTRACT OF MINUTES of the regular public meeting of the Council of the City of Decatur, Macon County, Illinois, held in the Council Chamber, located on the third floor of the Decatur Civic Center, One Gary K. Anderson Plaza, in said City, at 5:30 p.m., on Monday, the 16th day of October, 2017.

The Mayor called the meeting to order and directed the City Clerk to call the roll. Upon the roll being called, Mayor Julie Moore Wolfe and the following Council Members were physically present at said location: Dana Ray, Bill Faber, Lisa Gregory, David Horn, Charles Kuhle and Pat McDaniel.

The following Council Members were allowed by a majority of the members of the Council in accordance with and to the extent allowed by rules adopted by the Council to attend the meeting by video or audio conference: N/A.

No Council Member was not permitted to attend the meeting by video or audio conference.

The following Council Members were absent and did not participate in the meeting in any manner or to any extent whatsoever: N/A.

The Council then discussed a proposed bond refunding for the City and considered an ordinance providing for the issuance of not to exceed \$6,800,000 general obligation refunding bonds of the City and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Thereupon, the City Clerk presented, the Director of Finance explained, and there was read by title an ordinance as follows, a copy of which was provided to each Council Member prior to said meeting and to everyone in attendance at said meeting who requested a copy:

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

(the "*Bond Ordinance*").

Council Member Dana Ray moved and Council Member Pat McDaniel seconded the motion that the Bond Ordinance as presented be adopted.

A Council discussion of the matter followed. During the Council discussion, the Director of Finance gave a public recital of the nature of the matter, which included a reading of the title of the Bond Ordinance and statements (1) that the Bond Ordinance provides parameters for the issuance of general obligation bonds for the purpose of refunding certain outstanding general obligation bonds for debt service savings, (2) that the bonds are issuable without referendum pursuant to the home rule powers of the City, (3) that the bonds are being sold to Raymond James & Associates, Inc., (4) that the sale of bonds will be by certain designated officials of the City, (5) that the Bond Ordinance provides for the levy of taxes to pay the bonds, (6) that the Bond Ordinance approves a form of escrow agreement to accomplish the refunding, and (7) that the Bond Ordinance provides many details for the bonds, including tax-exempt status covenants, provision for terms and form of the bonds, and appropriations.

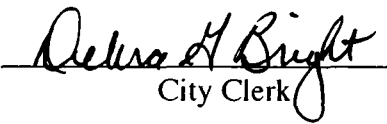
The Mayor directed that the roll be called for a vote upon the motion to adopt the ordinance.

Upon the roll being called, the following Council Members voted AYE: Julie Moore Wolfe, Dana Ray, Bill Faber, Lisa Gregory, David Horn, Charles Kuhle and Pat McDaniel.
and the following Council Members voted NAY: None.

WHEREUPON, the Mayor declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the City Clerk to record the same in full in the records of the Council of the City of Decatur, Macon County, Illinois.

Other business was duly transacted at said meeting.

Upon motion duly made and carried, the meeting adjourned.


City Clerk

ORDINANCE NUMBER 2017-52

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

Adopted by the Council on the
16th day of October, 2017.

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EXHIBIT A — Form of Escrow Agreement

This Table of Contents is for convenience only and is not a part of the Ordinance.

ORDINANCE NUMBER 2011-52

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

WHEREAS by virtue of its population, the City of Decatur, Macon County, Illinois (the “City”), and pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the City is a home rule unit and may exercise any power or perform any function pertaining to its government and affairs including, but not limited to, the power to tax and to incur debt; and

WHEREAS pursuant to the provisions of said Section 6, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

WHEREAS on the 25th day of February, 1982, the Council of the City (the “Council”) did adopt an ordinance determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing bonds to evidence such indebtedness and directing the levying of taxes, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

(the “*Enabling Ordinance*”); and

WHEREAS the City has heretofore issued the following outstanding and validly subsisting and unpaid general obligations:

GENERAL OBLIGATION BONDS, SERIES 2008

Original Principal Amount: \$10,000,000

Dated: December 15, 2008

Due December 15 as follows:

<u>YEAR</u>	<u>AMOUNT (\$)</u>	<u>RATE (%)</u>
2017	860,000	4.250
2018	895,000	4.250
2019	935,000	4.250
2020	975,000	4.250
2021	1,020,000	4.375
2022	1,075,000	4.375
2023	1,130,000	4.375
2024	405,000	4.500

which bonds due on and after December 15, 2018, may be called for redemption on December 15, 2017, at the redemption price of par plus accrued interest (hereinafter the "*Prior Bonds*").

WHEREAS the Prior Bonds bear interest at higher rates than those currently available in the bond markets and may be refunded for net debt service savings; and

WHEREAS pursuant to the hereinafter defined Act, the City is authorized to issue general obligation bonds to accomplish the refunding of all or a selected portion of the Prior Bonds (the "*Refunding*") and it is necessary and desirable to provide for the issuance of not to exceed \$6,800,000 principal amount general obligation bonds for such purpose and for the purpose of realizing such net debt service savings from the Refunding; and

WHEREAS the Council does hereby determine that it is necessary and desirable to borrow not to exceed \$6,800,000 at this time pursuant to the Act to provide for the Refunding and, in

evidence of such borrowing, issue its full faith and credit bonds in the principal amount of not to exceed \$6,800,000; and

WHEREAS the Council does hereby further determine that it is necessary and desirable that certain officials of the City be authorized to sell such bonds and, accordingly, it is necessary that such officials be so authorized within certain parameters as hereinafter set forth:

NOW THEREFORE Be It Ordained by the Council of the City of Decatur, Macon County, Illinois, in the exercise of its home rule powers and in accordance with the Enabling Ordinance, as follows:

Section 1. Definitions. In addition to such other words and terms used and defined in this Ordinance, the following words and terms used in this Ordinance shall have the meanings given them, unless the context or use clearly indicates another or different meaning is intended.

A. The following words and terms are defined in the preambles.

City

Council

Enabling Ordinance

Prior Bonds

Refunding

B. The following words and terms are defined as set forth.

“Act” means, collectively, the Illinois Municipal Code, as supplemented and amended, the home rule powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970 and the Enabling Ordinance adopted pursuant to such home rule powers; and, in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code.

“Bond” or *“Bonds”* means one or more, as applicable, of the not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, authorized to be issued by this Ordinance.

“Bond Fund” means the Bond Fund established and defined in Section 15 of this Ordinance.

“Bond Notification” means the Bond Notification as authorized to be executed by the Designated Officials of the City in Section 14 of this Ordinance and by which the final terms of the Bonds will be established.

“Bond Register” means the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

“Bond Registrar” means the bond registrar for the Bonds, which shall be a bank or trust company with a corporate trust office located in the State of Illinois or Indiana (as set forth in the Bond Notification), or a successor thereto or a successor designated as Bond Registrar hereunder.

“City Clerk” means the City Clerk of the City.

“Code” means the Internal Revenue Code of 1986, as amended.

“County Clerk” means the County Clerk of The County of Macon, Illinois.

“Designated Officials” means the Mayor, the City Manager of the City and the Director of Finance of the City, acting together.

“Escrow Agent” means the escrow agent for the Refunded Bonds, which shall be a bank or trust company with a corporate trust office located in the State of Illinois (as set forth in the Escrow Agreement), or a successor thereto or a successor designated as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the agreement by and between the City and the Escrow Agent as authorized in Section 15 hereof and set forth as *Exhibit A*.

“Mayor” means the Mayor of the City.

“Ordinance” means this Ordinance, numbered as set forth on the title page hereof, and passed by the Council on the 16th day of October, 2017.

“Paying Agent” means the paying agent for the Bonds, which shall be a bank or trust company with a corporate trust office located in the State of Illinois (as set forth in the Bond Notification), or a successor thereto or a successor designated as Paying Agent hereunder.

“Pledged Taxes” means the taxes levied on the taxable property within the City to pay principal of and interest on the Bonds as made in Section 12 hereof.

“Purchaser” means Raymond James & Associates, Inc., Chicago, Illinois.

“Refunded Bonds” means those of the Prior Bonds actually selected to be refunded pursuant to the Escrow Agreement.

“Tax-exempt” means, with respect to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes.

“Term Bonds” means Bonds subject to mandatory redemption and designated as term bonds in the Bond Notification.

“Treasurer” means the Treasurer of the City.

Section 2. Incorporation of Preambles. The Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 3. Determination to Issue Bonds. It is necessary and desirable to provide for the Refunding, to pay all related costs and expenses incidental thereto, and to borrow money and issue the Bonds for such purposes. It is hereby found and determined that such borrowing of money is necessary for the welfare of the government and affairs of the City, is for a proper

public purpose or purposes and is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

Section 4. Bond Details. For the purpose of providing for such costs, there shall be issued and sold the Bonds, in one or more series as may be specified in the Bond Notification or Bond Notifications, in the aggregate principal amount of not to exceed \$6,800,000. The Bonds shall each be designated “*General Obligation Refunding Bond, Series 2017*” or such other name or names or series designation as may be appropriate and as stated in the Bond Notification. The Bonds, if issued, shall be dated such date (not prior to October 1, 2017, and not later than December 31, 2017) (the “*Dated Date*”) as set forth in the Bond Notification, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable serially or be subject to mandatory redemption (subject to prior redemption as hereinafter described) as shall be set forth in the Bond Notification, and in such principal amounts as shall be set forth therein; *provided, however*, that the final maturity shall be due on or before December 15, 2024, and each maturity or sinking fund payment shall not exceed \$1,175,000. Each Bond shall bear interest, at a rate not to exceed 5.00% per annum, from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 15 and December 15 of each year, commencing on June 15, 2018, or as provided in the Bond Notification.

Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose

name such Bond is registered at the close of business on the applicable Record Date (the “*Record Date*”), and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner. The Record Date shall be the 1st day of the month of any regular or other interest payment date occurring on the 15th day of any month and 15 days next preceding any interest payment date occasioned by the redemption of Bonds on other than the 15th day of a month. The principal of or redemption price due on the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Paying Agent, or at successor Paying Agent and locality.

Section 5. Global Book-Entry System. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds as provided in Section 4 hereof, and the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto (“*Cede*”), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (“*DTC*”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Mayor, the Treasurer and the City Clerk are hereby authorized to execute and deliver on behalf of the City such letters to or agreements with DTC and the Bond Registrar as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “*Representation Letter*”).

With respect to the Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC

Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the name "*Cede*" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the

City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At the time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a global book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate global book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 10 hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond

shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Term Bonds, Mandatory Redemption and Covenants. The Bonds may be subject to mandatory redemption (as Term Bonds) as provided in the Bond Notification; *provided, however,* that in such event the amounts due as provided for under such mandatory redemption shall be the amount set forth in Section 4 of this Ordinance for the maximum amount of principal due on the Bonds in any given period. Bonds designated as Term Bonds shall be made subject to mandatory redemption by operation of the Bond Fund at a price of not to exceed par and accrued interest, without premium, on a given date of the years and in the amounts as shall be determined in the Bond Notification.

The City covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds. Proper provision for mandatory redemption having been made, the City covenants that the Term Bonds so selected for redemption shall be payable as at maturity, and taxes shall be levied and collected as provided herein accordingly.

Section 8. Term Bonds Purchase or Redemption. If the City purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met,

and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the City shall determine. If the City purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the City shall determine.

Section 9. Redemption Procedure. For a mandatory redemption of Term Bonds, the Bond Registrar shall proceed without further authorization or direction to provide for such redemption. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided, however,* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion.

The Bond Registrar shall promptly notify the City and the Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall include the full name of the Bonds to be redeemed and at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date;
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent; and
- (f) such other information then required by custom, practice or industry standard.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon

surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the City a statement as to notice given with respect to each redemption together with copies of the notices as mailed and published.

Section 10. Registration and Exchange or Transfer of Bonds; Persons Treated as Owners. The City shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City for the Bonds. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar

shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, that the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds,

except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Section 11. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend “See Reverse Side for Additional Provisions” shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.

[FORM OF BOND - FRONT SIDE]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF MACON
CITY OF DECATUR
GENERAL OBLIGATION REFUNDING BOND, SERIES 2017

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: ____% Date: December 15, 20____ Date: _____, 2017 CUSIP: 243127 ____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Decatur, Macon County, Illinois, a municipality, home rule unit, and political subdivision of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 15 and December 15 of each year, commencing June 15, 2018, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of _____, in the City of _____, _____, as paying agent (the "Paying Agent"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained

by _____, in the City of _____, _____, as bond registrar (the "*Bond Registrar*"), at the close of business on the applicable Record Date (the "*Record Date*"). The Record Date shall be the 1st day of the month of any regular or other interest payment date occurring on the 15th day of any month and 15 days next preceding any interest payment date occasioned by the redemption of Bonds on other than the 15th day of a month. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the City and Cede & Co., as nominee, or successor, for so long as this Bond is held by The Depository Trust Company, New York, New York, the depository, or nominee, in book-entry only form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF the City of Decatur, Macon County, Illinois, by its Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Mayor, City of Decatur
Macon County, Illinois

ATTEST:

City Clerk, City of Decatur
Macon County, Illinois

[SEAL]

Date of Authentication: _____, 2017

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:

_____, _____

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Refunding Bonds, Series 2017, having a Dated Date of _____, 2017, of the City of Decatur, Macon County, Illinois.

_____,
as Bond Registrar

By _____
Authorized Officer

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of \$_____,000 issued by the City for the purpose of refunding certain outstanding bonds of the City, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the City's enabling ordinances adopted pursuant to such home rule powers (such code, powers and enabling ordinance, collectively, being the "*Act*"), and with the Ordinance, which has been duly passed by the Council of the City, approved by the Mayor, and published, in all respects as by law required.

Subject to the provisions relating to this Bond remaining in book-entry only form, this Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. Upon surrender for transfer or exchange of this Bond at the principal corporate trust office of the Bond Registrar in the City of Chicago, Illinois, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the Registered Owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of

business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption.

[The Bonds may be subject to mandatory redemption, and the holder of this Bond shall refer to the provisions of the Ordinance for the terms and provision for notice of redemption.]

The City, the Bond Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Here insert Social Security Number,
Employer Identification Number or
other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 12. Tax Levy. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, *there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding (namely, 2017 through 2023), a direct annual tax sufficient for that purpose in a yearly amount not to exceed \$1,175,000 (the “Pledged Taxes”). Such levy shall be fully set forth in the Bond Notification for the Bonds; and if there shall be more than one series of the Bonds, the levy for each such series shall be set forth in the Bond Notification therefor.*

The Pledged Taxes and other moneys (excepting proceeds of the Bonds) on deposit (collectively, the “Bond Moneys”) in the Bond Fund shall be applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The City covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Bond Fund.

