CITY OF DECATUR
MACON COUNTY, ILLINOIS
$23,305,000 General Obligation Bonds, Series 2015

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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:

NAME OF OFFICER	OFFICE HELD
Julie Moore-Wolfe	Acting Mayor
Debbie 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

Mayor Mike McElroy passed away on July 17, 2015. The Corporate Authorities appointed Julie Moore-Wolfe as Acting Mayor at its August 17th regular meeting.

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, 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 May, 2017.

9. Changes in the boundaries of the City since March 19, 2014, 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 20th day of August, 2015, as appearing below.

NAME	OFFICE	SIGNATURE
Julie Moore-Wolfe	Acting Mayor	
Debbie Bright	City Clerk	
Gregg D. Zientara	City Treasurer	

[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:

		TERM	
OFFICE	INCUMBENT	BEGAN	ENDS
Acting Mayor	Julie Moore-Wolfe	2015	2017
Council Member	Jerry J. Dawson	2013	2017
Council Member	Bill Faber	2015	2019
Council Member	Lisa Gregory	2015	2019
Council Member	Pat McDaniel	2013	2017
Council Member	Dana M. Ray	2015	2019
Council Member	vacant		
City Manager	Tim Gleason	At will	
City Clerk	Debbie 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:

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 August 13, 2015.

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 20th day of August, 2015.

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 20th day of August, 2015.

Debbie Bright
City Clerk

[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)

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) Minutes of Previous Meetings

(d) Unfinished Business

(e) New Business

(f) Appearance of Citizens

(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 2009-39, May 18, 2009)

6. **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.

7. **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)

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

9. **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 ($20,000.00) 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, July 30, 2012)

10. **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.

11. **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.

12. **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.

13. **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)

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

MICROFILMED

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:

Elmer H. Walton
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)

5-3-67a

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS[1]
Insured Rating: Standard & Poor's "AA"
(AGM Insured)
Underlying Rating: Moody's Investors Service "A1"

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.

$23,305,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Bonds, Series 2015

Dated: Date of Issuance **Due: March 1, as shown on the inside front cover**

The General Obligation Bonds, Series 2015 (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 March 1 and September 1, commencing March 1, 2016. The Bonds are subject to redemption prior to maturity, as more fully described herein under "THE BONDS – Redemption Provisions."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "BOND INSURANCE" and Appendix D herein.

ASSURED GUARANTY MUNICIPAL

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 17th day of August, 2015, as supplemented by a notification of sale.

Proceeds of the Bonds will be used to (i) expand the City's water supply by the dredging of Lake Decatur, as described under "THE PROJECT" 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. Chapman and Cutler LLP is also passing on certain matters for the Underwriter. The Bonds are expected to be delivered through the facilities of DTC on or about September 3, 2015.

RAYMOND JAMES

(1) See "BOND RATINGS" herein.

August 20, 2015

$23,305,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Bonds, Series 2015

MATURITY SCHEDULE

March 1	Principal Amount	Interest Rate	Yield	CUSIP[1] (243127)
2016	$790,000	3.000%	0.71%	UF2
2017	815,000	3.000%	1.17%	UG0
2018	840,000	3.000%	1.50%	UH8
2019	865,000	3.000%	1.76%	UJ4
2020	900,000	4.000%	2.21%	UK1
2021	935,000	4.000%	2.58%	UL9
2022	970,000	3.000%	2.82%	UM7
2023	995,000	3.000%	3.00%	UN5
2024	1,030,000	3.000%	3.11%	UP0
2025	1,070,000	5.000%	3.22%	UQ8
2026	1,125,000	5.000%	3.38%	UR6
2027	1,185,000	5.000%	3.47%	US4
2028	1,245,000	5.000%	3.56%	UT2
2029	1,305,000	5.000%	3.66%	UU9
2030	1,375,000	5.000%	3.73%	UV7
2031	210,000	4.000%	4.00%	UW5
2031	1,235,000	5.000%	3.80%	VB0
2032	1,510,000	4.000%	4.10%	UX3
2033	1,570,000	4.000%	4.15%	UY1
2034	1,635,000	4.000%	4.17%	UZ8
2035	1,700,000	4.125%	4.22%	VA2

(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 Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be 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.

No dealer, broker, salesperson or other person is authorized to make any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the City. 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 an offer, solicitation or sale. Unless otherwise indicated, the City is the source of the tables and statistical and financial information contained in this Official Statement. Information relating to governmental bodies other than the City is not guaranteed as to accuracy or completeness. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the City or other information in this Official Statement, since the date of this Official Statement.

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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE" and Appendix D – "Specimen Municipal Bond Insurance Policy".

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.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, resolutions, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. 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
Website: www.decaturil.gov

ACTING MAYOR[1]
Julie Moore-Wolfe

COUNCIL MEMBERS

Jerry J. Dawson
Bill Faber
Lisa Gregory
Pat McDaniel
Dana M. Ray
Vacant

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
Danville, Illinois

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(1) Mayor Mike McElroy passed away on July 17, 2015. Council member Ms. Julie Moore-Wolfe was selected by the Council to serve as Acting Mayor, in accordance with City Code, until the next scheduled municipal election in April 2017. Ms. Moore-Wolfe began her term as Acting Mayor effective August 17, 2015.

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APPENDIX D Specimen Municipal Bond Insurance Policy
APPENDIX E Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2014

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	$23,305,000 General Obligation Bonds, Series 2015, 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 September 3, 2015
Interest Payment Dates	Each March 1 and September 1, commencing March 1, 2016
Record Date	The close of business on the 15th day of the calendar month next preceding any interest payment date.
Redemption Provisions	The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption Provisions" herein.
Purposes	Proceeds of the Bonds will be used to (i) expand the City's water supply by the dredging of Lake Decatur, as described under "THE PROJECT" herein; and (ii) pay the costs associated with the issuance of the Bonds.
Security	In the opinion of Bond Counsel, Chapman and Cutler LLP, Chicago, Illinois, 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	Chapman and Cutler LLP, Chicago, Illinois, 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.
Bond Ratings	The Bonds have been assigned an underlying rating of "A1" by Moody's Investors Service, Inc. Standard & Poor's has assigned 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 Assured Guaranty Municipal Corp. See "BOND RATINGS" herein.
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
Financial Advisor	Speer Financial, Inc., Chicago, Illinois

OFFICIAL STATEMENT

$23,305,000
CITY OF DECATUR
Macon County, Illinois
General Obligation Bonds, Series 2015

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 $23,305,000 General Obligation Bonds, Series 2015 (the "Bonds"), dated their date of issuance.

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 March 1 and September 1, commencing March 1, 2016. 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 15th day of the calendar month next preceding 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 (the "Bond Register") 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 office maintained for the purpose by 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 except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

Purpose of the Bonds

Proceeds of the Bonds will be used to (i) expand the City's water supply by the dredging of Lake Decatur, as described under "THE PROJECT" herein; and (ii) pay the 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 August 17, 2015 (the "Bond Ordinance"), as supplemented by a notification of sale.

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.

There are no Pledged Taxes for levy year 2014. The City expects to pay principal of and interest on the Bonds up to and including March 1, 2016, from the Net Revenues (as hereinafter defined) or other lawfully available funds.

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

Redemption Provisions

Optional Redemption

The Bonds due on or after March 1, 2025 are subject to redemption prior to maturity at the option of the City as a whole or in part in integral multiples of $5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Registrar), on September 1, 2024, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

Redemption Procedures

The Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. The City will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. 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 Registrar by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); provided that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of $5,000 and integral multiples thereof.

Unless waived by the registered owner of Bonds to be redeemed, notice of any redemption will be given by the Registrar on behalf of the City by mailing the redemption notice by first-class mail at least 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 Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Registrar 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.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, 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 will be paid by the Registrar at the redemption price.

PLAN OF FINANCE

Although the Bonds are secured by the Pledged Taxes, the City Council expects to pay principal of and interest on the Bonds from net revenues (the "Net Revenues") generated by the operation of the City's waterworks system (the "Water Utility") so that the Pledged Taxes need not be extended for such purpose. Net Revenues are the operating revenues less operating expenses of the Water Utility; but not including depreciation, debt service and capital expenditures. Each year, whenever Net Revenues or other lawfully available funds are available and on deposit in the Bond Fund to pay all or a portion of the principal of and interest on the Bonds during such year or the following year, the City Council may, prior to the time the Pledged Taxes levied to pay debt service on the Bonds due in such year are extended, direct the abatement of such Pledged Taxes by the amount available and on deposit in the Bond Fund, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

The City has issued and has outstanding certain obligations payable solely from the Net Revenues (the "Revenue Obligations"), which are described in Appendix A. The following chart shows projected Net Revenues and the debt service on the Revenue Obligations, certain of the City's outstanding general obligation bonds and the Bonds.

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Debt Service Coverage Table

Calendar Year End	Net Revenues[1]	Outstanding Debt Service: Revenue Obligations[2]	Outstanding Debt Service: Other General Obligation Bonds[3]	Debt Service on the Bonds	Total Debt Service	Debt Service Coverage (x)
2015	$12,172,561	$2,041,289	$5,482,878	- - -	$7,524,166	1.62
2016	12,476,875	2,051,039	5,654,721	$1,729,510	9,435,270	1.32
2017	12,788,797	2,051,289	5,687,904	1,735,750	9,474,943	1.35
2018	13,108,517	2,196,539	5,700,996	1,735,925	9,633,460	1.36
2019	13,436,230	2,234,539	5,714,558	1,735,350	9,684,447	1.39
2020	13,772,135	2,273,039	5,735,715	1,739,375	9,748,128	1.41
2021	14,116,439	2,313,289	5,765,155	1,737,675	9,816,119	1.44
2022	14,469,350	1,992,392	5,809,366	1,739,425	9,541,183	1.52
2023	14,831,084	1,912,431	5,841,343	1,734,950	9,488,723	1.56
2024	15,201,861	1,955,681	5,430,954	1,739,575	9,126,209	1.67
2025	15,581,907	1,999,931	5,095,048	1,737,375	8,832,354	1.76
2026	15,971,455	2,045,431	3,254,210	1,737,500	7,037,140	2.27
2027	16,370,741	2,092,681	3,261,086	1,739,750	7,093,516	2.31
2028	16,780,010	3,735,307	3,251,938	1,739,000	8,726,244	1.92
2029	17,199,510	361,681	3,248,373	1,735,250	5,345,304	3.22
2030	17,629,498	361,681	3,245,911	1,738,250	5,345,842	3.30
2031	18,070,235	361,681	1,833,750	1,738,800	3,934,231	4.59
2032	18,521,991	- - -	1,834,750	1,738,525	3,573,275	5.18
2033	18,985,041	- - -	1,831,750	1,736,925	3,568,675	5.32
2034	19,459,667	- - -	1,829,625	1,737,825	3,567,450	5.45
2035	19,946,159	- - -	- - -	1,735,063	1,735,063	11.50

(1) Amount shown for fiscal year ending 12/31/2015 is net operating income, plus depreciation and amortization, intergovernmental revenues and investment income of the City's Water Fund for fiscal year ended December 31, 2014, as set forth in the City's audited financial statements for such fiscal year, plus a 16.67% increase based on 8 months of additional revenue based on a 25% rate increase effective May 1, 2015 and a 2.5% annual increase thereafter, based on future rate increases. Such increases were approved by the City Council in 2013. See "THE PROJECT" and Appendix A for more information on such rate increases.

(2) Includes the City's two IEPA loans and Promissory Note as more fully described in "Outstanding Obligations" in Appendix A.

(3) Includes all or a portion of the debt service on the City's General Obligation Bonds, Series 2008 (56.8%), Series 2010B (64.6%), Series 2013 (100%) and Series 2014 (100%). Although the City has used, and expects to continue to use, Net Revenues for the payment of all or a portion of the debt service on such bonds, the Net Revenues are not pledged to the payment of such bonds. The City has levied ad valorem property taxes to pay such debt service. Annually, the City makes a determination as to the amount of Net Revenues to use for such debt service payment and a corresponding amount of the related property tax levy is abated.

Source: The City

For more information on the Net Revenues, Revenue Obligations and the Water Utility, see Appendix A.

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 or as called for redemption, 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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") 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 Appendix D 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.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). On February 18, 2015, Moody's published a credit opinion under its new financial guarantor ratings methodology maintaining its existing rating and outlook on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Capitalization of AGM

At June 30, 2015, AGM's policyholders' surplus and contingency reserve were approximately $3,729 million and its net unearned premium reserve was approximately $1,670 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (filed by AGL with the SEC on February 26, 2015);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 (filed by AGL with the SEC on May 8, 2015); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 (filed by AGL with the SEC on August 6, 2015).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone 212.974.0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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 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 (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 a 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 effect 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 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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 to DTC.

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.

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, but 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.

THE PROJECT

In the Spring of 2013, the City Council took legislative action approving a series of rate increases for 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% effective each May 1 in future years, are expected to provide the revenues for the largest investment in the Water Utility since Lake Decatur (the "Lake") was created in 1922. The Lake is owned by the City.

The rate increases will fund a series of lake dredging initiatives over the next 5-6 years which started in 2014 and are expected to increase the capacity of the Lake by 30%, thereby increasing the retained water levels of the Lake. The rate increases are expected to also fund further investment to secure secondary water supplies as a safeguard in times of drought as well as begin to fund a series of investments in future years replacing aging above and below ground water system infrastructure.