Whenever other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes levied for the payment of same, the Council shall, by proper proceedings, direct the

deposit of such funds into the Bond Fund and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating Pledged Taxes shall be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the City Clerk, shall be filed with the County Clerk; and the County Clerk shall in and for each of the years 2017 to 2023, inclusive, ascertain the rate percent required to produce the aggregate tax hereinbefore provided to be levied as set forth in each of said years; and the County Clerk shall (to the extent said tax has not been abated as provided herein) extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general corporate purposes of the City; and in said years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as taxes for general corporate purposes for said years are levied and collected, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds; Bond Notification; Bond Series. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the Council, to sell and deliver the Bonds upon the terms as prescribed in this Section, pursuant to one or more Bond Notifications. The Bonds shall be sold and delivered to the Purchaser at the price of not less than 98.00% of the par value of the principal amount thereof (exclusive of original issue discount, if any), plus accrued interest, if any, to the date of delivery. Such sale shall be made upon the advice (in the form of a written certificate or report) of Speer Financial, Inc., the financial advisor to the City ("*Speer*") that the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets. As additional limitations on the sale of the Bonds, the Designated Officials shall find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net

interest rate received upon the sale of the Bonds does not exceed the maximum rate otherwise authorized by applicable law and that the Refunding will provide net present value debt service savings to the City in an amount not less than 4.00% of the par amount of the Refunded Bonds. The Designated Officials may choose all or any lesser portion of the Prior Bonds to be refunded, in such manner as will provide such savings. Nothing in this Section shall require the Designated Officials to sell any of the Bonds if in their judgment the conditions in the bond markets shall have deteriorated from the time of adoption of this Ordinance or the sale of all or any portion of the Bonds shall for some other reason not be deemed advisable, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met. As a further exercise of this authority, the Designated Officials may sell the Bonds in more than one series; and, in such event, shall be authorized to change the name of the Bonds for each such series so that such series may properly be identified separately. Further, in such event, the provisions for registration, redemption and exchange of Bonds shall be read as applying to Bonds only of each series, respectively, and not as between series. Upon the sale of the Bonds or any series of the Bonds, the Designated Officials and any other officers of the City as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the Bond Notification, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as hereinafter defined), and closing documents. The Designated Officials must find and determine in the Bond Notification that no person holding any office of the City either by election or appointment, is in any manner financially interested either directly, in his or her own name, or indirectly in the name of any other person, association, trust or corporation in said Bond Purchase Contract with the Purchaser for the purchase of the Bonds. The distribution of the

Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Purchaser of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved. The Designated Officials shall execute a bond purchase contract for the sale of the Bonds to the Purchaser (the "*Bond Purchase Contract*") in the form approved by the corporation counsel of the City. Upon the sale of the Bonds, the Designated Officials shall prepare the Bond Notification, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the City and made available to all Council members at the next public meeting thereof. The Designated Officials shall also file with the County Clerk the Bond Notification. The authority granted in this Ordinance to the Designated Officials to sell Bonds as provided herein shall expire on December 31, 2017.

Section 15. Creation of Funds and Appropriations.

A. There is hereby created the "*General Obligation Refunding Bonds, Series 2017, Bond Fund*" (the "*Bond Fund*"), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the Bonds.

B. The Pledged Taxes shall either be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Pledged Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Council, transferred to such other fund as may be determined. The City hereby pledges, as equal and ratable security for the Bonds, all present and

future proceeds of the Pledged Taxes for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the Council to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the City, as described in the preceding sentence.

C. The sum of principal proceeds of the Bonds as is necessary, together with such money in the debt service fund for the Prior Bonds as may be advisable (or required under Section 20 hereof) for the purpose, shall be used to provide for the Refunding and the payment of costs of issuance of the Bonds and that portion thereof not needed to pay such costs of issuance is hereby ordered deposited either (a) with The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as the paying agent for the Prior Bonds (the "*Prior Paying Agent*"), or (b) in escrow with the Escrow Agent pursuant to the provisions of an Escrow Agreement, substantially in the form attached hereto as *Exhibit A* to this Ordinance, made a part hereof by this reference, and hereby approved; the officers appearing signatory to such Escrow Agreement are hereby authorized and directed to execute same, their execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to effect the Refunding. The City expressly authorizes the use of the Government Obligations as set forth in the Escrow Account as set forth in the Escrow Agreement. At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the City from the proceeds of the Bonds.

Section 16. General Arbitrage Covenants. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for

federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service (the “IRS”) of the exemption from federal income taxation of interest on the Bonds, under present rules, the City may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The City also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the Tax-exempt status of the Bonds.

The Council hereby authorizes the officials of the City responsible for issuing the Bonds, the same being the Mayor, the City Clerk and the Treasurer, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the City and the Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 17. Registered Form. The City recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order to be and remain

Tax-exempt. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 18. Designation of Issue. All or a portion of the Bonds, if any, may be issued as “bank qualified bonds” as set forth in the Bond Notification (collectively, the “BQ Bonds”). The BQ Bonds are designated as “qualified tax-exempt obligations” for the purposes and within the meaning of Section 265(b)(3) of the Code. Prior to the date hereof, in the current calendar year, no obligations that constitute “qualified tax-exempt obligations” for the purposes and within the meaning of Section 265(b)(3) of the Code have been issued by the City or an entity issuing obligations on behalf of the City.

Section 19. Rights and Duties of Bond Registrar and Paying Agent. If requested by the Bond Registrar or the Paying Agent, or both, any officer of the City is authorized to execute standard forms of agreements between the City and the Bond Registrar or Paying Agent with respect to the obligations and duties of the Bond Registrar or Paying Agent hereunder. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar and Paying Agent by acceptance of duties hereunder agree:

- (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein;

- (b) as to the Bond Registrar, to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential to the extent permitted by law;

- (c) as to the Bond Registrar, to give notice of redemption of Bonds as provided herein;

- (d) as to the Bond Registrar, to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;

(e) as to the Bond Registrar, to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

The City Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar and the Paying Agent.

Section 20. Taxes Previously Levied. The taxes previously levied to pay principal of and interest on the Refunded Bonds, to the extent such principal and interest is provided for from the proceeds of the Bonds or from the Escrow Account under the Escrow Agreement as hereinabove described, shall be abated. The filing of a certificate of abatement with the County Clerk shall constitute authority and direction for the County Clerk to make such abatement.

All proceeds received or to be received from any such taxes, including the proceeds received or to be received from the taxes levied for the year 2016 for such purpose, shall be used to pay the principal of and interest on the Refunded Bonds and to the extent that such proceeds are not needed for such purpose because of the deposit of funds with the Prior Paying Agent or the establishment of the Escrow Account under the Escrow Agreement, the same shall be deposited into the Bond Fund and used to pay principal and interest on the Bonds in accordance with all of the provisions of this Ordinance.

Section 21. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient U.S. funds and direct U.S. Treasury obligations have been deposited with the Paying Agent or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable

escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Bond Moneys or Pledged Taxes hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the Tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not.

Section 22. Continuing Disclosure Undertaking. The Mayor or the Treasurer is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") in substantially the same form as now before the Council, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the City shall approve, the official's execution thereof to constitute conclusive evidence of the approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 23. Call of Refunded Bonds. In accordance with the redemption provisions of the bond ordinance authorizing the Prior Bonds, the City by the Council does hereby make provision for the payment of and does hereby call (subject only to the delivery of the Bonds) the

Refunded Bonds for redemption and payment prior to maturity on the earliest practical call date therefor, the same being the date set forth in the Escrow Agreement.

Section 24. Purchase of the Government Securities. The Escrow Agent and the Purchaser be and the same are each hereby authorized to act as agent for the City in the purchase of the Government Obligations described and set forth in the Escrow Agreement.

Section 25. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the “*Municipal Bond Insurance Policy*”) issued by a bond insurer (the “*Bond Insurer*”), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding Bonds, amendment hereof, or other terms, as approved by the Council on advice of counsel, their approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

Section 26. Record-Keeping Policy and Post-Issuance Compliance Matters. On November 15, 2010, the Council adopted a record-keeping policy (the “*Policy*”) in order to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the debt obligations of the City, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the City or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds. The Council amended the Policy on August 5, 2013. The Council and the City hereby reaffirm the Policy.

Section 27. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the Council.

Section 28. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Section 29. *Superseder and Effective Date.* All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

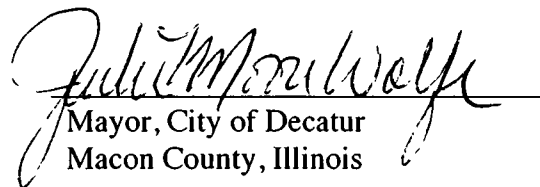
AYES: 7

NAYS: 0

ABSENT: NONE

ADOPTED: October 16, 2017

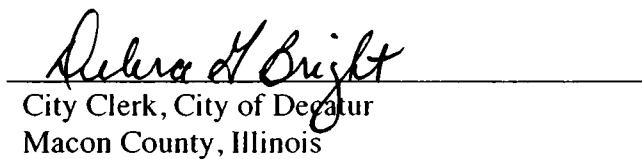
APPROVED: October 16, 2017


Mayor, City of Decatur
Macon County, Illinois

Recorded In City Records: October 16, 2017.

Published in pamphlet form by authority of the Council on October 16, 2017.

ATTEST:


City Clerk, City of Decatur
Macon County, Illinois

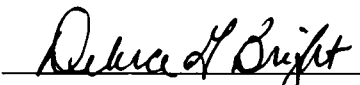
STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Decatur, Macon County, Illinois (the "*City*"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the City and of the Council (the "*Council*") thereof.

I do further certify that on the 16th day of October, 2017 there was published in pamphlet form, by authority of the Council, a true, correct and complete copy of Ordinance Number 2017-52 of the City providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as City Clerk located in the City.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the City this 16th day of October, 2017.



City Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATION OF MINUTES AND ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Decatur, Macon County, Illinois (the “City”), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the City and of the Council (the “Council”) thereof.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Council held on the 16th day of October, 2017 insofar as the same relates to the adoption of an ordinance, numbered 2017-52 entitled:

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Council on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all newspapers, radio or television stations and other news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Council at least 72 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 72-hour period preceding said meeting, that said agenda contained a separate specific item concerning the proposed adoption of said ordinance, a true, correct and complete copy of said agenda as so posted being attached to this Certificate as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Council has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Council in the adoption of said ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this
16th day of October, 2017.



City Clerk

[SEAL]

[Attach Exhibit A]



Monday, October 16, 2017
5:30 PM

CITY COUNCIL AGENDA

I. Call to Order

1. Roll Call
2. Pledge of Allegiance

II. Appearance of Citizens

Policy relative to Appearance of Citizens:

A 15 minute time period is provided for citizens to appear and express their views before the City Council. Each citizen who appears will be limited to 3 minutes. No immediate response will be given by City Council or City staff members. Citizens are to give their documents to the Police Officer for distribution to the Council.

III. Approval of Minutes

Approval of Minutes of September 25, 2017, Special Council Meeting.

Approval of Minutes of October 2, 2017, Regular Council Meeting.

IV. Unfinished Business

V. New Business

1. Proclamations and Recognitions
2. Ordinance Providing for the Issuance of Not to Exceed \$6,800,000 of General Obligation Refunding Bonds of the City, for the Levy of Taxes to Pay the Bonds and for the Sale of the Bonds to Raymond James & Associates, Inc.
3. Ordinance Rezoning Property From B-2 Commercial District to R-6 Multiple Dwelling District 5100 Block of East Fitzgerald Road
4. Receiving and Filing of Preliminary Plat Southeast Place 5100 -5200 Blocks of East Fitzgerald Road
5. Resolution Approving the Expenditure of City Funds to Renew Annual Microsoft Office 365 for 3rd Year Licensing Fulfillment CDW-G
6. Resolution Authorizing Agreement with Itron, Inc. to Complete the Version 5.3 Upgrade for the Automatic Meter Reading Software
7. Resolution Authorizing Purchase Order for the Rebuilding of a City of Decatur Public Bus Engine by Cummins Crosspoint
8. Resolution to Accept Bid and Award a Contract to SAK Construction, LLC for 2017 Trenchless Long Lining Repairs, City Project 2017-28
9. Resolution Authorizing Amendment Agreement with Superior, LLC,

Central Illinois Regional Dispatch Center, and the City of Decatur

10. Resolution Authorizing Agency Access Agreement with the Central Illinois Regional Dispatch Center, Superion, LLC, and the City of Decatur
11. Receiving and Filing of Minutes of Boards

VI. Other Business

VII. Recess to Study Session

Treasurer's Financial Report

VIII. Adjournment

Council Information - September Progress Report Lake Decatur Dredging Basins 1-4 & Oakley Sedimentation Basin Rehabilitation City Project 2013-14

Council Information - Informational Memorandum Communicating the Condition of the Police Pension Fund for the Year Ended December 31, 2016

Council Information - Informational Memorandum Communicating the Condition of the Firefighter Pension Fund for the Year Ended December 31, 2016

Council Information - September 2017 Monthly Reports

Council Information - Lake Decatur Watershed Protection Program

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATE OF FILING

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Macon, Illinois, and as such officer I do hereby certify that on the 15 day of December, 2017^{Said} there was filed in my office a properly certified copy of Ordinance Number 2017-52 passed by the Council of the City of Decatur, Macon County, Illinois, on the 16th day of October, 2017 and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

and that the same has been deposited in, and all as appears from, the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of The County of Macon, Illinois, this 15 day of December, 2017.



County Clerk of The County of
Macon, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

**NOTIFICATION OF SALE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

To: Council of the City of Decatur, Macon County, Illinois

 Please be advised that responsive to authority contained in an ordinance adopted by the Council (the "*Council*") of the City of Decatur, Macon County, Illinois (the "*City*"), on the 16th day of October, 2017, and being entitled:

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

(the "*Bond Ordinance*"), a contract for the purchase of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), of the City was awarded by the undersigned Mayor, City Manager and Director of Finance of the City, as the "Designated Officials" of the City under the Bond Ordinance, to the purchaser thereof, namely, Raymond James & Associates, Inc., Chicago, Illinois, at a price of \$6,532,290.90. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Bond Ordinance.

 The Bonds shall be issued in an aggregate principal amount of \$6,275,000, shall be dated December 21, 2017, and shall become due and payable serially (without option of prior redemption) on December 15 of the years, in the amounts and bearing interest at the rates per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2018	\$ 900,000	3.00%
2019	925,000	3.00%
2020	950,000	4.00%
2021	995,000	4.00%
2022	1,045,000	4.00%
2023	1,095,000	4.00%
2024	365,000	4.00%

The first interest payment date on the Bonds shall be June 15, 2018. The Bond Registrar and the Paying Agent shall be U.S. Bank National Association, Indianapolis, Indiana.

Please be further advised that the undersigned do hereby find and determine that (i) the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Bonds does not exceed 4.00% per annum, (ii) the Refunding provides net present value debt service savings to the City in an amount not less than 4.00% of the par amount of the Refunded Bonds and (iii) no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the contract for the purchase and sale of the Bonds.

Please be further advised that the sale was made upon the advice of Speer Financial, Inc., Chicago, Illinois, the City's Financial Advisor, that the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets.