The City issued bonds in the amount of $24,055,000 in April 2014 for the first phase of the dredging initiative which consisted of rehabilitating an existing storage basin to hold the dredged sediment to be removed from four of six Lake basins. The proceeds of the Bonds will provide monies for the second phase of the dredging initiative, consisting of the dredging of basin 2 and the Big Creek basin area.

The remaining basins will be dredged in subsequent phases from 2016 to 2019. The total cost of the dredging initiative is expected to be approximately $90 million.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Bond Proceeds	$23,305,000
Net Reoffering Premium	1,073,300
Total	$24,378,300
Uses of Funds	
Deposit to Project Fund	$24,000,000
Costs of Issuance[1]	378,300
Total	$24,378,300

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

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 and exhibits 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

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The City can give no assurance that there will not be a change in applicable law modifying the manner in which such revenues are allocated by the State. In particular, in his February 18, 2015 budget address, Governor Rauner proposed reducing the amount of State income tax revenues shared with municipalities by as much as half. The City cannot predict whether, or in what form, such proposal or similar legislation may be enacted into law, nor can the City predict the effect of such change on the City's finances.

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 adversely affected by the effects of the nation-wide recession that began in late 2007. 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 6.9%, which is higher than the Macon County (the "County") rate of 6.2% and the State of Illinois (the "State") rate of 5.6%. 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.

Declining Equalized Assessed Valuations

The amount of property taxes extended for the City is determined by applying the various operating tax rates and the bond and interest tax rate levied by the City to the equalized assessed valuation ("EAV"). The City's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers downsizing or moving out of the City. As detailed in "FINANCIAL INFORMATION – EAV Trend," the City's EAV has declined over the past five years and is expected to stay flat or decline 1% for the 2015 EAV. Declining EAVs and increasing tax rates could reduce the amount of taxes the City is able to receive.

Concentration of Taxpayers

Based on the City's 2014 EAV (which excludes TIF values), the City's ten largest taxpayers own 8.51% of the total current EAV of taxable property in the City. If one or more of these taxpayers were to relocate from the City or cease operations, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the City could be affected. The City has the authority to levy deficiency taxes if debt service tax collections are inadequate. Notwithstanding, the value of the Bonds, the City's ability to repay the Bonds or the timing of repayment could be adversely affected. Furthermore, if any of the largest taxpayers were to relocate, downsize or cease operations, the City could experience a significant reduction in EAV.

Concentration of Water Utility Customers

The Water Utility has over 31,000 customers. The top ten customers make up 54.8% of the revenues of the Water Utility. The two largest customers are Archer Daniels Midland Company ("ADM") (27.1%) and Tate & Lyle Ingredients Americas, Inc. ("Tate & Lyle") (21.5%). If any of the largest Water Utility customers were to relocate, downsize or cease operations, the City could experience a significant decrease in such revenues. See Appendix A for a listing of the Fiscal Year 2014 Largest Water Users.

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 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. 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.

Changes in Management or Policies

Changes in key management personnel of the Water Utility or City Council policies could adversely or beneficially affect the financial performance of the Water Utility to an extent that cannot be determined at this time.

Loss or Change of Bond Ratings

The Bonds have received an insured municipal bond rating of "AA" (Stable Outlook) from S&P based on a policy issued by AGM and an underlying credit rating of "A1" from Moody's. 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. 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 prescribed 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 the 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. In particular, Illinois legislators have introduced several proposals to modify the Limitation Law (as hereinafter defined), 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 the 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. See "FINANCIAL INFORMATION - Real Property Assessment, Tax Levy and Collection Procedures – Property Tax Extension Limitation Law" herein for more information on the Property Tax Freeze Proposal.

Regulation by Governmental Entities

The Water Utility is subject to regulation and control by certain governmental agencies. Neither the City nor its consultants can predict future policies such agencies may adopt. Future changes could result in the City having to discontinue operations at certain facilities or to make unanticipated and significant capital expenditures and could also generate substantial litigation.

Environmental Regulation

Water utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that Water Utility facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels and fines. Legislative, regulatory, administrative or enforcement actions involving environmental controls could also adversely affect the operation of the facilities of the Water Utility.

Miscellaneous Factors

The water supply industry in general has experienced, or may in the future experience, problems including (a) the effects of inflation on the costs of operation of facilities, (b) uncertainties in predicting future demand requirements and (c) increased financing requirements coupled with the increased cost and uncertain availability of capital.

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 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. 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 and the county seat of the County, and is the 13th largest municipality within 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 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 landmass. The 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.

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 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. Millikin University was founded in 1901 and has a student enrollment of approximately 2,200 students.

Richland Community College District No. 537, founded in 1972, offers course study in baccalaureate, occupational, development and public service programs and has an enrollment of approximately 3,400 students.

The City is the North American headquarters of ADM, a leading multi-national agricultural product processor, the headquarters of Tate & Lyle, a multi-national leader in the agricultural food additives industry, and the global manufacturing center for the mining heavy-equipment business unit of Caterpillar, Inc., a world leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel electric locomotives.

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 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. Mayor Mike McElroy passed away on July 17, 2015. On August 17, 2015, the City Council appointed City Council member Julie Moore-Wolfe as Acting Mayor. Ms. Moore-Wolfe will serve as Acting Mayor until the next scheduled municipal election in April 2017. The City Council is expected to fill the vacancy on the City Council resulting from the appointment of Acting Mayor Moore-Wolfe by September 21, 2015.

The City Manager is appointed by the Mayor and City Council for an indefinite term and is responsible for the administration and operation of City government. Tim Gleason was recently appointed as City Manager in March of 2015, having previously served as City Administrator for the City of Washington, Illinois. The City Manager's duties include 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 the City Manager. The 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 and water utility customer service including billing and collection. Gregg D. Zientara has served as the 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 497 employees, 396 are represented by three separate collective bargaining units, as shown below.

Union	Employees in Union	Contract Expiration
Police Benevolent and Protective Association ("PBPA")	155	In negotiation[1]
International Association of Fire Fighters ("IAFF")	104	December 31, 2016
American Federation of State, County and Municipal Employees ("AFSCME")	137	April 30, 2017

(1) Contract expired April 30, 2015; negotiations are ongoing between the City and the PBPA with the expectation to reach a new labor agreement with the PBPA before the end of 2015.

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 citizens. Services include general government, public safety, police and fire protection, street construction and maintenance, infrastructure construction and maintenance, water, sewer and stormwater utility services to commercial, industrial and residential properties within the City 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. 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 continue 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 cost of Lake related system improvements are shared between ADM and the City. See Appendix A for more information on the Water Utility.

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 2,000 acres of land for recreation purposes and an additional 2,000 acres for airport purposes.

Various facilities of the Park District include 32 neighborhood parks, 13 community parks/nature areas, 3 golf courses, an aquatics center, 7.5 miles of bike trails, 25 tennis courts, 2 sports complexes, an AZA-accredited zoo, regional airport, miniature golf course, 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 735 and the total number of employees for both is approximately 3,500.

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.

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

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. Decatur 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 Decatur Airport won the Airport of the Year award in 1988, 1994, 1996 and 2003, which is awarded by the Illinois Department of Transportation ("IDOT"). The Decatur Airport had 6,042 enplanements in 2014. 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 long term favorable impact on the economic prospects for the community as a whole. These projects include:

Police Department Law Enforcement Center - Decatur Police moved into a new facility at 707 Southside Drive on June 1, 2014. The City had been searching for more than a decade for adequate space to house the Police Headquarters. The state-of-art, 46,000 square foot renovated facility will provide 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 returns a vacated industrial site to productive community use, and is believed to offer further commercial and economic development opportunities in the adjacent area.

Downtown Revitalization - The City's Downtown Streetscape project represents 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 expected increase in activity. The project has already spurred a return to prominence of the City's downtown district in the form of new businesses and jobs, entertainment options and the creation of a "new" downtown that is now a destination for local residents and visitors alike. The final phase of work is now underway with project completion scheduled in 2015. The project was funded

with $10 million from the City's 2010 General Obligation Bonds, $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 has implemented sweeping changes to its downtown parking system over the last two years 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 local 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 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 - Construction began in the second quarter of 2015 for the next stage of development in Mound Center at the intersection of U.S. 51 and Mound Road for a 35,000 square foot commercial building to include Ashley Furniture and space for two additional retail/restaurant establishments. 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 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 continues recent development of the Pershing Road corridor and is expected to result in added value to the site in the form of an increased EAV. This project was completed in early 2014.

St. Mary's/Decatur Memorial Hospital Expansion - St. Mary's recently completed the first phase of a $31 million facility expansion including new lobby, emergency care department, laboratory rooms and hospital façade. Decatur Memorial Hospital continues its $39 million facility expansion 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 - The project includes a 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 includes facility expansion and equipment approaching $6 million.

Union Iron Consolidation and Expansion - The project includes a 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.

Akorn Pharmaceutical Expansion - Akorn Pharmaceutical recently announced the 3rd phase of an $18 million remodeling and expansion project for the West Grand Avenue facility, which includes a multi-year capital improvement plan that will add local employment. Akorn Pharmaceutical will add 40,000 square feet to accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations.

ADM - The Carbon Sequestration Project is a 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 nearing completion and is being recognized nationally for its innovation and success. A new $6.5 million facility is under construction within the ADM Decatur footprint for processing and refining of crude vegetable oil. The Midwest Inland Port/Intermodal Ramp opened in 2014 and is 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 the premier transportation hub in the Midwest.

Demographic Data

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

	Estimated 2014 Population[1]	2010 Population[2]	Median Home Value[3]	Median Family Income[3]	Per Capita Income[3]
The City	74,010	76,122	$81,800	$50,105	$23,130
The County	108,350	110,768	93,300	59,733	26,232
The State	12,880,580	12,830,632	182,300	70,344	29,666

(1) Data obtained from 2014 Population Estimates
(2) Data obtained from 2010 Census
(3) Data obtained from 2009-2013 American Community Survey

Source U S Census Bureau

Building Permits

Year	Number of Residential Building Permits	Value of Residential Building Permits	Value of All Building Permits
2010	20	$3,907,500	$54,501,086
2011	16	1,307,070	63,664,089
2012	9	3,232,835	39,205,337
2013	8	2,051,000	45,362,426
2014	12	1,908,700	51,531,013

Source The City

Employment Data

Average Unemployment Rates

	2010	2011	2012	2013	2014	2015[1]
The City	12.4%	11.3%	11.3%	12.9%	9.7%	6.9%
The County	11.2	10.0	10.0	11.5	8.7	6.2
The State	10.4	9.7	9.0	9.1	7.1	5.6

(1) Preliminary rate for month of May 2015

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.

Occupational Category	The City	The County	The State
Management, business, science and arts	29.0%	31.3%	36.4%
Service	22.3	19.0	17.3
Sales and office	24.6	24.3	25.2
Natural resources, construction and maintenance	7.8	9.1	7.4
Production, transportation and material moving	16.3	16.2	13.7
Totals	100.0%	100.0%	100.0%

Note: May not sum due to rounding

Source 2009-2013 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.

Industry Category	The City	The County	The State
Agriculture, forestry, fishing and hunting, and mining	1.1%	2.1%	1.1%
Construction	5.1	5.4	5.2
Manufacturing	16.7	18.0	12.6
Wholesale trade	1.9	2.2	3.1
Retail trade	12.4	11.6	10.9
Transportation and warehousing, and utilities	6.7	6.9	5.8
Information	2.0	1.8	2.1
Finance and insurance, and real estate and rental and leasing	4.9	5.0	7.5
Professional, scientific, and management, and administrative and waste management services	6.6	6.3	11.1
Educational services and health care and social assistance	23.1	22.7	23.0
Arts, entertainment, recreation, and accommodation and food services	9.8	8.1	9.0
Other services, except public administration	5.0	5.4	4.8
Public administration	4.7	4.5	3.9
Totals	100.0%	100.0%	100.0%

Note: May not sum due to rounding

Source 2009-2013 American Community Survey, U S Census Bureau

Largest Employers

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

Employer	Product or Service	Approximate Number of Employees
ADM	Company headquarters; agricultural products	4,040
CAT	Wheel tractors and off-highway trucks	3,300
Decatur Memorial Hospital	General medical and surgical hospital	2,375
District 61	Primary education	1,500
St. Mary's Hospital	General medical and surgical hospital	1,100
Tate & Lyle	Corporate headquarters; food ingredients	1,000
Akorn, Inc.	Pharmaceutical preparations	580
Millikin University	College	625
The County	County government	545
Ameren Illinois	Electric and gas utility	512
Norfolk Southern Corp.	Line-haul railroads	500
The City	City government	497
Mueller Co.	Fire hydrants and water and gas distribution valves	455
Kelly Construction Group	Corporate headquarters; non-residential construction	450
Richland Community College	Community college	450
Bodine Electric of Decatur	AC & DC motors, generators, controls and gear reducers	400
All Tri-R, Inc.	Heavy industrial and commercial construction	300
A-Lert Construction Services	General industrial contractors	300
Centurion Industries, Inc.	General industrial contractors	300
Macon Resources, Inc.	Metal fabrication and angled iron parts	285
Addus Health Care	In-home health care services	225

Sources. 2015 Illinois Manufacturers Directory
2015 Illinois Services Directory
Economic Development Foundation of Decatur and Macon County

Retail Activity

Following is a summary of the City's sales tax receipts as collected and disbursed by the State.

Retailers' Occupation, Service Occupation and Use Tax

Year	Municipal Sales Tax Distributions[1]	Home Rule Sales Tax Distributions[2]	Total Sales Tax Distributions	Annual Percent Change
2009	$11,935,254	$10,040,626	$21,975,880	(2.29%)[3]
2010	11,812,035	10,258,179	22,070,214	0.43
2011	12,710,838	10,814,030	23,524,868	6.59
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

(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 of Revenue"), 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 2008 State Sales Tax and City's Home Rule Sales Tax distributions of $22,491,192.

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

Dated Date	Type of Debt	Original Amount	Final Maturity	Principal Outstanding
12/15/2008	General Obligation Bonds, Series 2008	$10,000,000	12/15/2024	$8,910,000
12/7/2010	Taxable Bonds, Series 2010A	8,715,000	12/15/2030	8,240,000
12/7/2010	BABs/RZEDBs, Series 2010B	28,270,000	12/15/2030	25,155,000
12/7/2010	Recovery Zone Facility Bonds, Series 2010C	2,800,000	12/15/2024	2,240,000
12/7/2010	Refunding Bonds, Series 2010D	1,805,000	12/15/2017	735,000
12/20/2012	Refunding Bonds, Series 2012	8,030,000	3/1/2025	6,715,000
1/24/2013	Refunding Bonds, Series 2013	17,220,000	3/1/2025	14,580,000
4/8/2014	General Obligation Bonds, Series 2014	24,055,000	3/1/2034	23,325,000
9/3/2015	The Bonds	23,305,000	3/1/2035	23,305,000
Total General Obligation Bonds Outstanding				$113,205,000

General Obligation Notes

Dated Date	Type of Debt	Original Amount	Final Maturity	Principal Outstanding
8/8/2002	U.S. Department of Housing and Urban Development Series 2002-A Certificates	$3,000,000	8/1/2022	$1,365,000
3/4//2014	Busey Bank Note	1,500,000	6/4/2019	1,211,922
9/30/2014	Soy Capital Bank and Trust Promissory Note	1,000,000	1/5/2022	953,500
Total General Obligation Notes Outstanding				$3,530,422

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

Year	Series 2008 Due 12/15	Series 2010A Due 12/15	Series 2010B Due 12/15	Series 2010C Due 12/15	Series 2010D Due 12/15	Series 2012 Due 3/1	Series 2013 Due 3/1	Series 2014 Due 3/1	Series 2015 Due 3/1	Total Debt	Cumulative Amount	Percent Retired
2015	$790,000	$150,000	$955,000	$195,000	$255,000	---	---	---	---	$2,345,000	$2,345,000	2.07%
2016	825,000	180,000	1,120,000	200,000	245,000	$605,000	$1,205,000	$835,000	$790,000	6,005,000	8,350,000	7.38%
2017	860,000	205,000	1,185,000	205,000	235,000	620,000	1,250,000	860,000	815,000	6,235,000	14,585,000	12.88%
2018	895,000	470,000	1,250,000	210,000	---	630,000	1,285,000	885,000	840,000	6,465,000	21,050,000	18.59%
2019	935,000	495,000	1,325,000	215,000	---	645,000	1,325,000	920,000	865,000	6,725,000	27,775,000	24.54%
2020	975,000	520,000	1,405,000	225,000	---	655,000	1,390,000	955,000	900,000	7,025,000	34,800,000	30.74%
2021	1,020,000	545,000	1,480,000	235,000	---	670,000	1,465,000	995,000	935,000	7,345,000	42,145,000	37.23%
2022	1,075,000	580,000	1,585,000	240,000	---	695,000	1,540,000	1,035,000	970,000	7,720,000	49,865,000	44.05%
2023	1,130,000	815,000	1,685,000	250,000	---	710,000	1,625,000	1,075,000	995,000	8,285,000	58,150,000	51.37%
2024	405,000	855,000	1,795,000	265,000	---	730,000	1,705,000	1,130,000	1,030,000	7,915,000	66,065,000	58.36%
2025	---	635,000	1,720,000	---	---	755,000	1,790,000	1,185,000	1,070,000	7,155,000	73,220,000	64.68%
2026	---	680,000	1,780,000	---	---	---	---	1,245,000	1,125,000	4,830,000	78,050,000	68.95%
2027	---	715,000	1,860,000	---	---	---	---	1,305,000	1,185,000	5,065,000	83,115,000	73.42%
2028	---	450,000	1,925,000	---	---	---	---	1,360,000	1,245,000	4,980,000	88,095,000	77.82%
2029	---	465,000	2,005,000	---	---	---	---	1,415,000	1,305,000	5,190,000	93,285,000	82.40%
2030	---	480,000	2,080,000	---	---	---	---	1,480,000	1,375,000	5,415,000	98,700,000	87.19%
2031	---	---	---	---	---	---	---	1,540,000	1,445,000	2,985,000	101,685,000	89.82%
2032	---	---	---	---	---	---	---	1,620,000	1,510,000	3,130,000	104,815,000	92.59%
2033	---	---	---	---	---	---	---	1,700,000	1,570,000	3,270,000	108,085,000	95.48%
2034	---	---	---	---	---	---	---	1,785,000	1,635,000	3,420,000	111,505,000	98.50%
2035	---	---	---	---	---	---	---	---	1,700,000	1,700,000	113,205,000	100.00%
	$8,910,000	$8,240,000	$25,155,000	$2,240,000	$735,000	$6,715,000	$14,580,000	$23,325,000	$23,305,000	$113,205,000		

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 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)

	Outstanding Debt	Estimate Applicable to City Percent	Estimate Applicable to City Amount
Direct Bonded Debt:			
The City	$113,205,000	100.00%	$113,205,000
Less: Self-Supporting Debt[1]	(102,987,000)		(102,987,000)
Net Direct Bonded Debt	$10,218,000		$10,218,000
Overlapping Bonded Debt (as of 7/9/2015)			
The County[2]	$645,000	51.53%	$332,369
The Park District[3]	4,190,000	96.72%	4,052,568
Community Unit School District Number 1[3]	7,045,000	34.16%	2,406,572
Community Unit School District Number 2[3]	7,790,000	11.69%	910,651
Community Unit School District Number 3[3]	12,350,000	10.24%	1,264,640
Community Unit School District Number 9	900,000	0.68%	6,120
Community Unit School District Number 11	11,680,000	36.26%	4,235,168
Community Unit School District Number 15[3]	7,750,000	14.41%	1,116,775
District 61[3]	13,580,000	95.08%	12,911,864
Community Unit School District Number 100	2,190,000	0.05%	1,095
Richland Community College	19,340,000	36.27%	7,014,618
NET OVERLAPPING BONDED DEBT			$34,252,440
NET DIRECT BONDED DEBT AND OVERLAPPING BONDED DEBT			$44,470,440
2014 Estimated Full Valuation			$2,466,458,292
2014 EAV			$822,152,764
Population (2014 Estimate)			74,010
Full Valuation Per Capita			$33,326

(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, and the Bonds and a portion of the tax levies for its General Obligation Bonds, Series 2010A and Series 2010C.
(2) Includes Decatur Public Building Commission Revenue Bonds payable from lease payments secured by ad valorem taxes levied on all taxable property within the County.
(3) Excludes outstanding principal amounts of General Obligation (Alternate Revenue Source) Bonds that are anticipated to be paid by sources other than general taxation.

Sources County Clerk's Office and the City

Debt Ratios

		Percent of EAV	Percent of Full Value	Per Capita
Net Direct Bonded Debt	$10,218,000	1.24%	.41%	$138
Net Direct Bonded Debt and Overlapping Bonded Debt	$44,470,440	5.41%	1.80%	$601

FUTURE FINANCINGS

The City plans to issue additional long term debt over the next 1-3 years to finance the next phases of the Lake Decatur Dredging and secondary water supply master plan.

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 of Revenue 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 of Revenue. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department of Revenue. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33⅓% 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 parcel. The county clerk then gives such information to the appropriate collecting officials who 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 provides for a number of different homestead exemptions. These exemptions are discussed below.

The General (Residential) Homestead Exemption provides that the EAV of certain property owned and used for residential purposes may be reduced up to a maximum of $6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to residential properties that have been improved or rebuilt in the two years following a catastrophic event. The exemption is limited to $75,000 per year to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned 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, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $55,000 for assessment year 2008 and thereafter. In general, this exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between (i) the current EAV of the residence and (ii) the base amount, which is 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.

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 equalized assessed value 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.

Various exemptions are available to veterans of the armed forces and to the disabled. Specifically, the Disabled Veterans' Exemption may be applied annually to exempt up to $70,000 of the Assessed Valuation of property owned and used exclusively by veterans who have a 100% service-related disability and who have been certified by the Illinois Department of Veterans Affairs as eligible to receive federal funding for the construction or modification of specially adapted housing to accommodate their disability. The second exemption, the Disabled Veterans Standard Homestead Exemption provides an annual homestead exemption of (i) $5,000 to those veterans with a service-connected disability of 70% and (ii) $2,500 to those veterans with a service-connected disability of less than 70%, but at least 50%.

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

The Disabled Persons' Homestead Exemption 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.

Last, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches and not-for-profit hospitals and public hospitals.

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 Consumer Price Index 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. Specifically, Senate Bill 318 passed the Illinois Senate on August 4, 2015. This legislation includes, among other items, a State-wide property tax freeze for levy years 2016 and 2017 for taxing districts located in non-Cook County counties (including home rule units such as the City). If Senate Bill 318 or other Property Tax Freeze Proposals 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 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 which would adversely affect the levy, extension, collection, and application of the taxes levied by the City for payment of principal of and interest on the Bonds. The City also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the City.

EAV Trend[1]

(33-1/3% of Full Valuation)

Property Class	2010	2011	2012	2013	2014
Residential	$548,353,414	$529,131,249	$514,265,875	$498,132,967	$488,279,318
Farm	4,164,049	4,139,930	3,847,673	3,874,516	3,804,663
Commercial	276,665,805	287,334,321	260,266,346	255,201,842	251,671,836
Industrial	76,914,168	72,810,525	68,222,744	64,833,161	62,520,042
Railroad	16,057,363	17,217,745	17,230,871	16,055,123	15,876,905
	$922,154,799	$910,633,770	$863,833,509	$838,097,609	$822,152,764
Percent Change	(0.69%)[2]	(1.25%)	(5.14%)[3]	(2.98%)	(1.90%)

(1) Net of tax incremental value above the initial EAV of tax increment financing districts.
(2) Percentage change based on 2009 EAV of $928,543,809.
(3) The 5.14% decline is 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 of Revenue.

Source Macon County Clerk's Office

Tax Rate Trend

(Per $100 EAV)

Fund	2010	2011	2012	2013	2014
IMRF	- - -	$.00979	$.01154	$.01194	$.02828
Fire Pension	$.38973	.39612	.43004	.45341	.45612
Police Pension	.38792	.39226	.41352	.44745	.45004
City Library	.32533	.32945	.34729	.33111	.33753
Municipal Band	.00651	.00659	.00695	.00716	.00730
Bond and Interest	.13404	.15628	.15110	.15500	.15600
	$1.24353	$1.29049	$1.36044	$1.40607	$1.43527

Source Macon 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 ("TIF Districts") 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.

Location	Year Established	Base EAV	2014 EAV	Incremental EAV
Southeast Plaza TIF	1998	$127,719	$3,406,455	$3,278,736
Olde Towne Redevelopment Area	2000	25,516,073	30,520,292	5,004,219
Near North Redevelopment Area	2004	2,438,748	3,627,231	1,188,483
Eastgate TIF	2007	1,289,568	2,154,938	865,370
Pines TIF	2009	322,999	588,671	265,672
Southside Redevelopment Area	2013	684,462	846,374	161,912
Grand and Oakland Redevelopment Area	2013	411,628	276,541	0
		$30,791,197	$41,420,502	$10,764,392

Source Macon County Clerk's Office

Representative Tax Rate
(Per $100 EAV)

Shown below is a summary of 2014 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% of the 2014 EAV for the City.

Taxing Body	Tax Rate
The County	$.98067
Macon County Conservation District	.11405
Macon County Health & Mental Health	.25354
Macon County Mosquito Abatement District	.03646
Cooperative Extension	.02468
Richland Community College District 537	.49243
Decatur Park District	1.12049
The City	1.43527
Decatur Sanitary District	.34837
Decatur Township	.36010
School District 61	4.42015
	$9.58621

Source Macon County Clerk's Office

Tax Extensions and Collections

Levy Year	2009	2010	2011	2012	2013	2014
Net Extensions[1]	$11,297,500	$11,467,272	$11,751,637	$11,751,936	$11,784,238	$11,800,112
Net Collections[2]	11,171,844	11,314,203	11,414,665	11,374,809	11,619,217	6,175,771[4]
Percent Collected	98.9%	98.7%	97.1%[3]	96.8%[3]	98.60%	52.34%[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

Major Taxpayers

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

Name	Approximate 2014 EAV[1]
ADM	$26,807,772
Walmart Stores Inc.	7,622,724
Ventas Inc.	7,089,524
CAT	7,077,814
Ameren (Illinois Power Company)	5,427,837
Millikin University	4,031,177
A.E. Staley Manufacturing Company (Tate & Lyle)	3,359,358
Brettwood Village Owner LLC	3,278,169
CHT Decatur IL Senior Living LLC	2,688,100
Riverbend Acquisition	2,549,285
	$69,931,760
Percent of Total 2014 EAV ($822,152,764[2])	8.51%

(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 small valuations 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 tax increment financing districts.