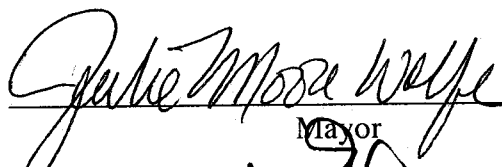
Please be further advised that Section 12 of the Bond Ordinance provides for a direct annual tax, to pay the interest on the Bonds promptly when and as the same falls due and to pay and discharge the principal thereof at maturity. Please be further advised that the Bonds were sold on terms resulting in a final schedule of taxes to be extended as follows:

<u>YEAR OF LEVY</u>	<u>TAX TO BE EXTENDED SUFFICIENT TO PRODUCE (\$)</u>
2017	1,128,870.83
2018	1,130,750.00
2019	1,128,000.00
2020	1,135,000.00
2021	1,145,200.00
2022	1,153,400.00
2023	379,600.00

It is hereby found and determined that all of the provisions of the Bond Ordinance have been fully and completely satisfied in all respects whatsoever.

Finally, please be advised that this Bond Notification shall be entered into the records of the City and made available to all members of the Council at the next regular meeting thereof.

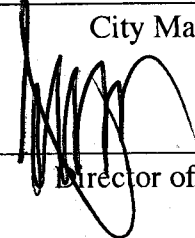
Respectfully submitted this 13th day of December, 2017.



Mayor



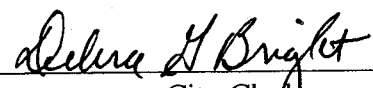
City Manager



Director of Finance

ACKNOWLEDGMENT OF FILING

Filed in the office of the City Clerk of the City of Decatur, Macon County, Illinois, this 13th day of December, 2017.



City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

**NOTIFICATION OF BOND TERMS AND
DIRECTION FOR COLLECTION OF TAXES**

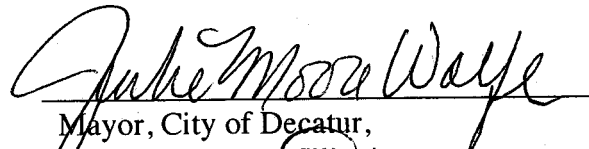
\$6,275,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

TO: THE COUNTY CLERK OF THE COUNTY OF MACON, ILLINOIS: GREETINGS.

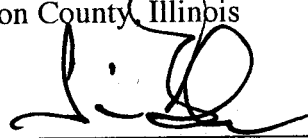
Please take note of the advice and terms on the attached Notification of Sale (the "*Bond Notification*"), dated as of the 13th day of December, 2017, for the aggregate principal amount of \$6,275,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois (the "*City*"), which Bond Notification has been executed by the Designated Officials of the City. Terms used herein are by reference to the Bond Notification.

YOU ARE ACCORDINGLY ORDERED AND DIRECTED to collect taxes, levied in Section 12 of the Bond Ordinance, as enumerated in the Bond Notification.

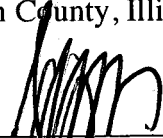
IN WITNESS WHEREOF we hereunto affix our official signatures as of this 13th day of December, 2017.



Mayor, City of Decatur,
Macon County, Illinois



City Manager, City of Decatur,
Macon County, Illinois



Director of Finance,
City of Decatur,
Macon County, Illinois

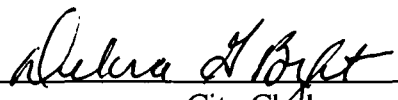
STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

AVAILABILITY OF BOND NOTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Decatur, Macon County, Illinois (the "City"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the City and of the Council thereof.

I do further certify that I will make available to all members of the Council at the next regular meeting of the Council to be held on the 13th day of December, 2017, a Notification of Sale of General Obligation Refunding Bonds, Series 2017, a true, correct and complete copy of which is attached hereto.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City, this 13th day of December, 2017.



City Clerk

[SEAL]

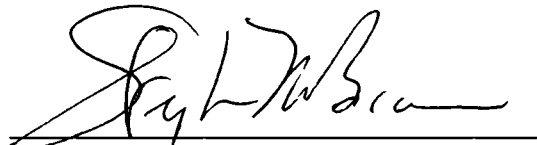
STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

FILING CERTIFICATE

\$6,275,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

I, the undersigned, do hereby certify that I am the duly elected, qualified and acting County Clerk of The County of Macon, Illinois (the "*County*"), and as such officer I do further certify that on the 15 day of December, 2017, there was filed in my office as County Clerk a NOTIFICATION OF SALE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017, of the City of Decatur, Macon County, Illinois, which Bond Notification has been executed by the Designated Officials of the City, has been dated as of the 13th day of December, 2017, and is accompanied by a NOTIFICATION OF BOND TERMS AND DIRECTION FOR COLLECTION OF TAXES, signed by said officers of said City, each as attached hereto, and that said Bond Notification and said Notification of Bond Terms and Direction for Collection of Taxes have each been placed on file in and do appear in the records of my office; and that, further, said taxes levied for the payment of said City's General Obligation Refunding Bonds, Series 2017, will be extended for collection as provided in said Bond Notification.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of The County of Macon, Illinois, this 15 day of December, 2017.



County Clerk of
The County of Macon, Illinois

[SEAL.]

DEC 20 2017

**IN THE OFFICE OF
SECRETARY OF STATE**

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

SIGNATURE CERTIFICATE

I, the undersigned, do hereby certify under oath that I am the duly qualified and acting Mayor of the City of Decatur, Macon County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.

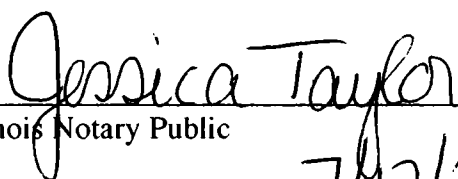
2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.

3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

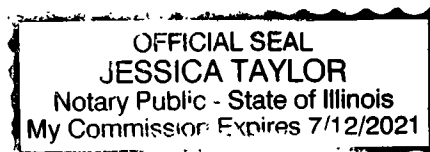
Therefore, I, Julie Moore-Wolfe, do hereby certify under oath, that the following is my manual signature:


Mayor

Subscribed and sworn to before
me this 15th day of December, 2017.


Illinois Notary Public
My commission expires: 7/12/21

(NOTARY SEAL)



FILED
INDEX DEPARTMENT
SEP 03 2015

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

IN THE OFFICE OF
SECRETARY OF STATE

SIGNATURE CERTIFICATE

I, the undersigned, do hereby certify under oath that I am the duly qualified and acting City Clerk of the City of Decatur, Macon County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.

2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.

3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Debbie Bright, do hereby certify under oath, that the following is my manual signature:

Debbie Bright
City Clerk

Subscribed and sworn to before
me this 26th day of August, 2015.

Paula G. Marley
Illinois Notary Public

My commission expires: 3-25-2019

(NOTARY SEAL)



Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to U.S. Bank National Association, Indianapolis, Indiana, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.

REGISTERED
No.

REGISTERED
\$

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF MACON
CITY OF DECATUR
GENERAL OBLIGATION REFUNDING BOND, SERIES 2017

See Reverse Side for
Additional Provisions.

Interest
Rate: %

Maturity
Date: December 15,

Dated
Date: December 21, 2017

CUSIP: 243127

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the City of Decatur, Macon County, Illinois, a municipality, home rule unit, and political subdivision of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 15 and December 15 of each year, commencing June 15, 2018, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of U.S. Bank National Association, in the City of Indianapolis, Indiana, as paying agent (the "Paying Agent"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by U.S. Bank National Association, in the City of Indianapolis, Indiana, as bond registrar (the "Bond Registrar"), at the close of business on the applicable Record Date (the "Record Date"). The Record Date shall be the 1st day of the month of any regular or other interest payment date occurring on the 15th day of any month and 15 days next preceding any interest payment date occasioned by the redemption of Bonds on other than the 15th day of a month. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the City and Cede & Co., as nominee, or successor, for so long as this Bond is held by The Depository Trust Company, New York, New York, the depository, or nominee, in book entry only form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

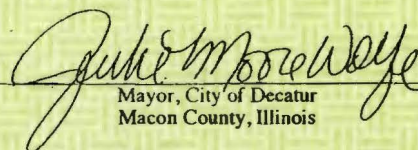
It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the authorizing Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional, statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF the City of Decatur, Macon County, Illinois, by its Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

ATTEST:




Mayor, City of Decatur
Macon County, Illinois


City Clerk, City of Decatur
Macon County, Illinois

Date of Authentication: December 21, 2017

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
U.S. Bank National Association
Indianapolis, Indiana

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Refunding Bonds, Series 2017, having a Dated Date of December 21, 2017, of the City of Decatur, Macon County, Illinois.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Authorized Officer

This Bond is one of a series of bonds (the "Bonds") in the aggregate principal amount of \$6,275,000 issued by the City for the purpose of refunding certain outstanding bonds of the City, and of paying expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (the "Ordinance"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the City's enabling ordinances adopted pursuant to such home rule powers (such code, powers and enabling ordinance, collectively, being the "Act"), and with the Ordinance, which has been duly passed by the Council of the City, approved by the Mayor, and published, in all respects as by law required.

Subject to the provisions relating to this Bond remaining in book-entry only form, this Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. Upon surrender for transfer or exchange of this Bond at the principal corporate trust office of the Bond Registrar in the City of Indianapolis, Indiana, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the Registered Owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date.

The City, the Bond Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Here insert Social Security Number,
Employer Identification Number or
other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

TAX EXEMPTION CERTIFICATE AND AGREEMENT

\$6,275,000

CITY OF DECATUR, MACON COUNTY, ILLINOIS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

December 21, 2017

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

The undersigned is a duly qualified officer of the City of Decatur, Macon County, Illinois (the “*Issuer*” or the “*City*”) and is charged, with others, with the responsibility for executing and delivering the Bonds. Certain terms are defined in Article I hereof. Terms used herein and not defined in Article I shall have the meanings given to them in the Ordinance.

One purpose of executing this Tax Agreement is to set forth various facts regarding the Bonds and to establish the expectations of the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein are made on behalf of the Issuer for the benefit of the owners from time to time of the Bonds.

The Issuer hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation of interest on the Bonds, under present rules, the Issuer may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

ARTICLE I

DEFINITIONS

In addition to such other words and terms used and defined in this Tax Agreement, the following words and terms used in this Tax Agreement shall have the following meanings unless, in either case, the context or use clearly indicates another or different meaning is intended:

“*Affiliated Person*” means a Person that is affiliated with another Person (including the Issuer) because either (a) at any time during the six months prior to the execution and delivery of the Bonds, more than five percent of the voting power of the governing body of either Person is in the aggregate vested in the other Person and its directors, officers, owners, and employees, or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, the composition of the governing body of the Person (or any Person that controls the Person) is modified or established to reflect (directly or indirectly) representation of the interests of the other Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Fund” means the “General Obligation Refunding Bonds, Series 2017, Bond Fund” established pursuant to the Ordinance.

“Bonds” means the obligations of the Issuer described on the cover page of this Tax Agreement.

“Closing” means the date of this Tax Agreement, which is the first date on which the Issuer is receiving the purchase price for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commingled Fund” means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“Control” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“Controlled Entity” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“Controlled Group” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has the Control of the other entities.

“Controlling Entity” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“Costs of Issuance” means the costs of issuing the Bonds, including underwriters’ discount and legal fees, but not including the fees for the Credit Facility described in Section 5.7 hereof.

“Credit Facility” means the municipal bond insurance policy issued by the Credit Facility Provider.

“Credit Facility Provider” means Build America Mutual Assurance Company.

“De minimis Amount of Original Issue Discount or Premium” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the

stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter's compensation.

"External Commingled Fund" means a Commingled Fund in which the Issuer and all members of the same Controlled Group as the Issuer own, in the aggregate, not more than ten percent of the beneficial interests.

"First Sale Price" means, for Bonds of any Maturity, the first price, at which at least ten percent of the Bonds of that Maturity were sold to the Public.

"GIC" means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

"Gross Proceeds" means amounts in the funds listed on *Exhibit G* hereto.

"Issue Price" of Bonds within any Maturity is determined as provided in Section 5.1, and for Bonds issued for money generally means the first price at which at least 10% the Bonds of that group are sold to the Public unless another rule for determining the Issue Price of such Bonds has been chosen by the Issuer as provided in Section 5.1. The *"Issue Price"* of any Bonds issued for property other than cash or marketable securities is determined under appropriate regulations.

"Issuer" is defined in the preamble to this Tax Agreement.

"Maturity" means a group of all Bonds with the same credit and payment terms. All Bonds in a Maturity will have the same coupon, the same maturity date, and the same redemption provisions.

"Ordinance" means the bond ordinance adopted by the Council of the City on the 16th day of October, 2017, providing for the issue of the Bonds.

"Person" means and includes any individual, body politic, governmental unit, agency or authority, trust, estate, partnership, association, company, corporation, joint-stock company, syndicate, group, pool, joint venture, other unincorporated organization or group, or group of any of the above.

"Placed-in-Service" means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

"Prior Bond Fund" means the fund or account or funds or accounts established with respect to the Prior Bonds and held by the Prior Paying Agent from which current debt service on the Prior Bonds has been or will be paid.

“Prior Bond Gross Proceeds” means the Prior Bond Proceeds plus all other amounts properly treated as gross proceeds of the Prior Bonds under the Regulations, including amounts in the Prior Bond Fund.

“Prior Bond Proceeds” means amounts actually or constructively received from the sale of the Prior Bonds, investment earnings thereon, and any transferred proceeds, including (a) amounts used to pay underwriter’s discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before the Prior Bonds were issued but only if it is to be paid within one year after the Prior Bonds were issued and (b) amounts derived from the sale of any right that is part of the terms of a Prior Bond or is otherwise associated with a Prior Bond (e.g., a redemption right).

“Prior Bonds” means the Issuer’s General Obligation Bonds, Series 2008, dated December 15, 2008.

“Prior Paying Agent” means The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois.

“Prior Project” means all property financed, refinanced or reimbursed with Prior Bond Proceeds.

“Private Business Use” means any use of the Prior Project by any Person (including the federal government) other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Prior Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any Person other than a state or local governmental unit (i) that conveys special legal entitlements to any portion of the Prior Project, or (ii) under which any Person other than a state or local governmental unit has any special economic benefit with respect to any portion of the Prior Project that is not available for use by the general public.

“Public” means any person, other than the Issuer or an Underwriter, that is not a Related Party to (i) the Issuer or (ii) an Underwriter (including any person that agrees pursuant to a written contract with the Issuer, the Purchaser or another Underwriter to participate in the initial sale of Bonds to the Public).

“Purchaser” means the purchaser of the Bonds from the Issuer, namely, Raymond James & Associates, Inc., Chicago, Illinois.

“Qualified Administrative Costs of Investments” means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

“Qualified Tax-Exempt Obligations” means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. pt. 344 (this clause (c) applies only to demand deposit SLGS, not to other types of SLGS).

“Rebate Fund” means the fund, if any, identified and defined in Section 4.1 herein.