Source Macon County Supervisor of Assessments

Summary of Operating Results

The following summary of financial information below is taken from audited financial statements of the City. This summary does not purport to be complete, and reference may be made to the 2014 Comprehensive Annual Financial Report (the "Audit") in Appendix E. This summary is qualified in its entirety by reference to the audited financial statements of the City for the fiscal years ended April 30, 2011, 2012 and 2013, December 31, 2013 (8 months) and December 31, 2014, which are available upon request to the City or the Underwriter. The financial statements were prepared by CliftonLarsonAllen LLP (formerly Clifton Gunderson LLP), Danville, 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[4] Ended	Fiscal Year Ended
Revenues:	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014
Taxes	$14,747,904	$16,547,962	$16,427,572	$20,205,970	$27,315,980
Licenses and Permits	659,054	752,854	734,747	607,026	737,684
Intergovernmental[1]	32,848,017	32,515,628	32,007,090	14,496,052	22,034,903
Charges for Services	83,722	622,614	727,376	2,998,948	5,882,463
Fines and Fees	1,058,225	1,150,008	1,220,762	802,359	1,720,873
Investment Income	8,192	13,673	41,410	659	689
Other Revenue	383,194	1,459,673	1,349,172	1,034,224	1,289,913
Total Revenues	$49,788,308	$53,062,412	$52,508,129	$40,145,238	$58,982,505
Expenditures:					
General Government	$8,194,037	$9,486,703	$9,867,805	$7,052,773	$8,169,425
Public Safety	34,604,879	37,800,088	38,423,851	29,611,707	43,209,504
Debt Service	- - -	- - -	- - -	- - -	158,986
Highways and Streets	6,937,918	8,271,322	8,399,205	6,468,571	9,380,886
Total Expenditures	$49,736,834	$55,558,113	$56,690,861	$43,133,051	$60,918,801
Excess (Deficiency) of Revenues Over Expenditures	$51,474	($2,495,701)	($4,182,732)	($2,987,813)	($1,936,296)
Other Financing Sources (Uses):					
Operating Transfers	$3,885,541	$3,788,615	$2,991,434	$337,515	$920,307
Loan Proceeds	- - -	- - -	- - -	- - -	1,625,358
Sale of Capital Assets	83,217	71,239	15,172	53,877	11,775
Total Other Financing Sources (Uses)	$3,968,758	$3,859,854	$3,006,606	$391,392	$2,557,440
Net Change in Fund Balance	$4,020,232	$1,364,153	($1,176,126)	($2,596,421)	$621,144
Beginning Fund Balance	$5,255,229	$9,275,461	$11,110,134	$9,934,008	$7,337,587
Prior Period Adjustment[2][3]	- - -	470,520	- - -	- - -	(729,621)
Ending Fund Balance	$9,275,461	$11,110,134	$9,934,008	$7,337,587	$7,229,110
Reserved Fund Balance	$845,847	$113,161	$27,443	$26,416	$27,303
Unreserved Fund Balance	8,429,614	10,996,973	9,906,565	7,311,171	7,201,807
Fund Balance – End of Year	$9,275,461	$11,110,134	$9,934,008	$7,337,587	$7,229,110

(1) 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 2014 is sales tax $12,858,147, income tax $7,288,212, operating grants $193,604, replacement tax $1,067,423, and other taxes $627,517.

(2) In the fiscal year ended 4/30/12, the IMRF Fund was combined with the General Fund for financial reporting purposes as a result of the adjustment to reflect implementation of Governmental Accounting Standards Board Statement 54.

(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.

(4) 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.

Sources Compiled from the City's Comprehensive Annual Financial Report Fiscal Years Ending April 30, 2011 - April 30, 2013, December 31, 2013 and December 31, 2014

Budget Summary
(General Fund)
(Fiscal Year Ending December 31, 2015)

Beginning Fund Balance	$7,229,110
Revenues	$63,460,000
Expenses	(63,460,000)
Surplus/(Deficiency)	-0-
Ending Fund Balance	$7,229,110

Source: The City

RETIREMENT PLAN COMMITMENTS

The City participates in several plans to provide post-retirement pension benefits to its employees. Certain of the provisions related to these plans are described below. See Note 9 and the required supplementary information disclosures to the Audit, which is attached hereto as Appendix E, for additional information on the pension plans, including plan descriptions, information on the City's contributions and employee contributions, the funded status and funding progress of the pension plans, and information on the assumptions made and the methods employed by the actuary employed by the pension plan, all as of the most recent actuarial valuation date.

Illinois Municipal Retirement Fund (IMRF)

The City participates in the Illinois Municipal Retirement Plan (the "IMRF Pension Plan") which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"). The IMRF Pension Plan is an agent multiple-employer public employee retirement system, which means that the IMRF Pension Plan is an aggregation of single-employer plans with pooled administrative and investment functions. Separate accounts are maintained for each employer such that the contributions of an employer (such as the City) provide benefits only for the employees of that employer. A separate periodic contribution rate is determined for each employer based on the benefit formula applicable to that employer and the individual plan's proportionate share of the pooled assets. The Illinois Pension Code, as amended (the "Pension Code") governs the benefit levels of and employee and employer contributions to the IMRF Pension Plan. The Pension Code may only be amended by the Illinois General Assembly.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be viewed at IMRF's website as follows:

http://www.imrf.org/pubs/annual_reports/annual_rpts.htm

Note that said report and the content of such website is not incorporated into this Official Statement by reference.

The IMRF Pension Plan had a funded ratio ("Funded Ratio") of 72.9% on an actuarial basis as of December 31, 2014, which corresponds to an unfunded actuarial accrued liability ("UAAL") of $11,677,571. The Funded Ratio and UAAL for the IMRF Pension Plan as of December 31, 2010 through December 31, 2014 are as follows:

Actuarial Valuation Date (December 31)	The IMRF Pension Plan	
	Funded Ratio[1]	UAAL
2014	72.9%	$11,677,571
2013	75.8%	10,153,788
2012	70.3%	12,434,576
2011	69.6%	12,319,828
2010	69.7%	11,802,202

(1) The City's Funded Ratio and UAAL for the IMRF Pension Plans are computed using the actuarial value of assets calculated pursuant to the asset smoothing method. The asset smoothing method lessens the immediate impact of market fluctuations on the actuarial value of assets, the UAAL and the Funded Ratio that may otherwise occur as a result of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an actuarial value of assets that does not reflect the true value of pension plan assets at the time of measurement. As a result, presenting the actuarial value of assets as determined under the asset smoothing method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

The City contributed its full annual required contribution ("ARC") to the IMRF Pension Plan in each of fiscal years 2008 and 2009. However, the ARC rose significantly for fiscal years 2010, 2011, 2012 and 2013, and the City contributed only 69%, 73%, 79%, and 84%, respectively, of the ARC in such years. To moderate the impact of 2008 investment losses and limit the volatility in employer contribution rate increases, IMRF adopted an optional phase-in plan for employer contribution rates, limiting annual increases in such rates to 10% per year for 2010, 2011 and 2012. The City selected the optional phase-in contribution rate and, as a result, did not fully fund the ARC in 2010 through 2014. Upon completion of the phase-in plan, the City anticipates that it will make the full annual required contributions to the IMRF Pension Plan, which includes an amortization of the UAAL, in future years. The City's contributions to the IMRF Pension Plan for fiscal years 2010 through 2014 were as follows:

Fiscal Year Ended December 31	The IMRF Pension Plan	
	ARC	Percentage Contribution
2014	$1,828,409	93%
2013	1,932,046	84%
2012	1,845,583	79%
2011	1,749,155	73%
2010	1,730,244	69%

Police Pension Plan

The City provides pension benefits to its sworn police personnel through a single-employer, defined benefit pension plan (the "Police Pension Plan"). The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. The City accounts for the Police Pension Plan as a pension trust fund.

The Pension Code provides that the City must make such contributions necessary to bring the Police Pension Plan to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll over 30 years on a closed basis.

The Police Pension Plan's Funded Ratio as of December 31, 2014 was 69.2% on an actuarial basis, which corresponds to a UAAL of $43,154,962. The Funded Ratio and UAAL for the Plan as of December 31, 2010 through December 31, 2014 are as follows:

Actuarial Valuation Date (December 31)	Police Pension Plan	
	Funded Ratio	UAAL
2014	69.2%	$43,154,962
2013	69.3%	37,532,041
2012	70.0%	34,485,611
2011	66.1%	38,219,524
2010	63.9%	39,777,699

The City contributed over 100% of the ARC in 2010, 2012 and 2014. City pension fund contributions below 100% are the result of timing issues of cash receipt and cash disbursement/transfer to the pension funds. The City anticipates that it will make full contributions to the Police Pension Plan in future years. The City's contributions to the Police Pension Plan for fiscal years 2010 through 2014 were as follows:

Actuarial Valuation Date (December 31)	Police Pension Plan	
	ARC	Percentage Contribution
2014	$6,823,585	116.3%
2013	3,767,058	99.9%
2012	3,845,178	102.4%
2011	3,982,535	76.6%
2010	3,080,287	103.0%

Firemen's Pension Plan

The City provides pension benefits to its sworn fire personnel through a single-employer, defined benefit pension plan (the "Firemen's Pension Plan"). The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. The City accounts for the Firemen's Pension Plan as a pension trust fund.

The Pension Code provides that the City must make such contributions necessary to bring the Firemen's Pension Plan to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll over 30 years on a closed basis.

The Firemen's Pension Plan's Funded Ratio as of December 31, 2014 was 58.5% on an actuarial basis, which corresponds to a UAAL of $52,976,452. The Funded Ratio and UAAL for the Plan as of December 31, 2010 through December 31, 2014 are as follows:

Actuarial Valuation Date (December 31)	Firemen's Pension Plan	
	Funded Ratio	UAAL
2014	58.5%	$52,976,452
2013	62.2%	41,198,228
2012	61.6%	40,424,485
2011	59.2%	41,595,716
2010	60.1%	38,495,965

The City contributed over 100% of the ARC in 2012 and 2014. City pension fund contributions below 100% are the result of timing issues of cash receipt and cash disbursement/transfer to the pension funds. The City anticipates that it will make full contributions to the Fireman's Pension Plan in future years. The City's contributions to the Fireman's Pension Plan for fiscal years 2010 through 2014 were as follows:

Actuarial Valuation Date (December 31)	Firemen's Pension Plan	
	ARC	Percentage Contribution
2014	$6,948,670	115.6%
2013	4,073,462	91.9%
2012	3,826,058	102.1%
2011	3,951,668	82.5%
2010	3,277,075	98.0%

City Contribution to Police and Firemen's Pension Plans

As described above, the Pension Code requires the City to contribute to the Police Pension Plan and the Firemen's Pension Plan annually the amount necessary to achieve a Funded Ratio of 90% in each plan by 2040. Such contributions are determined pursuant to an actuarial valuation employing the Projected Unit Credit Method (the "PUC Method") as the actuarial cost method. Such contributions include, in addition to the portion of the actuarial present value of pension plan benefits allocated to such contribution year, an amortization of the Police Pension Plan's and the Firemen's Pension Plan's UAAL, which were $43,154,962 and $52,976,452 respectively as of December 31, 2014.

However, the City's contributions to its Police Pension Plan and Firemen's Pension Plan are currently determined pursuant to an actuarial valuation using the Entry Age Normal cost funding method (the "EAN Method"). The amount of the City's contributions into its Police Pension Plan and Firemen's Pension will vary depending on whether the PUC Method or EAN Method is used in the actuarial valuation.

The PUC Method allocates the present value of future benefits based on the service credits of each member of the Pension Plans. In contrast, under the EAN Method, the normal cost rate for each member is developed as the level percent of payroll that, if applied to the member's pay each year and contributed over the member's expected career, would fully fund the member's present value of future benefits. The EAN Method is designed to produce a normal cost that is stable in amounts that increase at the same rate as the employer's payroll, whereas the PUC Method results in a normal cost that tends to increase at a greater rate than the employer's payroll.

Considered independently of other factors, use of the EAN Method results in higher contribution rates associated with the earlier years of employment for active employees, when compared to the PUC Method. This allows a pension plan to accumulate greater investment returns throughout the careers of such employees and results in lower aggregate employer contributions in the long-term. In contrast, use of the PUC Method tends to result in lower contribution rates in the earlier years of employment for active employees and, therefore, a slower accumulation of assets and rising, rather than level, contribution rates when compared to the EAN Method. Such differences between the PUC Method and the EAN Method result from the fact that the PUC Method allocates a higher portion of retirement costs closer to retirement, while the EAN Method spreads those costs evenly as a percentage of pay over the member's period of employment.
Therefore, the annual employer contributions required of the City may increase over time as the amortization period to 2040 reduces, however such increases under the EAN Method will be less than the increases the City would incur under the PUC Method. In addition, any future increases in the UAAL such as those caused, for example, by investment returns lower than projected, will also, when considered independently, cause increases in the City's annual contribution to such Pension Plans.

P.A. 96-1495 allows the State Comptroller to divert State grant money intended for the City to either the Police Pension Plan and Firemen's Pension Plan to satisfy contribution shortfalls by the City (the "Recapture Provision"). If the City fails to contribute to the Police Pension Plan and Firemen's Pension Plan as required by the Pension Code, the City will be subject to a reallocation of grants 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 grants 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 2016, one-third of the City's State grant money, (ii) in fiscal year 2017, two-thirds of the City's State grant money, and (iii) in fiscal year 2018 and in each fiscal year thereafter, 100% of the City's State grant money. Should the Recapture Provision in P.A. 96-1495 be invoked as a result of the City's failure to contribute all or a portion of its required contribution, a reduction in State grant money may have an adverse impact on the City's finances.