“Rebate Provisions” means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

“Refunded Bonds” means all of the Prior Bonds.

“Regulations” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“Reimbursed Expenditures” means any expenditures of the Issuer paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“Reserve Portion of the Bond Fund” means any portion of the Bond Fund funded in excess of the amount of debt service payable each year.

“SLGS” means the United States Treasury Certificate of Indebtedness, Notes and Bonds of the State and Local Government Series.

“Sale Date” for any Bond means the first day on which there is a binding contract in writing for the sale or exchange of the Bond.

“Sale Proceeds” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriter’s discount or compensation, (b) accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (c) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (e.g., a redemption right).

“Tax Agreement” means this Tax Exemption Certificate and Agreement, including all exhibits, together with any amendments made pursuant to Section 7.8 of this Tax Exemption Certificate and Agreement, but not including any post-issuance compliance policy referenced in or attached to this Tax Agreement.

“Transferred Proceeds” means amounts actually or constructively received from the sale of the Prior Bonds, plus investment earnings thereon, and transferred proceeds, if any, of the Prior Bonds that have not been spent prior to the date principal on the Refunded Bonds is discharged by the Bonds to the extent allocated to the Bonds under the Regulations.

“Underwriter” means any person that agrees pursuant to a written contract with the Issuer or the Purchaser or another Underwriter to participate in the initial sale of Bonds to the Public, and includes the Purchaser if the purchaser is not purchasing the Bonds as an investor.

“Yield” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation produces an amount equal to the obligation’s purchase price (or in the case of the Bonds, the Issue Price as established in Section 5.1), including accrued interest. For purposes of computing the Yield on the Bonds and on investments, the same compounding interval (which must be an interval of not more than one year) and standard financial conventions (such as a 360-day year) must be used.

“Yield Reduction Payment” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

ARTICLE II

DESCRIPTION OF PURPOSE OF THE BONDS

Section 2.1. Purpose of the Bonds. The Bonds are being issued solely and exclusively, except as provided in Section 2.3, to refund the Refunded Bonds in a manner consistent with the revenue needs of the Issuer. A breakdown of the sources and uses of funds is attached as *Exhibit A*.

Section 2.2. Reimbursement. None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

Section 2.3. Working Capital. All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to pay principal of, interest on and redemption premium on (if any) the Refunded Bonds, other than Sale Proceeds and investment earnings thereon used for the following:

- (a) Costs of Issuance and Qualified Administrative Costs of Investments;
- (b) payments of rebate or Yield Reduction Payments made to the United States under the Regulations; and
- (c) fees for the Credit Facility.

Section 2.4. Consequences of Contrary Expenditure. The Issuer acknowledges that if Sale Proceeds and investment earnings thereon are spent for non-Capital expenditures other than as permitted by Section 2.3 hereof, a like amount of then available funds of the Issuer will be treated as unspent Sale Proceeds.

Section 2.5. Payments to Issuer or Related Persons. The Issuer acknowledges that if Sale Proceeds or investment earnings thereon are transferred to or paid to the Issuer or any member of the same Controlled Group as the Issuer, those amounts will not be treated as having been spent for federal income tax purposes. Any Sale Proceeds or investment earnings thereon that are transferred to or paid to the Issuer or any member of the same Controlled Group as the Issuer will remain Sale Proceeds or investment earnings thereon, and thus Gross Proceeds, until such amounts are allocated to expenditures for federal income tax purposes. If the Issuer does not otherwise allocate any such amounts to expenditures permitted under this Tax Agreement, any such amounts will be allocated for federal income tax purposes to the next expenditures, not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing, for interest on the Bonds. The Issuer will consistently follow this accounting method for federal income tax purposes.

Section 2.6. Investment of Bond Proceeds. No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

Section 2.7. Hedges. Neither the Issuer nor any member of the same Controlled Group as the Issuer has entered into or expects to enter into any hedge (e.g., an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds or the Prior Bonds. The Issuer acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction. The Issuer acknowledges that if it wishes to take any such hedge into account in determining Bond Yield, various requirements under the Regulations, including prompt identification of the hedge with the Bonds on the Issuer's books and records, need to be met.

The Issuer also acknowledges that if it acquires a hedging contract with an investment element (including e.g. an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and Yield restriction. The Issuer agrees not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The Issuer also agrees that it will not give any assurances to any Bond holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The Issuer recognizes that if a portion of a hedging contract is determined to be an investment of Gross Proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

Section 2.8. No Payment Adjustments from Deposit of Funds with Prior Paying Agent. Neither the Issuer nor any member of the same Controlled Group as the Issuer will receive a rebate or credit or reduction in amounts payable for interest or credit enhancement resulting from any payments having been made in connection with the issuance of the Bonds or the refunding of the Refunded Bonds or the deposit of funds with the Prior Paying Agent.

Section 2.9. Internal Revenue Service Audits. The Internal Revenue Service has not contacted the Issuer regarding the Prior Bonds or any other obligations issued by or on behalf of the Issuer the proceeds of which have been or are to be used to finance assets or used for a purpose similar to the assets to be financed with the proceeds of the Bonds or of the Prior Bonds, or that were issued for the purpose for which the Bonds are being issued or for which the Prior Bonds were issued, or that are secured by or reasonably expected to be paid from the same or similar source as the Bonds or the Prior Bonds. To the best of the knowledge of the Issuer, no such obligations of the Issuer are currently under examination by the Internal Revenue Service.

ARTICLE III

USE OF PROCEEDS; DESCRIPTION OF FUNDS

Section 3.1. Use of Proceeds. (a) *Exhibit A* describes the use of the Sale Proceeds and the funds held under the Ordinance at the time of Closing.

(b) Only the following funds and accounts will be funded at Closing: Bond Fund and the Prior Bond Fund. There are no other funds or accounts created under the Ordinance, other than the Bond Fund and the Rebate Fund, if it is created as provided for in Section 4.2. No amounts, regardless of the source, are being deposited into these other funds and accounts at Closing.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Costs of Issuance incurred in connection with the Bonds will be paid at Closing.

Section 3.2. Purpose of Bond Fund. The Bond Fund (other than the Reserve Portion of the Bond Fund) will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

The Issuer will levy taxes to produce an amount sufficient to pay all principal of and interest on the Bonds in each bond year. To minimize the likelihood of an insufficiency, the amount levied to pay the Bonds may in most years be in excess of the amount required to pay principal and interest within one year of collection. Nevertheless, except for the Reserve Portion of the Bond Fund, the Bond Fund will be depleted each year as described above. The Reserve Portion of the Bond Fund will be treated as a separate account not treated as part of the bona fide

debt service fund. The Reserve Portion of the Bond Fund is subject to Yield restriction requirements except as it may otherwise be excepted as provided in 5.2 below. It is also subject to the rebate requirements.

Section 3.3. The Prior Bonds. (a) The Prior Bonds were issued on December 30, 2008, for the purpose of refunding certain outstanding bonds. As of the date three years after the Prior Bonds were issued all Prior Bond Proceeds, including investment earnings thereon, were completely spent.

(b) As of the date hereof, no Prior Bond Gross Proceeds or money or property of any kind (including cash) is on deposit in any fund or account, regardless of where held or the source thereof, with respect to the Prior Bonds or any credit enhancement or liquidity device relating to the foregoing, or is otherwise restricted to pay the Issuer's obligations other than amounts shown on *Exhibit A*. On the date hereof, any such amounts will be applied as described on *Exhibit A*.

(c) The Prior Bond Fund established in connection with the issuance of the Prior Bonds was used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Prior Bonds in each bond year. The Prior Bond Fund was depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (i) the earnings on the investment of moneys in such account for the immediately preceding bond year or (ii) one-twelfth (1/12th) of the principal and interest payments on the Prior Bonds.

(d) At the time the Prior Bonds were issued, the Issuer reasonably expected to spend at least 85% of the proceeds (including investment earnings) of the Prior Bonds to be used for non-refunding purposes for such purposes within three years of the date the Prior Bonds were issued and such proceeds were so spent. Not more than 50% of the proceeds of the Prior Bonds to be used for non-refunding purposes were invested in investments having a Yield that was substantially guaranteed for four years or more.

(e) The Refunded Bonds subject to redemption prior to maturity will be called on January 15, 2018, which is the earliest, practicable optional redemption date of the Refunded Bonds.

(f) The parties to this Tax Agreement acknowledge that (i) the final rebate payment with respect to the Prior Bonds may be required to be made sooner than if the refunding had not occurred and (ii) the final rebate is due 60 days after the Prior Bonds are paid in full.

Section 3.4. No Other Gross Proceeds. (a) Except as identified on *Exhibit G* hereto, and the Credit Facility, after the issuance of the Bonds, neither the Issuer nor any member of the same Controlled Group as the Issuer has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

- (i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund);

(iii) Transferred Proceeds;

(iv) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(v) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or the obligations under the Credit Facility or any other credit enhancement or liquidity device with respect to the Bonds, even if financial difficulties are encountered;

(vi) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the holders of the Bonds, the Credit Facility Provider, or any other credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to secure the Bonds held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the Bonds); or

(vii) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i), (ii) or (iii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Bonds, the Credit Facility or any other credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The weighted average maturity of the Bonds (which does not exceed 5 years) does not exceed 120 percent of the average reasonably expected economic life of the Prior Project.

(d) The term of the Bonds is not longer than reasonably necessary for the governmental purposes of the Bonds. The maturity, sinking fund and amortization schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (*i.e.*, having a lower average maturity) because such a more rapid schedule would place an undue burden on revenues or cause tax rates or the rates of other revenue sources to be increased beyond prudent

levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in Section 2.1.

Section 3.6. Final Allocation of Proceeds. Subject to the requirements of this Tax Agreement, including those concerning working capital expenditures in Section 2.3, the Issuer may generally use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments thereon, and expenditures. The Issuer must account for the final allocation of proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the property with respect to which the expenditure is made is Placed-in-Service. This allocation must be made in any event by the date 60 days after the fifth anniversary of the issue date of the Bonds or the date 60 days after the retirement of the Bonds, if earlier.

Reasonable accounting methods for allocating funds include any of the following methods if consistently applied: a specific tracing method; a Gross Proceeds spent first method; a first-in, first-out method, or a ratable allocation method.

ARTICLE IV

ARBITRAGE REBATE; RECORD KEEPING; INVESTMENT RESTRICTIONS

Section 4.1. Compliance with Rebate Provisions. The Issuer covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The Issuer will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

The Issuer may create and establish a special fund to be known as the Rebate Fund, which, if created, shall be continuously held, invested, expended and accounted for in accordance with the Ordinance and this Tax Agreement. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held and used for any required payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Tax Agreement.

Section 4.2. Records. The Issuer agrees to keep and retain or cause to be kept and retained for the period described in Section 7.10 adequate records with respect to the investment of all Gross Proceeds and any amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment ceases to be Gross Proceeds on a date other than the date such investment is sold or is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the

last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

Section 4.3. Fair Market Value; Certificates of Deposit and Investment Agreements. In making investments of Gross Proceeds and any amounts in the Rebate Fund the Issuer shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below. Investments in federally insured deposits or accounts, including certificates of deposit, may not be made except as allowed under Section 5.6 of this Tax Agreement.

(b) Investments in GICs shall be made only if:

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other Person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the Issuer or any other Person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

A single investment, or multiple investments awarded to a provider based on a single bid, may not be used for funds subject to different rules relating to rebate or yield restriction.

(c) If a GIC is purchased, the Issuer will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under paragraph (b)(xi) of this section;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in (a) or (b) of this section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an investment is traded on an established securities market only if at any time during the 31-day period ending 15 days after the purchase date: (i) within a reasonable period of time after the sale, the price for an executed purchase or sale of the investment (or information sufficient to calculate the sales price) appears in a medium that is made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments (including a price provided only to certain customers or to subscribers), or persons that broker purchases or sales of debt instruments; (ii) there are one or more firm quotes for the investment (a firm quote is considered to exist when a price quote is available from at least one broker, dealer, or pricing service (including a price provided only to certain customers or to subscribers) for property and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the property; a price quote is considered to be available whether the quote is initiated by a person providing the quote or provided at the request of the person receiving the quote; the identity of the person providing the quote must be reasonably ascertainable for a quote to be considered a firm quote for this purpose; a quote will be considered a firm quote if the quote is designated as a firm quote by the person providing the quote or if market participants typically purchase or sell, as the case may be, at the quoted price, even if the party providing the quote is not legally obligated to purchase or sell at that price); or (iii) there are one or more indicative quotes for the investment (an indicative quote is considered to exist when a price quote is available from at least one broker, dealer, or pricing service (including a price provided only to certain customers or to subscribers) for property and the price quote is not a firm quote described in the prior clause). However, a maturity of a debt instrument is not treated as traded on an established market if at the time the determination is made the outstanding stated principal amount of the maturity that includes the debt instrument does not exceed \$100,000,000 (or, for a debt instrument denominated in a currency other than the U.S. dollar, the equivalent amount in the currency in which the debt instrument is denominated).

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the Issuer. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this Section.

The foregoing provisions of this Section satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this Section are contained herein for the protection of the Issuer, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The Issuer will contact Bond Counsel if it does not wish to comply with the provisions of this Section. Modifications to this Tax Agreement can be made in accordance with Section 7.8 hereof.

Section 4.4. Arbitrage Elections. Attached hereto as *Exhibit E* is a schedule of elections regarding certain matters with respect to arbitrage executed by the Issuer on the date hereof. The elections made by the Issuer on *Exhibit E* are incorporated by reference as if made herein.

Section 4.5. Six Month Exception. If all Gross Proceeds of the Bonds (including earnings thereon) are spent within six months of the date the Bonds are issued, other than amounts deposited in a reasonably required reserve fund or a bona fide debt service fund, no rebate is required except in the case of unexpected gross proceeds arising after the date of Closing. If all proceeds (including earnings thereon) required to be spent are so spent within this six-month period, except for 5% of the Bond proceeds, and the City spends the 5% (plus earnings thereon), within one year from the Closing, no rebate is required. To qualify for the six-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds, other than a reasonably required reserve or replacement fund or a bona fide debt service fund. Even if the City qualifies for this exception, the City may have to rebate with respect to any amounts that arise or are pledged to the payment of the Bonds at a later date.

ARTICLE V

YIELD AND INVESTMENT LIMITATIONS

Section 5.1. Issue Price. (a) The Issuer has not contractually agreed with any person other than the Purchaser for such person to participate in the initial sale of the Bonds to the Public.

(b) The Purchaser has certified that it or another Underwriter offered all Bonds of certain Maturities (the "*Price Hold Maturities*") to the Public on or before the Sale Date at prices described in its certificate (the "*Actual Offer Prices*"). The Purchaser provided reasonable supporting documentation for that certification, such as a copy of the pricing wire.

(c) The Purchaser and all other Underwriters agreed in writing not to offer or sell Bonds of the Price Hold Maturities to any person at a price that is higher than the initial offering price of such Bonds to the Public during the period starting on the Sale Date and ending on the earlier of (i) the close of business of the fifth business day after the Sale Date or (ii) the date on which an Underwriter has sold at least 10% of Bonds with the same credit and payment terms as such Bonds to the Public at a price no higher than the Actual Offer Price of such Bonds.

(d) The Purchaser has certified that neither the Purchaser nor any other Underwriter has offered or sold any Bonds of the Price Hold Maturities to any person at a price that is higher than the Actual Offer Price of such Bonds during the period starting on the Sale Date and ending on

the earlier of (i) the close of business on the fifth business day after the Sale Date or (ii) the date on which an Underwriter has sold at least 10% of Bonds with the same credit and payment terms as such Bonds to the Public at a price no higher than the Actual Offer Price of such Bonds.

(e) For each Maturity of the Bonds the Issuer hereby identifies and is selecting the rule under which the Issue Price of that Maturity is determined as follows: (i) For any Maturity for which 10% or more of the Maturity was, prior to the date of Closing, first sold to the Public at a price that was no more than the Actual Offer Price, the Issue Price of such maturity shall be the First Sale Price. (ii) For all other Bonds of the Price Hold Maturities, the Issue Price will be the Actual Offer Price. (iii) For all Bonds that are not part of Price Hold Maturities, the Issue Price shall be the First Sale Price.

Section 5.2. Yield Limits. (a) Except as provided in paragraph (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds.

(b) The following may be invested without Yield restriction:

(i) amounts qualifying for a temporary period consisting of:

(A) amounts on deposit in the Bond Fund (except for capitalized interest) other than the Reserve Portion of the Bond Fund that have not been on deposit under the Ordinance for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in Section 3.2 hereof;

(B) more than 90 days beginning on the Closing and ending when the Refunded Bonds are paid;

(ii) amounts qualifying for other exceptions consisting of:

(A) an amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(B) amounts invested in Qualified Tax-Exempt Obligations;

(C) amounts in the Rebate Fund;

(D) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(E) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

Section 5.3. Yield Limits on Prior Bonds. Except for (i) an amount not to exceed the lesser of \$100,000 or five percent of Prior Bond Proceeds and (ii) if any, amounts on deposit in a

reasonably required reserve or replacement fund for the Bonds, the Issuer acknowledges that all Prior Bond Proceeds must be invested at market prices and at a Yield not in excess of the Yield on the Prior Bonds.

Section 5.4. Continuing Nature of Yield Limits. Except as provided in Section 7.9, once moneys are subject to the Yield limits of Section 5.2 and 5.3 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

Section 5.5. Federal Guarantees Except as otherwise permitted by the Regulations, no portion of the payment of principal of or interest on the Bonds, the Credit Facility or any other credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). This Section does not apply to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

Section 5.6. Federally Guaranteed Investments. (a) Certain Gross Proceeds may not be invested in a manner that is considered to create a federal guarantee. The restrictions in this Section 5.6 applies to all Gross Proceeds except:

- (i) amounts on deposit in the Bond Fund (other than the Reserve Portion of the Bond Fund) to the extent the Bond Fund qualifies as a bona fide debt service fund described in Section 3.2;

- (b) If the Issuer holds any Gross Proceeds other than those listed in the preceding paragraph (a), then any such Gross Proceeds in an amount in excess of five percent of the Sale Proceeds shall not be invested in:

- (i) federally insured deposits or accounts, such as bank accounts and C.D.s;

- (ii) obligations of or directly or indirectly guaranteed, in whole or in part, by the United States (or any agency or instrumentality of the United States), other than the following:

- (a) United States Treasury Obligations;

- (b) obligations issued by the Resolution Funding Corporation pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by

Section 511 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, or any successor provision (*e.g.*, Refcorp Strips); and

(c) obligations guaranteed by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

Section 5.7. Treatment of Certain Credit Facility Fees. Based upon representations made in a Certificate of Financial Advisor given separately and made a part of the transcript for the Bonds at Closing, and based upon representations made in the Certificate of the Credit Facility Provider attached as *Exhibit D*, which the Issuer has no reason to believe are untrue, and the representations contained in this Tax Agreement, the fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

Neither the Issuer nor any member of the same Controlled Group as the Issuer is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider does not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

The Bonds are insured by Build America Mutual ("*BAM*"). As a result of this insurance, you may become eligible to receive dividends. We understand that BAM has indicated that dividends are not expected. Any receipt of a dividend may trigger an additional payment requirement. You should contact Bond Counsel should you receive any dividends.

ARTICLE VI

PRIVATE ACTIVITY BOND REPRESENTATIONS; FORM 8038-G; BANK QUALIFICATION

Section 6.1. Payment and Use Tests. (a) No more than five percent of the Prior Bond Proceeds and the Bonds each considered separately, and investment earnings thereon were used, and will be used, directly or indirectly, in whole or in part, in any Private Business Use. The Issuer acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds or on the Prior Bonds, each considered separately, will not be, directly or indirectly

(i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the Issuer or a member of the same Controlled Group as the Issuer) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of \$5,000,000 or five percent of the sum of the Prior Bond Proceeds and investment earnings thereon were used, and no more than the lesser of \$5,000,000 or five percent of the Sale Proceeds of the Bonds and investment earnings thereon will be used, directly or indirectly, to make or finance loans to any persons. The Issuer acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Prior Project other than a state or local governmental unit will use more than five percent of the Prior Project, in the aggregate, on any basis other than the same basis as the general public.

Section 6.2. IRS Form 8038-G. The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, set forth as or referenced in *Exhibit F* attached hereto, is true and complete. The Issuer will file Form 8038-G (and all other required information reporting forms) in a timely manner.

Section 6.3. Bank Qualification. (a) The Issuer hereby designates each of the Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

(b) The Issuer has not entered into and will not enter into any agreements under which obligations issued by any other entity in calendar year 2017 were or will be allocated to the Issuer for purposes of Section 265(b)(3) of the Code.

(c) The Issuer is not subject to the Control of any entity, and there are no entities subject to Control of the Issuer that issued or may issue tax-exempt obligations during calendar year 2017. During calendar year 2017, the Issuer has not and will not issue tax-exempt bonds on behalf of any other entity. The Issuer has not and will not borrow the proceeds or otherwise use the proceeds of any tax-exempt bonds issued by another entity during calendar year 2017.

(d) The par amount of the Bonds does not exceed \$10,000,000 and the Issue Price of the Bonds does not exceed \$10,000,000. The Bonds have not been sold in conjunction with any other obligations.

(e) In calendar year 2017, other than the Bonds, no tax-exempt obligations of any kind have been issued, are reasonably expected to be issued, or will be issued (A) by or on behalf of the Issuer or (B) by any entity subject to Control by the Issuer (including any entity which may hereafter come into existence).

(f) In calendar year 2017, no entity has issued or will issue tax-exempt obligations which, but for the \$10,000,000 limitations of Section 265(b)(3) of the Code would have been or would be issued (A) by or on behalf of the Issuer or (B) by any entity subject to Control by the Issuer (including any entity which may hereafter come into existence). The Issuer will receive substantial benefits from the projects financed and refinanced by the Bonds.

(g) The Issuer may take an action or permit an action to be taken that is contrary to the requirements of this Section 6.3 only if, in addition to the requirements of Section 7.8 of this Tax Agreement, the action will not adversely affect the treatment of the Bonds as “qualified tax-exempt obligations” for the purpose and within the meaning of Section 265(b)(3) of the Code and the Issuer obtains an opinion of Bond Counsel to that effect.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Termination. This Tax Agreement shall terminate at the later of (a) 75 days after the later of the date the Bonds or the Prior Bonds have been fully paid and retired or (b) the date on which all payments, if any, required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of Sections 4.2, 4.3(c) and Section 7.8 shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

Section 7.2. Separate Issue. Since December 1, 2017, neither the Issuer nor any member of the same Controlled Group as the Issuer has sold or delivered any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the Issuer nor any member of the same Controlled Group as the Issuer will sell or deliver within 15 days after the date hereof any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

Section 7.3. No Sale of the Prior Project. (a) Other than as provided in the next sentence, neither the Prior Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the Issuer of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The Issuer may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the Issuer of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the Issuer reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the Issuer deposits amounts received from the disposition in a Commingled Fund with substantial tax or

other governmental revenues and the Issuer reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The Issuer acknowledges that if Bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a “deliberate action” within the meaning of the Regulations that may require prompt remedial actions to prevent interest on the Bonds from becoming included in gross income for federal income tax purposes. The Issuer shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property in a manner contrary to (a) above is considered by the Issuer.

Section 7.4. Purchase of Bonds by Issuer. The Issuer will not purchase any of the Bonds except to cancel such Bonds.

Section 7.5. First Call Limitation. The period between the date of Closing and the final maturity of the Bonds is not more than 10-1/2 years.

Section 7.6. Registered Form. The Issuer recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 7.7. Future Events. The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The Issuer shall promptly contact Bond Counsel if such changes do occur.

Section 7.8. Permitted Changes; Opinion of Bond Counsel. Any restriction or covenant contained herein need not be observed, and any provision of this Tax Agreement may be changed or amended, only if (in addition to any requirements for a particular change contained elsewhere in this Tax Agreement) such nonobservance, change or amendment will not result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or the inclusion of interest on the Bonds as an item of tax preference in computing the alternative minimum tax for individuals or corporations under the Code and the Issuer receives an opinion of Bond Counsel to such effect.

Section 7.9. Record Retention. The Issuer agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Tax Agreement, and to show that all tax-exempt Bond related tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include but are not limited to: basic records relating to the Bond transaction (including this Tax Agreement, the Ordinance and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (including, copies of leases,

management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under Section 4.2 and Section 4.3 hereof and in particular information related to the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments if any, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus the period ending three years after the latest of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

Section 7.10. Post-Issuance Compliance Policy. The Issuer acknowledges that the Internal Revenue Service encourages issuers of tax-exempt bonds to adopt written post-issuance compliance policies in addition to its bond documents. Post-issuance compliance policies may include provisions that specify the official(s) with responsibility for monitoring compliance, a description of the training provided to such responsible official(s) with regard to monitoring compliance, the frequency of compliance checks, the nature of the compliance activities required to be undertaken, the procedures used to timely identify and elevate the resolution of a violation when it occurs or is expected to occur, procedures for the retention of all records material to substantiate compliance with the applicable federal tax requirements, and an awareness of the availability of Internal Revenue Service's voluntary closing agreement program and other remedial actions to resolve violations.

The Issuer has adopted written post-issuance compliance policies that meet the foregoing, which are maintained by the Issuer separately. The post-issuance compliance policies do not constitute part of the Tax Agreement, and the Issuer may modify or eliminate any post-issuance compliance policies without the consent of the holders of the Bonds and without regard to Section 7.8 of this Tax Agreement.

Section 7.11. Severability. If any clause, provision or section of this Tax Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions hereof.

Section 7.12. Successors and Assigns. The terms, provisions, covenants and conditions of this Tax Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer.

Section 7.13. Headings. The headings of this Tax Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Agreement.

Section 7.14. Governing Law. This Tax Agreement shall be governed by and construed in accordance with the laws of State of Illinois.

Section 7.15. Expectations. The Issuer (including the undersigned officer) has reviewed the facts, estimates and circumstances presented by the Issuer and other persons in existence on the date of issuance of the Bonds. On the basis of the facts and estimates contained herein, the Issuer has adopted the expectations contained herein. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

DATED: December 21, 2017

CITY OF DECATUR, MACON COUNTY, ILLINOIS

By



Director of Finance

EXHIBIT A

ESTIMATED SOURCES AND USES OF FUNDS;

USE	SALE PROCEEDS OF THE BONDS (\$)
Prior Bond Fund	6,458,210.94
Bond Fund	0.00
Costs of Issuance	<u>118,004.96</u>
TOTAL	<u>\$6,576,215.90</u>

EXHIBIT B
[CERTIFICATE OF PURCHASER]

CERTIFICATE OF PURCHASER

The undersigned, on behalf of Raymond James & Associates, Inc., Chicago, Illinois (the "*Purchaser*"), hereby certifies as set forth below with respect to the sale and issuance of the \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), of the City of Decatur, Macon County Illinois (the "*City*").

I. General

The Purchaser, as underwriter of the Bonds, and the City have executed a bond purchase agreement in connection with the Bonds on the Sale Date (the "*Agreement*"). The Purchaser has not modified the Agreement since its execution on the Sale Date.

1. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. A. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the "*Initial Offering Prices*") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

B. As set forth in the Bond Purchase Agreement, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "*Hold-The-Offering-Price Rule*"), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-The-Offering-Price Rule.

C. No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. Defined Terms

1. *General Rule Maturities* means those Maturities of the Bonds not listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”
2. *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”
3. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 13, 2017), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
4. *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 13, 2017.
8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, including, specifically, the Purchaser, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

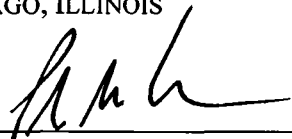
IV. Credit Facility

We have calculated that the present value of the fees paid and to be paid to Build America Mutual Assurance Company for insuring the Bonds (the "*Credit Facility*") (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Credit Facility. The fees paid and to be paid for the Credit Facility does not exceed, in our judgement, a reasonable, arm's-length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

IN WITNESS WHEREOF, I hereunto affix my signature, this 21st day of December, 2017.

RAYMOND JAMES & ASSOCIATES, INC.,
CHICAGO, ILLINOIS

By: 
Title: Managing Director

SCHEDULE A

HOLD-THE- OFFERING- PRICE MATURITY <u>IF MARKED</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>INITIAL OFFERING PRICE (% OF PAR)</u>
	2018	900,000	3.00	101.262
	2019	925,000	3.00	101.739
	2020	950,000	4.00	104.726
	2021	995,000	4.00	105.614
	2022	1,045,000	4.00	106.551
	2023	1,095,000	4.00	107.137
*	2024	<u>365,000</u>	4.00	107.235
	Total	<u>6,275,000</u>		

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

Wires

Branch Copy - Forwarded by Raymond James & Asso - IL

Rec'd Date/Time (CST)	Sender	ST Wire Type/Title	Master Message #	Deal Type
12/13/17 09:40 AM	Raymond James & Asso IL	Final Pricing Wire		Neg

RE: \$ 6,275,000
 City of Decatur, Illinois
 General Obligation Refunding Bonds, Series 2017
 BANK QUALIFIED

MOODY'S: A2
 Negative

S&P: AA

FITCH:

BUILD AMERICA MUTUAL ASSURANCE CO Insured

DATED:12/21/2017 FIRST COUPON:06/15/2018 INTEREST ACCRUES:12/21/2017

DUE: 12/15

INITIAL TRADE DATE: 12/13/2017 @ 1:00PM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
12/15/2018	900M	3.00%	1.70	3/8	243127VY0
		(Approx. \$	Price 101.262)		
12/15/2019	925M	3.00%	2.10	3/8	243127VZ7
		(Approx. \$	Price 101.739)		
12/15/2020	950M	4.00%	2.35	3/8	243127WA1
		(Approx. \$	Price 104.726)		
12/15/2021	995M	4.00%	2.51	3/8	243127WB9
		(Approx. \$	Price 105.614)		
12/15/2022	1,045M	4.00%	2.59	3/8	243127WC7
		(Approx. \$	Price 106.551)		
12/15/2023	1,095M	4.00%	2.70	3/8	243127WD5
		(Approx. \$	Price 107.137)		
12/15/2024	365M	4.00%	2.85	3/8	243127WE3
		(Approx. \$	Price 107.235)		

CALL FEATURES:

PRIORITY OF ORDERS AS FOLLOWS:

1. Member

The Award is expected on Wednesday, December 13, 2017 at 9:35AM Eastern .