Other Post-Employment Benefits

In addition to providing pension benefits, the City subsidizes a portion of the premium for health care coverage 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 percent 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.

For the fiscal year ended December 31, 2014, the City made employer contributions of $939,767, which equals 126.37% of the City's annual OPEB cost of $743,660 for such year. As of December 31, 2014, the City's net OPEB obligation was $918,761 and its actuarial accrued liability was $9,143,999, all of which was unfunded.

For additional information on the City's post-employment benefits other than pensions, see Note 17 and the required supplementary information to the Audit, which is attached hereto as Appendix E.

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 (the "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. The 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 front cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the 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 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 other 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 of Revenue 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 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 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 the Congress of the United States 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. 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.

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, as Bond Counsel ("Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Chapman and Cutler is also passing on certain matters for Raymond James & Associates, Inc., Chicago, Illinois (the "Underwriter") with respect to the Bonds. Although as Underwriter's Counsel, Chapman and Cutler has assisted the Underwriter with certain disclosure matters, 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 the 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 purchaser 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 C.

The City did not include two of the required tables in its operating data filing for fiscal year ending 4/30/2013 and stub year ending 12/31/2013. The City filed its February 7, 2014 rating change by Moody's with the MSRB's Electronic Municipal Market Access ("EMMA") system 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 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, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp.

In addition, the Bonds have been assigned an underlying rating of "A1" 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 $24,215,164.50 (reflecting a net reoffering premium of $1,073,299.50 and an underwriting discount of $163,135.00).

The bond purchase agreement dated August 20, 2015 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, to the best of its knowledge and belief, the Official Statement with respect to the Bonds, 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, in light of the circumstances under which they were made, not misleading.

CITY OF DECATUR
Macon County, Illinois

By */s/ Julie Moore-Wolfe*
Acting Mayor

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APPENDIX A

The Water Utility

The City Water Utility (the "Water Utility") was formed in 1871 when the City Government commissioned the drilling of wells to provide a sustained water supply to residents in complement to water supplied by the Sangamon River. As City population and industrial growth developed in the early decades of the 1900's, industrial corn refiner A.E. Staley led the campaign to persuade City officials to finance the formation of a water reservoir by construction of a dam in 1920-1922 on the Sangamon River creating what is today, Lake Decatur (the "Lake").

Today, the Lake is a 2,800-acre reservoir located within the City limits. The Lake is supplied by a watershed of 925 square miles spanning seven counties in central Illinois and provides water supply servicing industrial, commercial and residential consumers in the City and certain surrounding communities.

At present, the water distribution system consists of 350 miles of water mains, of which 75% are composed of durable cast iron pipe, with useful life that can exceed 100 years. The remaining 25% is newer technology pipe composed of ductile iron or PVC, which is more durable and longer lasting than cast iron pipe. In order to improve public health, the City has maintained an ongoing program for over 30 years to remove and replace old galvanized and lead water lines with copper lines.

The City currently provides water services to approximately 31,400 residential, commercial and industrial customers.

Billings and Collections

Fiscal Year Ended[1]	Billings	Collections	Percent Collected
4/30/2011	14,774,435	14,589,805	98.75%
4/30/2012	14,763,289	14,898,121	100.91%
4/30/2013	14,523,310	14,865,522	102.36%
12/31/2013 (stub)	12,490,549	11,901,327	95.28%
12/31/2014	21,000,428	20,258,789	96.47%

(1) In 2013, the City changed its fiscal year end from April 30 to December 31. The transition period 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.

Source City Water Utility Records

Number of Water Users

Fiscal Year Ended[1]	Total Users
4/30/2011	31,459
4/30/2012	31,433
4/30/2013	31,410
12/31/2013 (stub)	31,393
12/31/2014	31,376

(1) In 2013, the City changed its fiscal year end from April 30 to December 31. The transition period 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.

Source City Water Utility Records

Service Usage Rates

The City Council approved Ordinance 2013-20 (the "Ordinance") on April 1, 2013 increasing water rates by 35% effective May 1, 2013, with additional rate increases approved of 30% effective May 1, 2014, 25% effective May 1, 2015, and 2.5% effective each May 1 thereafter commencing on May 1, 2016. The rates noted in the chart below reflect the rates approved in the Ordinance.

	Rates Effective		
	5/1/2013	5/1/2014	5/1/2015
Meter charge			
Residential	$2.27	$2.95	$3.69
Commercial and Industrial			
5/8" – 3/4"	6.14	7.98	9.98
1" – 1 ¼" – 1 ½"	22.69	29.50	36.88
2" – 3" – 4"	80.07	104.09	130.11
6" – 7" – 8" – 10" – 12"	373.68	485.78	607.23
14" – 16" – 18"	1,534.75	1,995.18	2,493.98
Quantity charge per cubic foot ("cf")			
Residential and Commercial			
First 700	2.81	3.65	4.56
Next 1,500	2.55	3.32	4.15
Next 12,900	2.28	2.96	3.70
Next 18,300	1.82	2.37	2.96
Next 133,300	1.43	1.86	2.33
Next 833,300	1.35	1.76	2.20
Next 1,000,000	1.13	1.47	1.84
All over 2,000,000	.80	1.04	1.30
Industrial			
First 700	4.31	5.60	7.00
Next 1,500	3.90	5.07	6.34
Next 12,900	3.47	4.51	5.64
Next 18,300	2.79	3.63	4.54
Next 133,300	2.21	2.87	3.59
Next 833,300	2.05	2.67	3.34
Next 1,000,000	1.73	2.25	2.81
All over 2,000,000	1.23	1.60	2.00

Source City Water Utility Records

Water Consumption

Fiscal Year Ended[1]	Total Annual Consumption (cf)	Archer Daniels Midland Company ("ADM") Annual Raw Consumption (Gallons)
4/30/2011	842,550,729	5,134,100,000
4/30/2012	835,345,398	5,320,640,000
4/30/2013	835,989,759	4,922,069,600
12/31/2013 (stub)	558,175,057	3,179,630,000
12/31/2014	810,103,373	3,538,523,000

(1) In 2013, the City changed its fiscal year end from April 30 to December 31. The transition period 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.

Source City Water Utility Records

Consumption and Revenue by Consumer Segment

Customer Segment	Total Annual Consumption	Water Revenue
Industrial	510,658,989 cf	$10,185,498
Residential	158,838,421 cf	6,278,627
Commercial	115,830,489 cf	3,808,593
Government	24,775,474 cf	727,710
ADM Raw Water[1]	3,538,523,000 gal	Included above
		$21,000,428

(1) ADM raw water revenue of $1,035,924 included in the Industrial segment total.

Source City Water Utility Records

Fiscal Year 2014 Largest Water Users

Customer	FY 2014 Annual Water Revenues	Percent of Total Water Revenues
ADM	$5,543,619	26.4%
Tate & Lyle	4,660,805	22.2%
Village of Mount Zion	550,203	2.6%
PPG Industries	235,581	1.1%
Millikin University	124,120	0.6%
St. Mary's Hospital	87,624	0.4%
Decatur Memorial Hospital	83,693	0.4%
Akorn Phamaceutical	77,317	0.4%
Wilder Haven Mobile Home Park	77,087	0.4%
Choice Mobile Home Park	70,377	0.3%
	$11,510,426	54.8%

Source City Water Utility Records

Outstanding Obligations

The City has historically abated all or a part of its debt service levy for certain of its outstanding General Obligation Bonds, Series 2008, Series 2010B, Series 2013 and Series 2014, from the net revenues of the Water Utility. The City has three additional parity obligations payable from the net revenues of the Water Utility:

1. The State of Illinois, acting through the IEPA, has entered into certain loan agreements (L17-1674 and L17-2552) in the aggregate original loan amount of $16,977,693 (collectively, the "IEPA Loans") with the City. The City authorized the execution of the IEPA Loans by City officials under ordinances adopted by the City Council on January 8, 2001, and on October 5, 2009.

	Original Loan Approved	Drawdown	Forgiven	Loan to be Repaid	Principal Outstanding as of 6/30/2015
IEPA 2001	$7,172,169.35	$7,172,169.35	---	$7,172,169.35	$2,950,049.56
IEPA 2010	9,805,524.00	9,444,709.00	$2,451,381.00	6,993,328.00	5,967,729.54
Total	$16,977,693.35	$16,616,878.35	$2,451,381.00	$14,165,497.35	$8,917,779.10

2. The City issued a $17,212,394 Promissory Note, Series 2013 (the "2013 Note"), under an ordinance (the "Note Ordinance") adopted by the City Council on August 5, 2013, which is due and payable on August 15, 2028, bearing interest at the rate of 3.47% per annum, payable in quarterly installments of both principal and/or interest beginning on November 15, 2013, and on each February 15, May 15, August 15 and November 15 thereafter until the final payment date.

Water Fund
Statement of Net Assets/Net Position[1]

	Fiscal Year Ended				
	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	$5,166,863	$3,853,341	$2,828,255	$10,054,708	$20,716,873
Investments	4,183,426	2,765,219	0	0	0
Receivables:					
Accounts Receivable	$2,268,181	$2,308,358	$2,012,099	$2,135,663	$2,466,230
Other	382,280	279,963	0	77,714	0
Due from Other Funds	0	507,432	0	83,042	200,000
Inventories	313,071	299,403	263,821	234,049	183,728
Prepaid Expense, Current	25,900	25,900	25,900	25,900	0
Total Current Assets	$12,339,721	$10,039,616	$5,130,075	$12,611,076	$23,566,831
Noncurrent Assets:					
Prepaid Expense, Net of Current	$155,400	$129,500	$103,600	$77,700	$0
Property, Plant and Equipment:					
Land	$3,318,778	$3,318,778	$3,318,778	$3,318,778	$3,550,667
Construction in Progress	0	0	0	17,124,300	30,595,508
Buildings	44,705,535	44,701,835	47,568,574	47,567,474	47,581,734
Improvements Other Than Buildings	63,651,510	65,404,098	62,618,935	55,727,734	62,506,334
Machinery and Equipment	2,117,092	2,067,488	2,140,283	2,149,512	2,153,103
Total Property, Plant and Equipment	$113,792,915	$115,492,199	$115,646,570	$125,887,798	$146,387,346
Less Accumulated Depreciation	(63,371,205)	(66,458,026)	(69,639,024)	(71,572,612)	(74,524,933)
Net Property, Plant, and Equipment	$50,421,710	$49,034,173	$46,007,546	$54,315,186	$71,862,413
Total Assets	$62,916,831	$59,203,289	$51,241,221	$67,003,962	$95,429,244
LIABILITIES:					
Current Liabilities:					
Accounts Payable	$655,173	$721,905	$901,390	$723,326	$2,997,318
Contracts Payable	23,919	373,132	77,614	85,789	1,409,869
Interest Payable	139,321	40,840	40,840	8,579	626,192
Other Accrued Liabilities	161,183	178,223	246,910	294,605	350,159
Capital Lease Payable	0	0	0	6,603	11,633
Bonds Payable	0	0	0	0	3,229,893[2]
Note Payable	352,679	696,100	706,722	877,090	1,368,367
Total Current Liabilities	$1,332,275	$2,010,200	$1,973,476	$1,995,992	$9,993,431
Long-Term Liabilities:					
Capital Lease Payable	0	0	0	$24,128	$34,024
Bonds Payable	0	0	0	0	61,279,378[2]
Note Payable	$9,306,850	$10,471,245	$9,780,491	26,282,346	24,991,693
Total Liabilities	$10,639,125	$12,481,445	$11,753,967	$28,302,466	$96,298,526
Net Assets/Net Position[1]					
Invested in Capital Assets, Net of Related Debt	$40,762,181	$37,866,828	$35,520,333	$27,155,750	($4,626,978)
Unrestricted	11,515,525	8,855,016	3,966,921	11,545,746	3,757,696
Total Net Assets/Net Position[1]	$52,277,706	$46,721,844	$39,487,254	$38,701,496	($869,282)

(1) Reporting format changed from Net Assets to Net Position in 2013.

(2) In the 2014 financial statements, the City reclassified certain general obligation debt previously classified as governmental debt in the financial statements to business activity debt, as the debt service obligations are payable from the water utility.