Delivery is firm for Thursday, December 21, 2017.

This issue is book entry only. This issue is clearing through DTC.

Award: 12/13/2017
Award Time: 9:35AM Eastern
Delivery: 12/21/2017 (Firm)
Initial trade: 12/13/2017
Date of Execution: 12/13/2017
Time of Execution: 1:00PM Eastern

Raymond James & Associates

By: Raymond James & Associates Chicago, IL

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EXHIBIT C

[RESERVED]

EXHIBIT D

[CERTIFICATE OF CREDIT FACILITY PROVIDER]



**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM Policy No.: 2017B0754

BONDS: \$6,275,000 in aggregate principal amount of
City of Decatur, Macon County, Illinois
General Obligation Refunding Bonds
Series 2017

Date of the Official Statement: December 13, 2017

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), in connection with the issuance by BAM of its Policy referenced above (the "Policy") in respect of the Bonds referenced above (the "Bonds") that:

- (i) The information set forth under the caption "BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY" in the official statement referenced above, relating to the Bonds (the "Official Statement") is true and correct;
- (ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;
- (iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);
- (iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the "Insurance Payment") is solely a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;
- (v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;
- (vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);
- (vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;
- (viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM;
- (ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;
- (x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and
- (xi) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payment for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines, positioned above the signature line.

By: _____
Authorized Officer

Dated: December 21, 2017

EXHIBIT E

SCHEDULE OF ELECTIONS

With regard to the Bonds, the Issuer hereby makes the elections indicated below with an "X." Any election below that has not been marked with an "X" has *not* been made in this Schedule of Elections:

A. Election to Waive Temporary Periods or Reasonably Required Reserve or Replacement Fund

☐ The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) its right to invest amounts in the following funds or accounts in higher yielding investments:

This waiver applies to any exceptions to Yield restriction that might otherwise apply to such amounts for a temporary period or as part of a reasonably required reserve fund. *This election is being made on or before the issue date of the Bonds.*

B. Waiver of Minor Portion

☐ The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) described below its right to invest amounts in the funds or accounts described below in higher yielding investments as a result of any available minor portion.

This waiver may be made at any time.

C. Election to Treat Certain General Obligation Bonds as Part of the Same Issue.

☐ The issuer hereby elects under Treas. Reg. Section 1.150-1(c)(4)(iii) to treat the following series of Bonds as part of the same issue:

All of the Bonds described above are general obligation bonds of the Issuer secured by the full faith and credit of the Issuer (or a substantially similar pledge) and were sold and issued on the same dates pursuant to a single offering document.

This election is being made on or before the issue date of the Bonds.

D. Election to Treat Certain Bonds as Part of Separate Issues.

☐ The issuer hereby allocates Bonds to particular uses under Treas. Reg. Section 1.150-1(c)(3), so as to treat the following Bonds as part of separate issues for purposes of Sections 103, 141 through 150 of the Code, other than Sections 141, 144(a), 148, 149(d) and 149(g):

Purpose 1:

Description of Bonds:

Purpose 2:

Description of Bonds:

The aggregate proceeds, investments will be allocated between each of the separate issues, using a reasonable consistently applied allocation method, as follows:

Each of the separate issues finance a separate purpose, and the Bonds of each portion would have been tax exempt if sold as a separate issue. The aggregate proceeds, investments, and Bonds have been allocated between each of the separate issues using a reasonable, consistently applied allocation method, which does not achieve more favorable results under sections 103 and 141 to 150 than could be achieved with actual separate issues. If any of the Bonds are refunding bonds, the allocations described above meet the rules of Treas. Reg. Section 1.148-9(h). *All allocations under this election have been made in writing on or before the issue date.*

All terms not defined herein shall have the same meaning as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this exhibit is attached.

No Additional Elections Made
[Authorized Representative of Issuer]

EXHIBIT F

[FORM 8038-G]

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here ☐	
1 Issuer's name City of Decatur, Macon County, Illinois		2 Issuer's employer identification number (EIN) 36-6001308	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Decatur, Illinois 62523		7 Date of issue 12/21/2017	
8 Name of issue General Obligation Refunding Bonds, Series 2017		9 CUSIP number 243127 WE3	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Gregg D. Zientara, City Treasurer		10b Telephone number of officer or other employee shown on 10a (217) 424-2700	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	
18 Other. Describe ► various municipal	18	6,576,215 90
19 If obligations are TANs or RANs, check only box 19a ☐ If obligations are BANs, check only box 19b ☐		
20 If obligations are in the form of a lease or installment sale, check box ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/15/2024	\$ 6,576,215.90	\$ 6,275,000.00	3.835 years	2.6073 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest	22			0 00
23	Issue price of entire issue (enter amount from line 21, column (b))	23			6,576,215 90
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	100,867	01	
25	Proceeds used for credit enhancement	25	17,137	95	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00	
27	Proceeds used to currently refund prior issues	27	6,458,210	94	
28	Proceeds used to advance refund prior issues	28	0	00	
29	Total (add lines 24 through 28)	29			6,576,215 90
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30			0 00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	3.815	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	01/15/2018	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	12/30/2008	

For Paperwork Reduction Act Notice, see separate instructions.

Cat No. 63773S

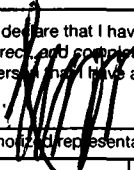
Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box			☒
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			☐
41a If the issuer has identified a hedge, check here ☐ and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box			☐
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			☒
44 If the issuer has established written procedures to monitor the requirements of section 148, check box			☒
45a If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ _____			

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) I have authorized above.

Signature of issuer's authorized representative  Date **12/21/2017** Type or print name and title **Gregg D. Zientara, City Treasurer**

Paid Preparer Use Only

Print/Type preparer's name Kyle W. Harding	Preparer's signature 	Date 12/21/2017	Check ☐ if self-employed	PTIN P00970321
Firm's name ▶ Chapman and Cutler LLP			Firm's EIN ▶ 36-2153731	
Firm's address ▶ 111 West Monroe Street, Chicago, Illinois 60603			Phone no (312) 845-3000	

EXHIBIT G

GROSS PROCEEDS*

Amounts used to pay Costs of Issuance at Closing

Amounts used to pay the Refunded Bonds are deposited with the Prior Paying Agent at Closing

* If, any amounts are held contrary to the expectations described in Article III of the Tax Agreement, such amounts may also constitute Gross Proceeds. Further, if any Bond-financed property is sold or otherwise disposed of, contrary to the expectations described in the Tax Agreement, any amounts received from such sale or other disposition may also constitute Gross Proceeds.

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

**CERTIFICATE OF REDUCTION OF TAXES
HERETOFORE LEVIED FOR THE PAYMENT OF BONDS**

TO THE COUNTY CLERK OF THE COUNTY OF MACON, ILLINOIS:

We, the undersigned, being the duly qualified and acting Treasurer and City Clerk of the City of Decatur, Macon County, Illinois (the "*City*"), having been directed and authorized by the Council of the City (the "*Council*") to prepare and file this Certificate, do hereby certify and notify you as follows:

1. That the City has heretofore issued its general obligation bonds for various municipal purposes as authorized by the Illinois Municipal Code, as amended, the home rule powers of the City and an enabling ordinance adopted pursuant to such home rule powers (collectively, the "*Act*").

2. That in accordance with the Act, the City has levied taxes to pay maturing principal and interest on its general obligation bonds and has filed such levies in your offices.

3. That a portion of the bonds of the City that are presently outstanding and that have not been refunded (the "*Prior Bonds*") are described as follows:

<u>SERIES AND DATE OF BONDS</u>	<u>ORIGINAL PRINCIPAL AMOUNT</u>	<u>PRINCIPAL AMOUNT OUTSTANDING</u>	<u>BOND ORDINANCE ADOPTED ON</u>	<u>BOND ORDINANCE FILED WITH COUNTY CLERK ON</u>
2008, dated December 15, 2008	\$10,000,000	\$6,435,000	12/15/2008	

4. That the amounts levied to pay the Prior Bonds in and for each of the years prior to 2017 have been collected and received by the City or are in the process of extension and collection.

5. That the Council has authorized the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017, dated December 21, 2017, of the City (the “Refunding Bonds”).

6. That proceeds of the Refunding Bonds will be used for the purpose of refunding a portion of the Prior Bonds described in paragraph 3 hereof as follows:

\$6,435,000 General Obligation Bonds, Series 2008, dated December 15, 2008, being all of the bonds outstanding from an issue in the original principal amount of \$10,000,000, fully registered and without coupons, due serially on December 15 of the years and in the amounts and bearing interest at the rates per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>RATE OF INTEREST</u>
2018	\$ 895,000	4.250%
2019	935,000	4.250%
2020	975,000	4.250%
2021	1,020,000	4.375%
2022	1,075,000	4.375%
2023	1,130,000	4.375%
2024	405,000	4.500%

7. That pursuant to the Act, you are hereby notified and directed to make proper reduction of the taxes heretofore levied for the years 2017 (collectible in 2018) to 2023, inclusive, for the payment of the Prior Bonds described in paragraph 3 hereof by abating all of said taxes levied for said years for such purpose.

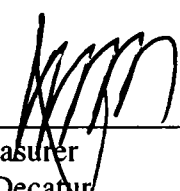
8. That the ordinance adopted by the Council on the 16th day of October, 2017, as supplemented by a Notification of Sale, dated December 13, 2017, authorizing the Refunding Bonds (the “Bond Ordinance”) prescribes all details thereof and provides for the levy and collection of a direct annual tax upon all the taxable property within the City to pay the principal thereof and interest thereon as the Refunding Bonds mature.

9. That certified copy of the Bond Ordinance has been filed in your office as County Clerk of The County of Macon, Illinois, and constitutes the authority for the extension and collection of the taxes to pay the principal and interest on the Refunding Bonds.

10. That you are notified and directed that such refunding bond and interest taxes shall be levied and collected as set forth in the Bond Ordinance in like manner as the general taxes for the City and shall not be included within any limitation of rate for general purposes now or hereafter provided by law but shall be excluded therefrom and be in addition thereto and in excess thereof.

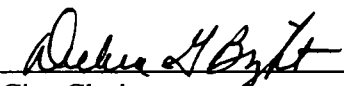
11. That except as set forth in paragraph 7 hereof, the taxes heretofore levied by the City for the payment of principal of or interest on its bonds should not be abated at this time.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City, this 13th day of December, 2017.



City Treasurer
City of Decatur
Macon County, Illinois

ATTEST:

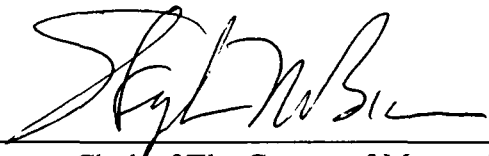


City Clerk
City of Decatur
Macon County, Illinois

[SEAL]

RECEIPT IS HEREBY ACKNOWLEDGED this 15 day of December, 2017, of a duplicate original of this CERTIFICATE OF REDUCTION OF TAXES HERETOFORE LEVIED FOR THE PAYMENT OF BONDS, manually executed by the Treasurer and City Clerk of the City of Decatur, Macon County, Illinois, and it is hereby certified that the same has been deposited in the official files and records of my office and that the taxes heretofore levied for the years 2017 to 2023, inclusive, for the payment of the Prior Bonds as described in said Certificate will be abated in their entirety as provided in paragraph 7 of said Certificate.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this 15 day of December, 2017.



County Clerk of The County of Macon, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

**CERTIFICATE ON DELIVERY AND OF SIGNATURES
RECEIPT FOR FUNDS AND OF SIMULTANEOUS
DEPOSIT AND ORDER TO BOND REGISTRAR**

We, the undersigned, do hereby certify that we are the officers of the City of Decatur, Macon County, Illinois (the “City”), whose names and offices are, respectively, as follows:

<u>NAME OF OFFICER</u>	<u>OFFICE HELD</u>
Julie Moore Wolfe	Mayor
Debra G. Bright	City Clerk
Gregg D. Zientara	City Treasurer

We do further certify that pursuant to law and authorization duly vested in us, we are delivering \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the “Bonds”), of the City, under and pursuant to the provisions of an ordinance (the “Bond Ordinance”) of the City, duly adopted by the Council of the City on the 16th day of October, 2017, as supplemented by a Notification of Sale, dated December 12, 2017 (the “Bond Notification”). We do further certify as follows:

1. We the undersigned Mayor and City Clerk have caused the execution of the Bonds by our manual or duly authorized facsimile signatures, as appearing thereon, in the principal amount of \$6,275,000, being numbered consecutively, of the denomination \$5,000 or authorized integral multiple thereof, dated December 21, 2017, and due serially (subject to redemption prior to maturity as described below) on December 15 in the years and in the amounts and bearing interest at the rates percent per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2018	\$ 900,000	3.00%
2019	925,000	3.00%
2020	950,000	4.00%
2021	995,000	4.00%
2021	995,000	4.00%
2022	1,045,000	4.00%
2023	1,095,000	4.00%
2024	365,000	4.00%

We have executed the Bonds in the manner and capacity indicated by our signatures and the titles subscribed hereto.

2. We are now and were at the time of the adoption of the Bond Ordinance the duly chosen, qualified and acting officers indicated by said titles.

3. There has been impressed on each of the Bonds the official seal or facsimile thereof of the City.

4. There has been no change in the corporate organization, existence or officers of the City since October 1, 2017.

5. No person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the contract heretofore entered into between the City and Raymond James & Associates, Inc., Chicago, Illinois (the "*Purchaser*"), for the purchase of the Bonds.

6. The aforesaid contract with the Purchaser was made by a Bond Purchase Agreement, dated December 13, 2017 (the "*Purchase Contract*"), by and between the City and the Purchaser. The Purchase Contract is still in full force and effect. The representations, warranties and covenants set forth therein are true, correct and complete as of the date hereof as if made on this date, and each and every such representation and

warranty is hereby reaffirmed and incorporated herein by reference. The City has complied with all covenants and agreements and satisfied all conditions and terms on its part to be performed or satisfied prior to the date hereof.