Sources Compiled from the City's Comprehensive Annual Financial Report Fiscal Years Ending April 30, 2011 - April 30, 2013, December 31, 2013 (Eight Months) and December 31, 2014

Water Fund
Statement of Revenues, Expenses and Changes in Net Assets/Net Position[1]

	Fiscal Year Ended				
	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014
OPERATING REVENUES:					
Charges for Services	$14,406,019	$15,170,378	$14,812,931	$14,672,185	$21,163,144
Other Revenue	2,602,463	114,162	289,682	176,399	167,644
Total Operating Revenues	$17,008,482	$15,284,540	$15,102,613	$14,848,584	$21,330,788
OPERATING EXPENSES:					
Personnel Services	$3,399,580	$3,469,341	$3,737,596	$2,037,146	$3,466,664
Contractual Services	4,099,451	3,793,917	4,966,347	3,551,279	5,446,879
Commodities	2,387,599	2,585,968	2,437,534	1,655,806	1,976,131
Other Charges	79,089	113,420	70,154	587,777	436,846
Depreciation and Amortization	3,250,157	3,161,086	3,180,998	1,972,655	2,988,726
Total Operating Expenses	$13,215,876	$13,123,732	$14,392,629	$9,804,663	$14,315,246
Operating Income (Loss)	$3,792,606	$2,160,808	$709,984	$5,043,921	$7,015,542
NON-OPERATING REVENUES (EXPENSES):					
Investment Income and Net Increase in Fair Value of Investments	$89,734	$86,125	$25,452	$691	$207,569
Intergovernmental Revenue	241,203	0	0	0	221,489
Interest Expenses	(252,023)	(33,198)	(178,075)	(21,730)	(3,862,625)
Gain (Loss) on Disposal of City Property	(844,185)	16,315	0	0	0
Total Non-Operating Revenues (Expenses)	$($765,271)	$69,242	($152,623)	($21,039)	($3,433,567)
Income (Loss) Before Transfers	$3,027,335	$2,230,050	$557,361	$5,022,882	$3,581,975
Transfers:					
Transfers In	$ 179,252	$ 23,934	$719,022	$759,616	$47,959
Transfers Out	(6,401,212)	(7,809,846)	(8,510,973)	(6,568,256)	(1,763,728)
Net Transfers	($6,221,960)	($7,785,912)	($7,791,951)	($5,808,640)	($1,715,769)
Change in Net Assets/Net Position[1]	($3,194,625)	($5,555,862)	($7,234,590)	($785,758)	$1,866,206
Net Assets/Net Position, Beginning of Year	$55,472,331	$52,277,706	$46,721,844	$39,487,254	($2,735,488)[2]
Net Assets/Net Position, End of Year	$52,277,706	$46,721,844	$39,487,254	$38,701,496[2]	($869,282)

(1) Reporting format changed from Net Assets to Net Position in 2013.
(2) Net Position restated due to reclassification of a portion of general obligation bond debt ($41,436,984) from governmental activities to business-type activities, for debt that benefited and is being paid from water utility funds.

Sources Compiled from the City's Comprehensive Annual Financial Report Fiscal Years Ending April 30, 2011 - April 30, 2013, December 31, 2013 (Eight Months) and December 31, 2014

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APPENDIX B

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 Bonds, Series 2015 (the *"Bonds"*), to the amount of $23,305,000, dated September 3, 2015, due serially on March 1 of the years and in the amounts and bearing interest as follows:

2016	$790,000	3.000%
2017	815,000	3.000%
2018	840,000	3.000%
2019	865,000	3.000%
2020	900,000	4.000%
2021	935,000	4.000%
2022	970,000	3.000%
2023	995,000	3.000%
2024	1,030,000	3.000%
2025	1,070,000	5.000%
2026	1,125,000	5.000%
2027	1,185,000	5.000%
2028	1,245,000	5.000%
2029	1,305,000	5.000%
2030	1,375,000	5.000%
2031	210,000	4.000%
2031	1,235,000	5.000%
2032	1,510,000	4.000%
2033	1,570,000	4.000%
2034	1,635,000	4.000%
2035	1,700,000	4.125%

the Bonds due on or after March 1, 2025, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar) September 1, 2024, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, 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, 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.

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.

APPENDIX C

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 $23,305,000 General Obligation Bonds, Series 2015 (the *"Bonds"*). The Bonds are being issued pursuant to an ordinance adopted by the Council of the City on the 17th day of August, 2015 (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 August 20, 2015, 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: Acting Mayor

Date: September 3, 2015

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). 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)
2016	UF2
2017	UG0
2018	UH8
2019	UJ4
2020	UK1
2021	UL9
2022	UM7
2023	UN5
2024	UP0
2025	UQ8
2026	UR6
2027	US4
2028	UT2
2029	UU9
2030	UV7
2031 (5.00%)	VB0
2031 (4.00%)	UW5
2032	UX3
2033	UY1
2034	UZ8
2035	VA2

APPENDIX D

Specimen Municipal Bond Insurance Policy

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

APPENDIX E

Comprehensive Annual Financial Report
For Fiscal Year Ended December 31, 2014

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, Danville, 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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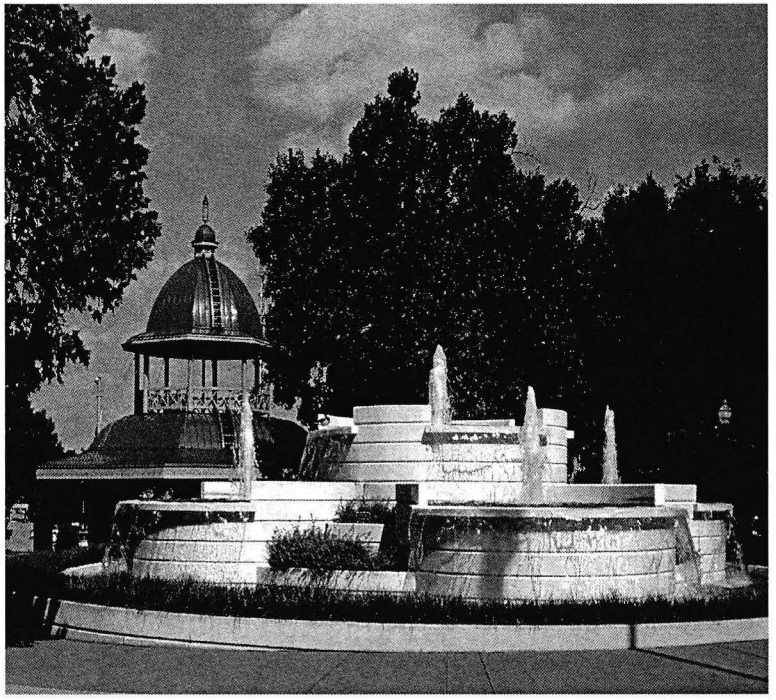
City of Decatur, IL



Comprehensive Annual Financial Report

Fiscal Year January 1 to December 31, 2014

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

Imagine the Possibilities...

LIVING IN DECATUR

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

WORKING IN DECATUR

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

PLAYING IN DECATUR

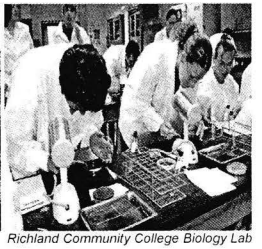
Whether you're looking to spend some time relaxing outdoors, want to shop 'till you drop or prefer your entertainment on the stage or big screen, Decatur's got something just for you. Today we offer more than 2,000 acres of parks and recreational areas and host more than 130 festivals and other entertainment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

LEARNING IN DECATUR

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

Lake Decatur

ADM Employment



Richland Community College Biology Lab

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

Comprehensive Annual Finance Report

City of Decatur, Illinois

For the period January 1 to December 31, 2014

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

Cover Photo: A view of downtown Central Park highlighting the historic Transfer House and Fountain. 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 trolly 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 Civic Center located in downtown Decatur hosts a variety of events throughout the year as well as housing the City of Decatur administrative offices, Council Chambers and Administrative Court.
Lower left – Scovill Zoo located on Country Club Road, where in addition to viewing and learning about zoo animals, includes a community-built Project Playground and educational programs offered year-round. AZA accredited facility.
Middle right – Merchant Street in downtown Decatur. Downtown Decatur has a host of shops, arts, entertainment and dining and offers quality service and products.

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

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I Introductory Section

City of Decatur
City Officials

Office	Official	Term of Office	
Mayor	Michael T. McElroy	05-01-2011 to 04-30-2015	elected
Council Members			
at large	Larry Foster	05-01-2011 to 04-30-2015	elected
at large	Patrick Laegeler	05-01-2011 to 04-30-2015	elected
at large	Dr. Dana Ray	05-01-2011 to 04-30-2015	elected
at large	Jerry Dawson	05-01-2013 to 04-30-2017	elected
at large	Patrick McDaniel	05-01-2013 to 04-30-2017	elected
at large	Julie Moore-Wolfe	05-01-2013 to 04-30-2017	elected
City Manager	Ryan P. McCrady	Resignation 12-28-2014	contractual
Interim City Manager	Gregg D. Zientara	12-28-2014 to appointment	contractual
City Treasurer	Gregg D. Zientara	06-01-2012 to 04-30-2015	appointed
Interim City Treasurer	Melinda Hawbaker	12-28-2014 to appointment	appointed
City Clerk	Linda Swartz	05-07-2012 to 04-30-2015	appointed

Upon the resignation of Mr. Ryan P. McCrady as City Manager effective December 28, 2014, Mr. Zientara was appointed by the City Council to serve as the Interim City Manager until such time that a new City Manager was appointed by the City Council.

With the appointment of Mr. Zientara to serve as Interim City Manager, the City Council appointed Ms. Melinda Hawbaker (City Comptroller) to serve as Interim City Treasurer.

Effective March 23, 2015, Mr. Tim Gleason began his capacity as City Manager for the City of Decatur.

At this time, Mr. Zientara reassumed his capacity as City Treasurer.

CITY OF DECATUR ILLINOIS

1 GARY K. ANDERSON PLAZA DECATUR, ILLINOIS 62523

July 24, 2015

Honorable Mayor Pro Tempore 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, 2014 is hereby submitted.

By Ordinance 2013-26 of the City Council, presented and adopted on April 15, 2013, the City elected to change the fiscal year end from April 30 to December 31 to coincide with a calendar year basis, effective January 1, 2014, whereby the fiscal year of the City shall be January 1 to December 31. This CAFR presents the financial position of the City for the twelve (12) month fiscal period commencing January 1, 2014 and ending December 31, 2014, and is hereby referenced in this report as the "twelve (12) month fiscal period ending December 31 2014". Any comparative information referencing the prior year contained in this letter of transmittal will reference the transitional eight (8) month fiscal period of May 1, 2013 to December 31, 2013.

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, A-133, Audit of States, Local Governments and Non-Profit Organization.

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

General Information

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

The City of Decatur is located within the central heartland of the agricultural region of the State of Illinois and is in the geographic center of the state. The City of Decatur is located approximately sixty (60) miles west of the Illinois and Indiana State boundary line, one-hundred and seventy-five (175) miles south of Chicago, one-hundred and twenty (120) miles northeast of St. Louis, Missouri, and within a region of fifty (50) mile proximity to the communities of Champaign/Urbana, Bloomington/Normal, and Springfield, Illinois.

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

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

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

The City of Decatur provides a full range of governmental services to citizens. Services include general government, public safety police and fire protection, public works street construction and maintenance, public works infrastructure construction and maintenance, water utility services to commercial, industrial and residential properties within the city, mass transit operations, community and economic development services, and parking operations within the central city footprint.

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

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

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

Mayor and three (3) Council seat member terms are elected every four (4) years with the remaining three (3) Council seat member terms elected every two (2) years hence. Mayoral and Council elections are held in April of election years, in accordance with State of Illinois statutes governing municipal elections.

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

Economic Demographics, Economic Condition, Position & Outlook

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

Population

The population for the City of Decatur is reported at 76,122 inhabitants according to the 2010 U.S. Bureau of Census, thus representing a decline in population level in comparison to the year 2000 U.S Bureau of Census population of 81,860. The City of Decatur current population is reported at 74,951, according to Esri forecast estimation.

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

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

		City of Decatur	State	National
Gender	Male	47.0%	49.1%	49.3%
	Female	53.0%	50.9%	50.7%
Age	0 – 24 years of age	32.3%	33.0%	32.8%
	25 – 44	23.8%	26.8%	26.2%
	45 – 64	25.9%	26.1%	26.3%
	65 +	18.0%	14.1%	14.7%
	Median age (in years)	39.4	37.4	37.6
Race	White alone	70.2%	70.4%	70.9%
	Black alone	24.1%	14.3%	12.8%
	American Indian alone	0.2%	0.3%	1.0%
	Asian alone	1.1%	5.2%	5.2%
	Pacific Islander alone	0.0%	0.0%	0.2%
	Other (multiracial)	4.4%	9.8%	9.9%
	Hispanic origin	2.5%	17.0%	17.6%
Marital status	Never married	33%	35%	33%
	Married	44%	49%	50%
	Widowed	8%	6%	6%
	Divorced	15%	10%	11%

Data source: Esri 2015 demographic and income profile 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	32,100	4,896,983	120,746,349
Families	Total number	18,783	3,191,455	79,691,683
	Avg. household	2.84	3.20	3.14
Home ownership	Owner occupied	19,712	3,190,104	76,007,884
	Renter occupied	12,388	1,706,879	44,738,465

Data source: Esri 2015 demographic and income profile 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	4.1%	5.3%	5.6%
Grade 9 – 12, no diploma	10.5%	6.4%	7.5%
High school graduate	34.4%	27.1%	27.7%
Some college, no degree	24.4%	21.0%	21.0%
Associates degree	6.7%	7.6%	8.2%
Bachelors degree	12.8%	20.0%	18.6%
Graduate degree	7.1%	12.6%	11.4%

Data source: Esri 2015 demographic and income profile report

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

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

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

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

Employment

The total resident labor force in the City of Decatur according to the 2010 U.S Bureau of Census and Esri 2015 analysis was reported as 29,181 resident workers for employed population 16 years and older.

The employment profile for the City of Decatur is comprised of 56.9% service industries, 21.9% other industries and 21.2% manufacturing and construction industries. Service sector is the largest employment category with 13,452 workers or 46.1% of the workforce population. Other significant employment sectors include manufacturing with 4,902 workers or 16.8% of the workforce, followed by retail trade at 3,327 workers or 11.4%, transportation / utilities at 2,043 workers or 7.0%, finance / insurance / real estate at 1,342 or 4.6% and construction at 1,285 or 4.4%. The remaining categories employ 2,830 workers or 9.7% of the workforce.