7. The Bonds have been offered for sale pursuant to a Preliminary Official Statement, dated December 5, 2017 (the "*POS*"), and offered and delivered pursuant to an Official Statement, dated December 13, 2017 (the "*OS*"). As to each of the *POS* and the *OS* as of its respective date, and as to the *OS* as of the date hereof, the information contained therein as the same relates to the City, according to the best of our knowledge, information and belief, was and, with respect to the *OS*, is, true and correct. The information contained in the *OS* as the same relates to the City (including any amendment or supplement thereto), does not contain any untrue statement of a material fact or omit to state a material fact that should be included therein for the purposes for which such *OS* is intended to be used, or which is necessary to make the statement contained therein, in the light of the circumstances under which they were made, not misleading. If, within 25 days following the date hereof, any event shall occur which might or would cause the information contained in the *OS* as the same relates to the City to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Purchaser and if, in its opinion, such event requires the preparation and publication of a supplement or amendment to the *OS*, the City will supplement or amend the *OS* in a form and in a manner approved by the Purchaser.

8. Regarding receipt of funds for the Bonds:

A. The City has received from the Purchaser the purchase price of the Bonds as follows:

<u>PURCHASE PRICE COMPONENT</u>	<u>AMOUNT (\$)</u>
Principal	6,275,000.00
plus Original Issue Premium	301,215.90
less Underwriter's Discount	(43,925.00)
plus Accrued Interest	<u>0.00</u>
TOTAL	6,532,290.90

in compliance with the Purchase Contract.

B. The amount received from the sale of the Bonds will be used for the purposes described in the Bond Ordinance.

C. Simultaneously and as a part of the same transaction as the issue and delivery of the Bonds, we deposited the proceeds of sale of the Bonds, along with \$0.00 of lawfully available funds of the City, as follows:

<u>PURPOSE</u>	<u>AMOUNT (\$)</u>
To The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, paying agent for the Refunded Bonds (as defined in the Bond Ordinance)	6,458,210.94
Accrued Interest to the Bond Fund created and held under the Bond Ordinance	0.00
To expenses to be paid at closing	<u>74,079.96</u>
TOTAL	6,532,290.90

9. Provision has been made for the payment of the principal of and interest on the Refunded Bonds from the date hereof up to and including January 15, 2018.

10. Except for the aforesaid amount deposited with the Paying Agent from the proceeds of the Bonds, no funds of the City derived *from any borrowing* are to be used

for the payment of the principal of or interest on the Refunded Bonds or are or have been deposited with the Paying Agent for such purpose.

11. The total aggregate indebtedness of the City, howsoever evidenced and howsoever incurred, *including* the Bonds, does not exceed any lawful limitation.

12. The costs of issuance of the Bonds are set forth in *Exhibit A* attached hereto, and that said costs are reasonable and not excessive in view of the amount of the Bonds and the complexity of the proceedings related to their issuance.

13. The officers whose signatures appear on the Bonds were in occupancy and possession of their respective offices at the time of the delivery of the Bonds as aforesaid.

14. The proceedings authorizing the issuance, sale and application of proceeds of the Bonds, including, but not limiting by such reference, each of the following: (a) the Bond Ordinance, and (b) the Bond Notification (being collectively the "*Corporate Proceedings*"), have not been in any manner or to any extent amended, repealed or superseded.

15. No action, suit, inquiry, investigation or other proceeding is now pending or, to our knowledge, threatened in or before any court, governmental agency, authority, body or arbitrator, restraining or enjoining the issuance, sale or delivery of the Bonds or the fixing or collection of the taxes pledged to the payment thereof, or the pledge thereof, or affecting in any way the right or authority of the City to pay the Bonds and the interest thereon and to carry out the terms and provisions of the proceedings authorizing and securing the Bonds, including, but not limiting by such reference, the Corporate Proceedings or affecting directly or indirectly the validity or enforceability of the Bonds, the Bond Ordinance or the Purchase Contract or the right of the City to apply the proceeds of the sale of the Bonds to the purposes for which they are issued, or affecting

the corporate organization or existence of the City or the right or title of its present officers to their respective offices, or contesting in any way the completeness or accuracy of the Official Statement, or the powers or authority of the City with respect to the Purchase Contract, the Bond Ordinance or the Bonds, or the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

16. There have been no instances in the previous five years in which the City has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, except as noted in the OS.

We do further authorize and direct U.S. Bank National Association, Indianapolis, Indiana, as bond registrar for the Bonds, to authenticate the Bonds as hereinabove described and deliver the Bonds to the Purchaser, on its order.

IN WITNESS WHEREOF we have hereunto affixed our official signatures and the seal of the City, this 21st day of December, 2017.

TITLE

Mayor, City of Decatur,
Macon County, Illinois

City Clerk, City of Decatur,
Macon County, Illinois

Treasurer, City of Decatur,
Macon County, Illinois

SIGNATURE

Julie Moore Wolfe
Dekra H. Bright
[Signature]

[SEAL]

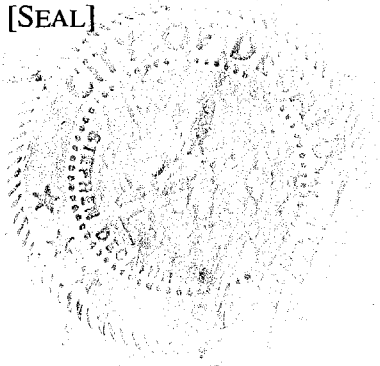


EXHIBIT A

COSTS OF ISSUANCE

Bond Counsel/Underwriter's Counsel	Chapman and Cutler LLP	\$32,500.00
Bond Registrar/Paying Agent	U.S. Bank National Association	625.00
Financial Advisor	Speer Financial, Inc.	6,275.00
Rating Agency	Moody's	14,000.00
Insurer	Build America Mutual	17,137.95
OS Printing	Wold	1,400.00
Miscellaneous/Rounding Amount		<u>2,142.01</u>
		\$74,079.96

CERTIFICATION AND RECEIPT OF PRIOR PAYING AGENT

The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois (the "*Bank*"), by the undersigned duly authorized officer, does hereby certify as follows:

1. That pursuant to an ordinance adopted by the Council of the City of Decatur, Macon County, Illinois (the "*City*"), on the 15th day of December, 2008, the Bank is the paying agent for the payment of the principal of and interest on the City's General Obligation Bonds, Series 2008, dated December 15, 2008 (the "*Bonds*").
2. That the City has called the Bonds for redemption on January 15, 2018.
3. That on the 21st day of December, 2017, the City made an irrevocable deposit with the Bank in the amount of \$6,458,210.94, for the purpose of paying \$6,435,000 in aggregate principal amount of the Bonds, and interest due on the Bonds, on January 15, 2018, that said deposit will be used solely and only for said purpose and that said amount is adequate for said purpose.
4. That said amount so deposited will be held in cash until January 15, 2018, and will not be otherwise invested.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Bank, this 21st day of December, 2017.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION,
Chicago, Illinois

By 
Its Vice President

(SEAL)

BOND REGISTRAR'S CERTIFICATE

U.S. Bank National Association, Indianapolis, Indiana (the "*Bond Registrar*"), hereby certifies that it is the bond registrar and paying agent for the City of Decatur, Macon County, Illinois (the "*City*"), appointed for \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), of the City pursuant to the provisions of an ordinance (the "*Bond Ordinance*") of the City, duly adopted by the Council of the City on the 16th day of October, 2017, as supplemented by a Notification of Sale, dated December 13, 2017 (the "*Bond Notification*").

The Bond Registrar hereby further certifies and agrees as follows:

1. The Bond Registrar has heretofore and does hereby accept the duties as bond registrar and paying agent so imposed by the Bond Ordinance.

2. Pursuant to a proper authorization and direction from the City dated this date, the Bond Registrar has authenticated as of this date and delivered to Raymond James & Associates, Inc., Chicago, Illinois and associates, the Bonds, in the principal amount as hereinabove set forth, being numbered consecutively, of the denomination of \$5,000 or authorized integral multiples thereof, dated December 21, 2017, and due serially (without option of prior redemption) on December 15 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2018	\$ 900,000	3.00%
2019	925,000	3.00%
2020	950,000	4.00%
2021	995,000	4.00%
2021	995,000	4.00%
2022	1,045,000	4.00%
2023	1,095,000	4.00%
2024	365,000	4.00%

NAME	OFFICE	SIGNATURE
<u>Pamela V. Cole</u>	<u>Vice President</u>	<u>Pamela V. Cole</u>
<u>Lois M. Moore</u>	<u>Assistant Vice President</u>	<u>Lois M. Moore</u>

5. The Bond Registrar acknowledges receipt of certified copy of the Bond Ordinance and the Bond Notification.

IN WITNESS WHEREOF the Bond Registrar has caused this certificate to be executed and attested in its name all this 21st day of December, 2017.

U.S. BANK NATIONAL ASSOCIATION
Indianapolis, Indiana

By: 
Its Rebekah A. Foltz
Vice President

ATTEST:

By 
Its Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF FINANCIAL ADVISOR

I, the undersigned, do hereby certify that I am an officer of Speer Financial, Inc., Chicago, Illinois (*"Speer"*), and as such officer I do further certify as follows:

1. That Speer is the financial advisor to the City of Decatur, Macon County, Illinois (the *"City"*), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017, dated December 21, 2017 (the *"Bonds"*), of the City.

2. The Bonds have been sold to Raymond James & Associates, Chicago, Illinois (the *"Purchaser"*). The City is to receive from the Purchaser the purchase price of \$6,532,290.90 for the Bonds. The Bonds have been sold at a price such that the true interest rate (cost) to the City of the proceeds of the Bonds does not exceed 4.00% and that the Refunding (as defined in the bond ordinance adopted by the Council of the City on the 16th day of October, 2017) will provide net present value debt service savings to the City in an amount not less than 4.00% of the par amount of the Refunded Bonds. The sale was made upon our advice to officials of the City, that the terms of the Bonds were fair and reasonable in view of current conditions in the bond markets.

3. In our opinion, neither the interest rates on the Bonds nor the Purchaser's spread, production or profits in connection with the purchase and sale of the Bonds are unreasonably high; and the purchase price paid by the Purchaser to the City for the Bonds is not unreasonably low.

4. The present value of the fee paid to Build America Mutual Assurance Company for insuring the Bonds (the *"Credit Facility"*) (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term

of the Bonds as a result of the Credit Facility, that the fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk, and that the fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

5. We have obtained fee estimates or quotations on fees for the issuance of the Bonds. We have been requested to review all of said fees or costs listed on Exhibit A except those pertaining to attorneys (which attorney's fees are governed by rules of professional conduct with which we are not familiar). It is our opinion that each fee we have been requested to review is reasonable and not excessive in view of the amount of the Bonds and the complexity of the proceedings related to their issuance.

IN WITNESS WHEREOF, I hereunto affix my signature, this 21st day of December, 2017.

SPEER FINANCIAL, INC.
Chicago, Illinois

By: Daniel Forbes

Title: President

EXHIBIT A

COSTS OF ISSUANCE

Bond Counsel/Underwriter's Counsel	Chapman and Cutler LLP	\$32,500.00
Bond Registrar/Paying Agent	U.S. Bank National Association	625.00
Financial Advisor	Speer Financial, Inc.	6,275.00
Rating Agency	Moody's	14,000.00
Insurer	Build America Mutual	17,137.95
OS Printing	Wold	1,400.00
Miscellaneous/Rounding Amount		<u>2,142.01</u>
		\$74,079.96



CITY OF DECATUR ILLINOIS

#1 GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523-1196

December 21, 2017

Council
City of Decatur
Macon County, Illinois

Chapman and Cutler LLP
Chicago, Illinois

Raymond James & Associates, Inc.
Chicago, Illinois

Ladies and Gentlemen:

I am the Corporation Counsel for the City of Decatur, Macon County, Illinois (the "City"), and in connection with the issuance on this date by the City of its \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), I have examined the public records, proceedings and documents of the City in connection with the issuance of the Bonds which I consider necessary for the purpose of this opinion.

Based upon the foregoing and upon such other information and documents furnished to me as I believe necessary to enable me to render this opinion, I am of the following opinion:

1. The City is a home rule unit within the meaning of Article VII of the Constitution of the State of Illinois, duly organized and existing under the Constitution and laws of the State of Illinois.

2. The City has no special ordinances of limitation or procedural ordinance, rule, or order relating to the issuance of general obligation corporate purpose bonds or notes for corporate or refunding purposes without referendum, *provided, however*, that on the 25th day of February, 1982, the Council of the City (the "*Council*") did adopt an ordinance determining the procedures to be followed in the borrowing of money for public purposes of the City and in evidence of such borrowing the issuing of full faith and credit bonds of the City without referendum approval, such ordinance being entitled:

ORDINANCE NO. 82-22

AN ORDINANCE establishing procedures to be followed in incurring indebtedness for corporate purposes, issuing bonds to evidence such indebtedness and directing the levying of taxes, without limit as to rate or amount, for the purpose of paying principal and interest on such bonds as the same become due.

(the "*Procedural Ordinance*"); and there is no City limitation upon the amount of its existing debt. I have reviewed the Procedural Ordinance and am of the opinion that the Bonds have been issued in compliance with all applicable terms thereof.

3. On October 16, 2017, the Council of the City (the "*Council*") adopted an ordinance entitled:

AN ORDINANCE providing for the issuance of not to exceed \$6,800,000 General Obligation Refunding Bonds, Series 2017, of the City of Decatur, Macon County, Illinois, authorizing the sale of said bonds to Raymond James & Associates, Inc., providing for the levy and collection of a direct annual tax sufficient for the payment of the principal of and interest on said bonds, and further providing for the execution of an escrow agreement in connection with such issuance.

as supplemented by a Notification of Sale, dated December 13, 2017 (the "*Bond Ordinance*").

4. The Bond Ordinance and the Procedural Ordinances are presently in full force and effect and have not been repealed or rescinded or amended (except as hereinabove stated), and the Council has not adopted any other ordinance, resolution, or other proceeding affecting in any manner the procedures for the issuance of the Bonds.

5. The proceedings taken by the Council relative to the authorization of the Bonds and the passage of the Bond Ordinance and the Procedural Ordinance were held in compliance with (a) the Open Meetings Act of the State of Illinois, as amended, (b) the Illinois Municipal Code, as amended, where not validly superseded by the City's home rule powers, and (c) the Code of Ordinances of the City (which includes the procedural rules of the Council).

6. The proceedings taken by the Council in authorizing and issuing the Bonds and applying the proceeds thereof as provided in the Bond Ordinance for the payment of certain prior general obligation bonds of the City which have previously been issued do not conflict with or cause the City to be in violation of any ordinance, indenture, agreement, court or administrative order or adjudication to which the City is subject.

7. To the best of my knowledge and belief, there is no litigation pending or threatened to restrain or enjoin or otherwise affect said proceedings, the Bonds, the application of proceeds of the Bonds, or the payment of the Bonds; and none of said proceedings to which reference is made herein have been in any manner or to any extent amended, revoked, repealed, supplemented or superseded.

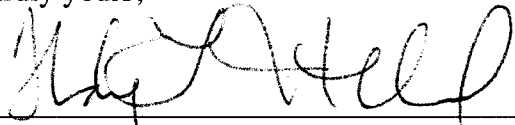
8. The Council has taken no action to modify the provisions of the Illinois Municipal Code, as amended, with respect to the calling, holding, or giving of notice of regular or special meetings.