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

Economic Sector	Employment	% of Total
Agriculture/mining	408	1.4%
Construction	1,285	4.4%
Manufacturing	4,902	16.8%
Wholesale trade	613	2.1%
Retail trade	3,327	11.4%
Transportation/utilities	2,043	7.0%
Information	525	1.8%
Finance/insurance/real estate	1,342	4.6%
Services	13,452	46.1%
Public administration	1,284	4.4%
Total	29,181	100.0%

Data source: Esri 2015 demographic and income profile report

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

Occupation	Employment	% of Total
White collar	15,437	52.9%
Services	6,391	21.9%
Blue Collar	7,353	25.2%
Total	29,181	100.0%

Data source: Esri 2015 demographic and income profile report

The ten (10) largest employers in the City of Decatur are represented in the following chart. Three (3) of the top ten employers are classified in the manufacturing sector, four (4) are classified in the service sector, two (2) in the education sector and one (1) in the government sectors. The top ten employers account for 13,463 workers representing approximately 46% of the labor workforce.

Employer	Employees
Archer Daniels Midland	4,202
Decatur Memorial Hospital	2,077
Caterpillar, Inc.	1,864
Decatur Public School Corporation	1,300
St. Mary's Hospital	1,200
Millikin University	616
Tate & Lyle (fka AE Staley Co.)	597
Ameren (aka Illinois Power Company)	561
Macon County	532
City of Decatur	480
Total	13,429

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

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 headquarters of Tate & Lyle Ingredients Americas, Inc. ("Tate & Lyle") a multi-national leader in the agricultural food additives industry; 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, 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 8.7% in the City of Decatur for the composite 2014 calendar year. The seasonally adjusted unemployment rate for the City of Decatur has improved to 6.2% as of May, 2015. The reported unemployment rate is above the State of Illinois and National levels.

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

Locale	Unemployment % 2013	Unemployment % 2014	Unemployment % May, 2015
City of Decatur	11.5%	8.7%	6.2%
Bloomington / Normal	6.8%	5.6%	4.2%
Champaign / Urbana	7.5%	6.0%	4.4%
Peoria	9.1%	7.2%	5.4%
Springfield	7.4%	6.0%	4.5%
State of Illinois	9.1%	7.1%	6.0%
National	7.4%	6.2%	5.3%

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

Unemployment levels have declined in 2014 in the City of Decatur as well as in comparable cities in Central Illinois, the State of Illinois and at the United States national level, thus, signaling improvement in the overall economy and in economic conditions specific to the City of Decatur.

Personal Income

The City of Decatur presently has an estimated 32,100 households with an average per capita personal income of $22,677, according to the Esri 2015 analysis, which compares to the State of Illinois average per capita income of $30,165 and the United States per capita income of $28,597. Median household and average household income levels for the City of Decatur are below both the state and national levels.

$ whole	Decatur	State	National
Per capita income	22,677	30,165	28,597
Median household income	38,322	56,107	53,217
Average household income	51,689	78,861	74,699

Data source: Esri 2015 demographic and income profile report

Cost of Living

The City of Decatur maintains an affordable cost of living currently ranked 11% 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	89%
Bloomington / Normal, IL	96%
Champaign / Urbana, IL	96%
Danville, IL	93%
Peoria, IL	100%
Rockford, IL	93%
Springfield, IL	93%
Indianapolis, IN	87%
St. Louis, MO	90%
Chicago, IL	117%
New York, NY	217%

Data source: Kiplinger Letter 2013 City cost of living report and Infoplease 2010 cost of living report

The housing costs in Decatur are below the state and national averages. Per a report compiled by Esri for median home values in year 2014, the median home value for a single family home in the City of Decatur statistical area was $100,360 as compared to a median home value in the State of Illinois of $199,064. The national median home value is $200,006.

Economic Condition and Position

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

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

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

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

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

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

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

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

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

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

Financial Affairs

The City of Decatur financial structure contains fifty-one (51) funds including the General Fund, thirty-one (31) Special Revenue Funds, four (4) Debt Service and Capital Funds, seven (7) Enterprise Funds, five (5) Internal Service Funds, two (2) Trust and Agency Funds, and one (1) Blended Component Unit Fund.

The 2015 Budget approved by the City Council on December 1, 2014, and appropriated with Council Ordinance 2015-10 on March 16, 2015 provided budgetary approval in the amount of $196 Million for all operating funds of City operations.

Key elements of the 2015 budget include:

- A balanced General Fund budget at $63.5 million (modified accrual basis)

- $21 million Bond Issue with proceeds to finance Phase 2 of the Dredging of Lake Decatur
- Final spend down of the proceeds of the 2010 Construction Bond ($0.9 million – Downtown streetscape)
- Spend down of the loan proceeds for the Automated Water Meter and Energy Savings project ($1.2 million)
- Spend down of certain accumulated Motor Fuel Tax Revenues on certain IDOT approved projects

2015 Council Approved Budget	$ (000)
General Fund	65,010
Special Revenue Funds	12,387
TIF Redevelopment Funds	1,995
Debt Service and Capital Project Funds	11,350
Enterprise Funds	73,935
Internal Service Funds	16,457
Trust and Agency Funds	14,632
Total Budget	195,766
Less: Interfund Transfers	(39,778)
Net City Budget	155,988

Data Source: 2015 Council approved cash basis budget amended with annual appropriation ordinance

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

Financial Affairs for the Fiscal Period Ending December 31, 2014

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

General Fund financial results for the fiscal period ending December 31, 2014 are as follows:

$ (whole)	Original Budget 12 Months Ending Dec 31, 2014	Final Budget 12 Months Ending Dec 31, 2014	Actual Budgetary Basis 12 Months Ending Dec 31, 2014	Variance Pos (Neg)
Revenue	60,400,000	60,400,000	59,897,040	(502,960)
Expenditures	60,400,000	59,616,182	58,982,087	(634,095)
Surplus (deficit)	-0-	783,818	914,953	

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

The City General Fund actual performance for the fiscal period ending December 31, 2014, resulted in a surplus spending position of $0.9 million. The surplus result was achieved through the control of expense levels designed to offset the reduced revenue stream attributed to lower revenue receipts of certain "economically sensitive" revenues.

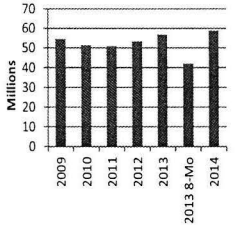
General Fund Expense

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

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

The following chart identifies the expense control exhibited by City Administration in management of General Fund expenditures over the six (6) year period from fiscal 2009 to fiscal 2014 and includes the eight (8) month transition fiscal period of May 1, 2013 to December 31, 2013.

Year $	General Fund Expenditure	Change from Prior Year	% Change
2009 fiscal year actual	54,406,697		
2010 fiscal year actual	51,348,950	(3,057,747)	(5.6)%
2011 fiscal year actual	50,889,268	(459,682)	(0.9)%
2012 fiscal year actual	53,364,592	2,475,324	4.9%
2013 fiscal year actual	56,816,566	3,451,974	6.5%
2013 8-month actual	41,966,807		
2014 fiscal year actual	58,982,087		
2014 vs. 2009	4,575,390		8.4%



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

The City's General Fund provides the financial resources to pay for public safety protection including police and fire operations; public works operations, including City engineering services, street and municipal services; community development activities of the planning and neighborhood development operations; and general government operations including, legislative, city management, legal, finance and administration, and certain other general service functions of City operations.

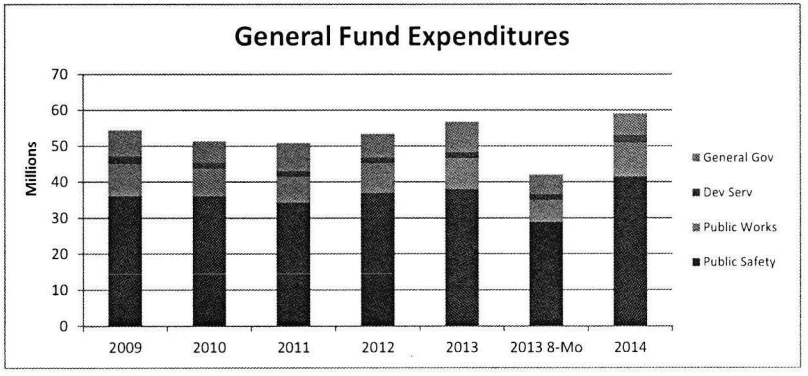
General Fund expenses over the period from fiscal year 2009 have increased 8.4%, a level below the U.S. Government Bureau of Labor Statistics reported inflationary increase of 10.4% over the six year period. In addition, despite contractual wage obligations over the period of 1-4% annually, the City has been able to control spending in non contractual labor areas to limit overall cost increases impacting overall expense levels. The City has accomplished this through cost controls and expenditure rationalization in all areas of City operations. The City has successfully met the challenge of cost control without disruption or reduction of essential City services.

The following chart presents General Fund expense by organizational category over the period from 2009 to the present.

Fiscal Year $	Public Safety	Public Works	Development Services	General Government	Total Expense
2009 actual	36,149,964	9,007,188	1,992,498	7,257,047	54,406,697
% of total 2009 actual	66%	17%	4%	13%	100%
2010 actual	36,144,026	7,574,225	1,643,090	5,987,609	51,348,950
2011 actual	34,422,066	7,044,028	1,573,282	7,849,892	50,889,268
2012 actual	37,069,095	8,091,150	1,633,284	6,571,063	53,364,592
2013 actual	38,044,018	8,524,530	1,650,995	8,597,023	56,816,566
2013 actual 8-month transition	28,915,170	6,189,016	1,563,424	5,299,197	41,966,807
2014 actual	41,509,705	9,432,470	2,150,193	5,889,719	58,982,087
2014 vs. 2009	5,359,741	425,282	157,695	(1,367,328)	4,575,390
% change 2014 vs. 2009	14.8%	4.7%	7.9%	(18.8)%	8.4%
% of total 2014 actual	70%	16%	4%	10%	100.0%

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

Public Safety expense continues to grow as a percentage of overall General Fund expense, due primarily to the continued increase in pension obligations for public safety employees. The public safety pension contribution increased from $5.9 million in fiscal year 2009 to $8.5 million in fiscal 2014. Public safety pension contribution as a percentage of total public safety expense has increased from 16% in 2009 to 20% in 2014.



Public Safety continues as the principal component of the General Fund expense with 70% of total spending, followed by Public Works 16%, General Government 10% and Development Services 4%, as reported in the fiscal period ending December 31, 2014.

Contractually negotiated wage increases with the three (3) labor unions, i.e., Police, Fire and AFSCME, and continued increases in pension contributions to police, fire and the Illinois Municipal Retirement Fund ("IMRF") over the period have been the primary drivers of cost increase beyond the normal inflationary pressures.

Despite these increases, the City has been able to control total General Fund expense increase over the period at levels that are below the compounded inflation increase. This has been accomplished by City Administration continued efforts to rationalize required services, continued implementation of operational efficiencies throughout City operations, and continued rationalization of staffing levels.

In 2009, the City implemented a Voluntary Separation Program ("VSP") targeted to reduce staff levels of the City in response to the continued pressures on General Fund resources. The VSP program resulted in the reduction of seventeen (17) employees, fourteen (14) in the General Fund with a total annual cost savings of $1.4 million, including General Fund cost savings of $1.1 million. Position eliminations included seven (7) public safety staff, two (2) public works staff, four (4) development service staff, one (1) general government staff, and three (3) water management staff. An additional seventeen (17) positions were eliminated through attrition including seven (7) in public works, three (3) each in public safety and water management, two (2) in general government and one (1) each in internal service and development services. Positions eliminated through attrition resulted in annual cost savings of $1.4 million, including $1.2 in the General Fund.

In 2013, in response to continued pressures on General Fund resources, the City implemented a further staff reduction, eliminating 16 General Fund positions, resulting in an annual General Fund cost savings of $1.2 million. Position eliminations included seven (7) public safety staff, one (1) public works staff, two (2) development service staff and six (6) general government staff. Certain positions were unfilled and open as of December 31, 2013.