9. The Council has taken no action to modify the provisions of said Illinois Municipal Code with respect to the introduction and passage of resolutions or ordinances.

10. The Council does not require the laying over of resolutions or ordinances.

11. The City has entered into a continuing disclosure undertaking, dated the date hereof (the "*Undertaking*"), for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking is a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

Very truly yours,



Wendy L. Morthland
Corporation Counsel
City of Decatur, Macon County, Illinois

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the City of Decatur, Macon County, Illinois (the “*City*”), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the Council of the City on the 16th day of October, 2017 (the “*Ordinance*”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

DEBT STRUCTURE

- Summary of Outstanding Debt
- Bonded Debt Repayment Schedule
- Debt Ratios (City debt only)

FINANCIAL INFORMATION

- EAV Trend
- Tax Rate Trend
- Representative Tax Rate
- Tax Extensions and Collections
- Major Taxpayers
- Summary of Operating Results

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated December 13, 2017, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the City pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The City will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all

EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the City by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The City shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

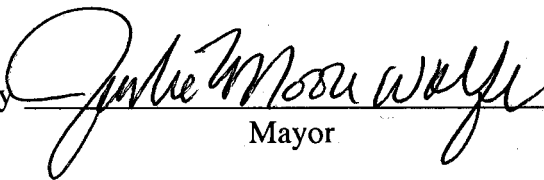
11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The City shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF DECATUR, MACON COUNTY, ILLINOIS

By _____
Mayor

Date: December 21, 2017

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the City's fiscal year (currently December 31) beginning with the fiscal year ending December 31, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the City.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

EXHIBIT III
CUSIP NUMBERS

YEAR OF MATURITY (March 1)	CUSIP NUMBER (243127)
2018	VY0
2019	VZ7
2020	WA1
2021	WB9
2022	WC7
2023	WD5
2024	WE3

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be Completed by Issuer)

City of Decatur, Macon County, Illinois

(Name of Issuer)

March 15, 2004

(Date)

(For Municipal Issues:
Underwriting Department—50th Floor)
(For Corporate Issues:
General Counsel's Office; 49th Floor)
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC")

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Decatur, Macon County, Illinois

Paul Osborne
(Authorized Officer's Signature)

Paul Osborne, Mayor

(Title)

One Gary K. Anderson Plaza

(Street Address)

Decatur, Illinois USA 62523

(City) (State) (Country)

(Zip Code)

(217) 424-2702

(Phone Number)

(E-mail Address)

Witnessed and Accepted:

THE DEPOSITORY TRUST COMPANY

Debra Russo
By:



The Depository Trust &
Clearing Corporation

1659030

2021

(To Blanket Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSOC, MBSGCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. (Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.)

6. Redemption notices shall be sent to DTC. (If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.)

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants in whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Decatur, Macon County, Illinois

Policy No: 2017B0754

MEMBER: City of Decatur, Macon County, Illinois

Effective Date: December 21, 2017

BONDS: \$6,275,000 in aggregate principal
amount of General Obligation Refunding Bonds, Series 2017

Risk Premium:	\$5,842.72
Member Surplus Contribution:	\$11,295.23
Total Insurance Payment:	\$17,137.95

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date

of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY



By: _____
Authorized Officer

Schedule A

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)



December 15, 2017

Kelly Kost
Chapman and Cutler LLP
111 West Monroe Street
Chicago, IL 60603

BONDS: \$6,275,000 in aggregate principal amount of
City of Decatur, Macon County
General Obligation Refunding Bonds
Series 2017

Dear Kelly,

I am forwarding to you, to be held in escrow, our Municipal Bond Insurance Policy (the "Policy") and closing documentation, including our Opinion and Closing Certificates in connection with the above referenced Bonds.

In addition, I have included a rating letter from Standard & Poor's.

Before any document held in escrow can be released by you (upon our oral instruction), we must receive the following:

1. A copy of each executed approving opinion delivered by bond counsel and by other counsel, if appropriate, either addressed to BAM or together with a reliance letter addressed to BAM, as described in our Municipal Bond Insurance Commitment (the "Bond Commitment").
2. If not already received, a signed copy of the Bond Commitment.
3. Evidence of wire transfer in federal funds in an amount equal to the Insurance Payment, as described in our Bond Commitment. Evidence of wire transfer shall be email or oral confirmation of the federal reserve wire reference number.

Please PDF Items 1 and 2 to my attention and contact me with respect to any other issues (instructions for wiring of funds are attached for your convenience.)

Please be reminded that, as provided in our Bond Commitment, all documentation with respect to the Bonds is subject to our review and approval.

As required by the Bond Commitment, please deliver by PDF or CD a complete transcript of the closing documents within 30 days of the closing date.

Please contact me if you have any questions. We look forward to a smooth closing process. Thank you.

Sincerely,

Miranda Ganzer
mganzer@buildamerica.com
212-235-2535



Primary Market Disclosure Certificate

City of Decatur, Macon County, Illinois, General Obligation Refunding Bonds, Series 2017 (the "Insured Bonds")

For the benefit of City of Decatur, Macon County, Illinois (the "Issuer"), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company ("Build America") makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, "affiliate of Build America" means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

December 21, 2017

Build America Mutual Assurance Company

By: _____
Authorized Officer



December 21, 2017

City of Decatur, Macon County
Decatur Civic Center
1 Gary K Anderson Plaza
Decatur, IL 62523

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
Chicago, IL 60661

U.S. Bank National Association
10 West Market Street, Suite 1150
Indianapolis, IN 46204

RE: Policy: 2017B0754
Member: City of Decatur, Macon County, Illinois
Bonds: General Obligation Refunding Bonds, Series 2017

Date of the Official Statement: December 13, 2017

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by BAM.
3. The Policy constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.

4. The issuance of the Policy qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE" in the official statement related to the above-referenced Bonds (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that except as described above, I express no opinion with respect to any information contained in, or omitted from, the Official Statement.

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized 'J' followed by a large 'H' and a vertical line.

S&P Global Ratings

55 Water Street, 38th
Floor
New York, NY
10041-0003
tel 212 438-2074
reference no : 1510953

December 13, 2017

Build America Mutual Assurance Company
200 Liberty Street - 27th FL.
New York, NY 10281
Attention: Ms. Laura Levenstein, Chief Risk Officer

**Re: \$6,275,000 City of Decatur, Macon County, Illinois, General Obligation Refunding
Bonds, Series 2017, dated: Date of Delivery, due: December 15, 2018-2024,
(POLICY #2017B0754)**

Dear Ms. Levenstein:

S&P Global Ratings has assigned an insured rating of "AA" on the above obligations, based on the policy provided by your company.

We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

S&P Global Ratings must receive complete documentation relating to this issue no later than 90 days after the date of this letter. S&P Global Ratings assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

sp
enclosure

S&P Global Ratings

S&P Global Ratings Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in S&P Global Ratings' Sole Discretion. S&P Global Ratings may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in S&P Global Ratings' sole discretion. S&P Global Ratings may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. S&P Global Ratings will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

Confidential Information. S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings Not an Expert, Underwriter or Seller under Securities Laws. S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

December 21, 2017

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Council of the City of Decatur, Macon County, Illinois (the “*City*”), passed preliminary to the issue by the City of its fully registered General Obligation Refunding Bonds, Series 2017 (the “*Bonds*”), to the amount of \$6,275,000, dated December 21, 2017, due serially on December 15 of the years and in the amounts and bearing interest as follows:

2018	\$ 900,000	3.00%
2019	925,000	3.00%
2020	950,000	4.00%
2021	995,000	4.00%
2022	1,045,000	4.00%
2023	1,095,000	4.00%
2024	365,000	4.00%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the “*Code*”), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

Chapman and Cutler LLP

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

KKost/KWHarding

A handwritten signature in black ink, appearing to read "Chapman & Cutler", written in a cursive, stylized script.

December 21, 2017

Build America Mutual Assurance Company
New York, New York

Re: City of Decatur
Macon County, Illinois (the "City")
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We are enclosing our approving legal opinion, dated the date hereof (the "*Bond Opinion*"), as counsel to the City (our "*Client*"), regarding the above-referenced bonds (the "*Bonds*").

You are entitled to rely upon the Bond Opinion as though the Bond Opinion were addressed to you subject to the following matters, which by your acceptance of this letter and our accompanying Bond Opinion you recognize and acknowledge: (1) that we have not been engaged to act, and have not acted, as your counsel for any purpose in connection with the issuance of the Bonds; (2) that no attorney-client relationship exists or has at any time existed between us in connection with the Bonds or by virtue of this letter; and (3) that the Bond Opinion is based upon our review of proceedings and other documents undertaken as part of our engagement with our Client, and in order to deliver this letter we neither undertook any duties or responsibilities to you nor conducted any activities in addition to those undertaken or conducted for the benefit of, and requested by, our Client. Consequently, we make no representation that our review has been adequate for your purposes.

This letter is not being delivered for the benefit of, nor may it be relied upon by, any other party to whom it is not specifically addressed.

Respectfully submitted,

KKost/KWHarding



December 21, 2017

City of Decatur
Decatur Civic Center
1 Gary K. Anderson Plaza
Decatur, Illinois 62523

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
Chicago, Illinois 60661

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to the City of Decatur, Macon County, Illinois (the "*Issuer*"), in connection with the issuance of \$6,275,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the Issuer. The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017.

Capitalized terms used herein without definition shall have the meanings specified in the Official Statement dated December 13, 2017, relating to the Bonds (the "*Official Statement*").

Based upon our examination of such documents and questions of law as we have deemed relevant in connection with the offering and sale of the Bonds under the circumstances described in the Official Statement, we are of the opinion that, under existing law, the Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Bond Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In further accordance with our understanding with the Underwriter, we express no opinion or belief herein with respect to the validity of the Bonds or the taxation thereof or of the interest thereon.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Chapman and Cutler LLP

This opinion is solely for the benefit of the Issuer and the Underwriter.

Cutler LLP

KKost:kd

December 21, 2017

City of Decatur
Decatur Civic Center
1 Gary K. Anderson Plaza
Decatur, Illinois 62523

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the City of Decatur, Macon County, Illinois (the "*Issuer*"). The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017 (the "*Purchase Contract*") between the Issuer and the Underwriter.

In accordance with our understanding with the Underwriter, we have reviewed the official statement of the Issuer with respect to the Bonds, dated December 13, 2017 (the "*Official Statement*"), certificates of officers of the Issuer and other appropriate persons, the opinions of Chapman and Cutler LLP, Chicago, Illinois, bond counsel ("*Bond Counsel*"), and such other records, reports, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement. As to facts material to the views expressed herein, we have, with your consent, relied upon oral or written statements and representations of officers or other representatives of the Issuer, including the representations and warranties of the Issuer in the Purchase Contract.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, reports, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds, the tax treatment of interest on the Bonds for federal income tax purposes, and the application of Bond proceeds in accordance with the authorization therefor). We have assumed that all records, reports,

Chapman and Cutler LLP

documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as underwriter's counsel, we participated in conferences and correspondence with representatives of the Issuer, representatives of the Underwriter and other persons involved in the preparation of information for the Official Statement, during which the contents of the Official Statement and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence, and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as counsel to the Underwriter with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book-entry only system, (iii) the information relating to Build America Mutual Assurance Company or its bond insurance policy, (iv) the financial statements or other financial, operating, statistical, numerical or accounting data incorporated therein, and (v) the information describing the opinion of Bond Counsel in "TAX EXEMPTION" and the form of opinion of Bond Counsel in Appendix A, as to all of which we do not express any conclusion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as counsel to the Underwriter; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; (iii) those activities performed by us rely on third party representations, warranties, certifications, statements and opinions, including and primarily, representations, warranties and certifications made by the Issuer, and are otherwise subject to the conditions set forth herein; and (iv) this letter is based upon our review of proceedings and documents undertaken as part of our engagement with the Underwriter.

Chapman and Cutler LLP

In further accordance with our understanding with the Underwriter, we express no opinion or belief with respect to the validity of the Bonds or the taxation thereof or of the interest thereon, and our expression of belief with respect to the Official Statement assumes the validity of the Bonds and the exclusion of the interest payable thereon from gross income for federal income tax purposes, all as set forth in the opinion of Bond Counsel.

This letter is furnished by us as counsel to the Underwriter and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriter) without our prior written consent. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

A handwritten signature in black ink, appearing to read "Chapman and Cutler LLP", is written in a cursive style.

KKost:kd

December 21, 2017

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
Chicago, Illinois 60661

Re: City of Decatur, Macon County, Illinois
\$6,275,000 General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as underwriter's counsel to Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), in connection with the issuance of \$6,275,000 General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), issued on this date by the City of Decatur, Macon County, Illinois (the "*Issuer*"). The Bonds are being issued pursuant to the terms of the Purchase Agreement dated December 13, 2017 (the "*Purchase Contract*") between the Issuer and the Underwriter.

In accordance with our understanding with you, we have reviewed the official statement of the Issuer with respect to the Bonds, dated December 13, 2017 (the "*Official Statement*"), certificates of officers of the Issuer and other appropriate persons, the opinions of Chapman and Cutler LLP, Chicago, Illinois, bond counsel ("*Bond Counsel*"), and such other records, reports, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement. As to facts material to the views expressed herein, we have, with your consent, relied upon oral or written statements and representations of officers or other representatives of the Issuer, including the representations and warranties of the Issuer in the Purchase Contract.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, reports, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds, the tax treatment of interest on the Bonds for federal income tax purposes, and the application of Certificate proceeds in accordance with the authorization therefor). We have assumed that all records, reports, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as underwriter's counsel to you, we participated in conferences and correspondence with your representatives, representatives of the Issuer and other persons involved in the preparation of information for the Official Statement, during which the contents of the Official Statement and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence, and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as counsel to the Underwriter with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book-entry only system, (iii) the information relating to Build America Mutual Assurance Company or its bond insurance policy, (iv) the financial statements or other financial, operating, statistical, numerical or accounting data incorporated therein and (v) the information describing the opinions of Bond Counsel in "TAX EXEMPTION" and the form of opinion of Bond Counsel in Appendix A, as to all of which we do not express any conclusion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as underwriter's counsel; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; and (iii) those activities performed by us rely on third party representations, warranties, certifications, statements and opinions, including and primarily, representations, warranties and certifications made by the Issuer, and are otherwise subject to the conditions set forth herein.

In further accordance with our understanding with the Underwriter, we express no opinion or belief with respect to the validity of the Bonds or the taxation thereof or of the interest thereon, and our expression of belief with respect to the Official Statement assumes the validity of the Bonds and the exclusion of the interest payable thereon from gross income for federal income tax purposes, all as set forth in the opinion of Bond Counsel.

Chapman and Cutler LLP

This letter is furnished by us as counsel to the Underwriter and is solely for the benefit of Underwriter and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriter) without our prior written consent. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

Chapman and Cutler LLP

KKost:kd