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

Staffing Levels

The following chart presents the fiscal year end staffing levels for the City over the period from fiscal year 2009 to the present, as of December 31, 2014.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2013 8-month Transition	FY 2014
General Government	39	36	35	37	39	37	35
Public Safety	318	308	303	305	313	297	287
Public Works	72	63	62	65	63	60	57
Development Service	33	28	28	29	24	21	19
General Fund Staffing	462	435	428	436	439	415	398
Internal Service	20	19	19	19	19	19	20
Water Management	52	46	47	43	42	38	43
Total Staffing	534	500	494	498	500	472	461

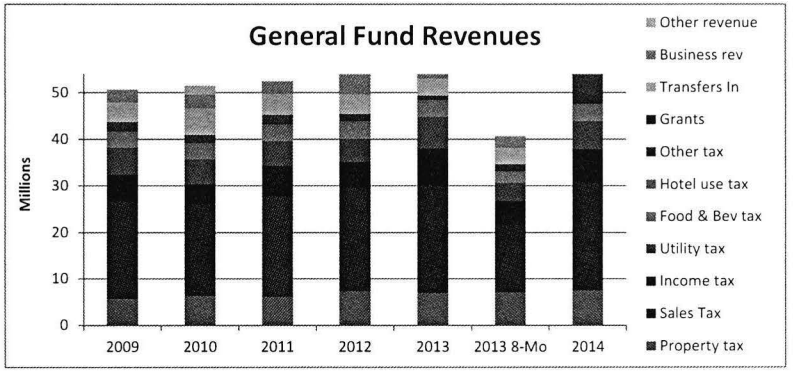
Source: City actual staffing headcount as of the end of the relevant fiscal period

General Fund Revenue

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

Fiscal Period $	2014 Fiscal Year	2013 Transition	2013 Fiscal Year	2012 Fiscal Year	2011 Fiscal Year	2010 Fiscal Year	2009 Fiscal Year
Property tax	7,543,025	7,149,597	6,973,393	7,432,691	6,175,061	6,345,009	5,786,997
Sales tax	23,104,675	14,540,813	23,065,733	22,120,709	21,551,003	19,662,961	20,797,320
Income tax	7,286,357	5,068,148	8,022,579	5,621,265	6,621,569	4,392,623	5,938,961
Utility tax	5,996,139	3,905,094	6,790,093	4,938,899	5,281,231	5,399,837	5,786,774
Food & beverage tax	3,052,764	2,050,618	3,060,400	3,085,818	2,987,815	2,893,444	2,963,871
Hotel use tax	649,787	444,313	599,436	716,136	601,716	555,277	451,141
Other tax	2,020,323	1,391,136	725,695	1,378,015	1,795,123	1,541,442	1,891,432
Grants	67,233	77,108	126,189	174,378	203,671	163,968	59,166
Internal service	6,245,654	3,585,299	3,748,337	4,171,814	4,564,180	5,705,265	4,252,959
Business revenue	3,897,065	2,386,343	3,025,692	4,363,522	2,704,738	2,899,275	2,726,124
Other revenue	34,018	14,788	257,322	-	-	2,000,000	-
Total	59,897,040	40,613,257	56,394,869	54,003,247	52,486,107	51,559,101	50,654,745

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



The primary revenue source for the City General Fund remains tax based revenues.

Of note, the property tax revenues received by the City according to the Tax Levy in effect, provide the cash resources to fund City contributions to the Police and Firemen's Pension Fund, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of the General Obligation Bond debt payments, provide City funding for a minor portion of the City contribution to the IMRF (Illinois Municipal Retirement Fund) covering City Management and AFSCME employees, and provides funding for the City contribution to the Decatur Municipal Band.

The cost of day to day City government operations as well as capital spending requirements of City operations, including general government, public safety police and fire protection, public works streets & municipal services and infrastructure operations, are not funded by property tax revenues, but rather are funded by other taxes including locally imposed or state distributed sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor tax, as well as by business revenues generated by city operations.

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

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

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

In 2014, the City Council approved the implementation of a storm water utility tax effective October 1, 2014, targeted to provide additional funding for the capital improvement and maintenance to the City sewer system. A portion of this new tax will benefit the General Fund by providing a revenue stream to offset certain General Fund Public Works expenses.

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

Other Financial Management Matters

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

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

The Management Discussion & Analysis and accompanying financial statements, and notes to the financial statements, contained later in this CAFR, presents in full the financial activities and condition of the City of Decatur.

Recent Awards and Recognitions

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

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

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

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

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

Economic Development and Infrastructure Development

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

Economic Development and Quality of Life initiatives

Police Department Law Enforcement Center – Decatur Police moved into a new facility at 707 Southside Drive on June 1, 2014. The City had been searching for more than a decade for adequate space to house the Police Headquarters. The state-of-art, 46,000 square foot renovated facility will provide 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 returns a vacated industrial site to productive community use, and is believed to offer further commercial and economic development opportunities in the adjacent area.

Downtown Revitalization – The City's Downtown Streetscape project represents 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 expected increase in activity. The project has already spurred a return to prominence of the City's downtown district in the form of new businesses and jobs, entertainment options and the creation of a "new" downtown that is now a destination for local residents and visitors alike. The final phase of work is now underway with project completion scheduled in 2015. 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 has implemented sweeping changes to its downtown parking system over the last two (2) years designed to make the local shopping experience more convenient for shoppers while providing a range of options for downtown employees. The program included, among other upgrades, a transition from parking meters to free parking for most of the downtown area and the addition of 150 new spaces as part of the overall downtown streetscape project.

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

Ashley Furniture / Mound Center Development – Construction began in Q2 2015 for the next stage of development in Mound Center at the intersection of U S 51 and Mound Road for a 35,000 square foot commercial building to include Ashley Furniture and space for two additional retail / restaurant establishments 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 continues recent development of the Pershing Road corridor and is expected to result in added value to the site in the form of an increased Equalized Assessed Valuation (EAV) This project was completed in early 2014

St. Mary's / Decatur Memorial Hospital Expansion – St Mary's recently completed the first phase of a $31 million facility expansion including new lobby, emergency care department, laboratory rooms and hospital façade Decatur Memorial Hospital continues its $39 million facility expansion 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 includes 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

Akorn Pharmaceutical Expansion – recently announced 3rd phase of an $18 million remodeling and expansion project for the West Grand Avenue facility, a multi-year capital improvement plan that will add local employment Company will add 40,000 square feet to accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations.

Administrative Court – The City commenced operation of a new City Administrative Court, 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 The new Administrative Court system commenced operation in the summer of 2012 and has ramped up operations throughout the period to the present Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results

New 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 have signed up to participate in the program and the amount of recycled material continues to increase as residents become accustomed to the program. The City's Sustainability Plan had hoped to reach 30% participation by the year 2020 and some residents say that they actually no longer need twice per week garbage service as the amount of garbage generated has been reduced dramatically with the new recycling system The participation rate prior to the new program being implemented was about 15 percent This program continues to gain further acceptance in the community and further contributes to the "greening" of the City of Decatur

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

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

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

ADM Local Expansion – new $6 5 million facility under construction within the ADM Decatur footprint for processing and refining of crude vegetable oil.

ADM Community Investment – recently announced $2 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, will provide the capital resources for the $90 million investment underway, the largest investment in the City water system since Lake Decatur was created in 1922 The rate increases will fund a series of lake dredging initiatives over the next 4-5 years 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 begin to fund a series of investments in future years replacing aging above and below ground water infrastructure

Identification of Additional Water Supply – Council members voted unanimously in 2012 to fund additional work to confirm that shallow groundwater wells near the City's South Water Treatment Plant could help secure needed additional water supply. The community requires an estimated 10,000 acre-feet of water to be able to supply the community during drought conditions that have impacted the region in the last two years Engineering evaluation has determined that the wells will provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously This work commenced in 2013 and continues towards completion expected in 2014/2015.

Lake Decatur Dam Repair Phase I – This $3 4 million investment is critical to 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 includes 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 commenced in the fall 2013 with completion in 2014 The project is 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 the 2nd quarter of 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 next 5 years addressing the most critical storm water system issues facing the City

Franklin Street Water Tower – The City held a ribbon cutting for the newly constructed, 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 approximately $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 and will not have 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 – 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 city corridor This project continues with planned investment scheduled for 2015 and beyond

Corridors Project – The City will receive a grant of more than $1 million to improve the appearance of corridors within the City's corporate limits, work that is expected to include addressing the appearance of railroad overpasses The City is in the process of plan definition and preparation for submission to the Illinois Department of Transportation, with work planned to commence once the work scope plan is approved by IDOT

Johnson Controls Energy Initiative – In late summer 2013, the Decatur City Council approved a $17 2 million project initiative to provide investment funding to finance a project to install automated water meter reading equipment ("AMR") throughout the city residential, commercial and industrial footprint In addition, this project includes energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative is the primary investment with approximately $14.5 million devoted to the installation of state of art electronically read water meters The remaining investment of $2 7 million is 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 The project investment commenced in the fall 2013 with scheduled completion in 2015

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 to include 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 will also include new culinary arts dining facility and other facility renovations

Millikin University – This $1 4 million renovation project is targeted to the athletic complex and includes 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

The results of the City's single audit for the twelve (12) month period ended December 31, 2014 disclosed four findings related to the internal control structure and no significant violations of applicable laws and regulations

Budgetary Controls

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

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

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

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

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

City Vision, Goals, and Objectives

In 2009, the City of Decatur and Macon County developed a comprehensive joint land use and development plan to guide the vision for the community's future growth and development.

Current and Future Vision for the City of Decatur

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

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

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

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

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

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

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

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

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

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

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

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

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

Key Goals and Objectives for 2015 and Near Term Beyond

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

The current City goals and objectives are as follows

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

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

Goal 2 – Advance a Diversified Economy

- Continued support of global economic development strategy to cultivate new industries and entrepreneurship in emerging technologies and support industries
- Continue next steps in the revitalization of Downtown Decatur with increase in residential choice in the downtown core are in order to expand the local customer base and vitality to visitors
- Continue the expansion of retail services available by recruiting new retailers into the Decatur market
- Continue expansion efforts of existing and potential new business park environments in co-operation with the Decatur Economic Development Corporation ("EDC")
- Assist the marketing effort of the Decatur Airport Business Park and expansion of the existing U S. Customs and Foreign Trade Zone currently in operation
- Continue the expansion of the City fiber optic network providing high-speed communications to additional private and public users

Goal 3 – Foster a Sense of Pride in Place

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

Goal 4 – Sustainable and Balanced Land Development

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

Goal 5 – Provide an Accessible and Connected City

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

Recent Goal and Objective Accomplishments

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

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 related OMB Circular A-133

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-three (23) 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 eight months ended December 31, 2013

This represents the forty-second (42nd) 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 Michael T. McElroy, members of the City Council, and City Department Heads, preparation of this report would not have been possible.

Special Remarks

Mayor Michael T. McElroy died on July 17, 2015.

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

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

The City of Decatur community is deeply saddened by his untimely passing and our condolences are expressed to his wife, son and to the entire McElroy family.

Mayor Pro Tempore Ms. Julie Moore-Wolfe will succeed as interim mayor. The city council has 60 days to select a successor to serve the remainder of McElroy's term.

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, 2014.

Tim Gleason
City Manager

Gregg D. Zientara
City Treasurer & Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur

Illinois

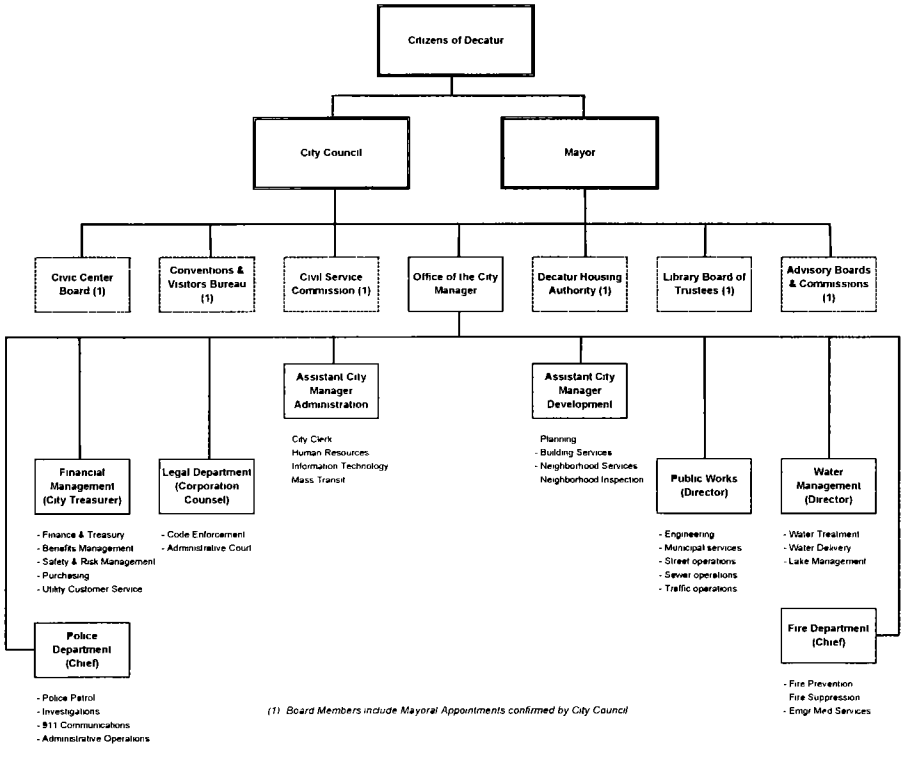
For its Comprehensive Annual
Financial Report
for the Eight Months Ended

December 31, 2013

Executive Director/CEO

II Financial Section

City of Decatur, Illinois
Organizational Chart



Effective as of May 1, 2014 through and including December 31 2014

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.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, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis - of - Matter
Beginning net position from previously issued financial statements for the eight-month period ended December 31, 2013 have been restated to report certain general obligation bond debt from governmental activities to business-type activities. In addition, several funds previously reported within the general fund are now being reported as individual funds within the non-major governmental funds and one fund previously reported as an enterprise fund is now reported as a special revenue fund within the non-major governmental funds See Note 19 which explains these restatements.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedules of funding progress, 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 of Decatur, Illinois' basic financial statements The combining and individual nonmajor fund financial statements and budgetary comparisons, introductory section, and statistical tables listed in the table of contents 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 U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements

The combining and individual nonmajor fund financial statements and budgetary comparisons 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 tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015 on our consideration of the City of Decatur'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 of Decatur's internal control over financial reporting and compliance

Clifton Larson Allen LLP

Danville, Illinois
July 24, 2015

Management Discussion & Analysis
City of Decatur, Illinois
December 31, 2014

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, 2014.

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, 2014 and ending December 31, 2014, and is hereby referenced in this report as the "twelve (12) month fiscal period ending December 31 2014" As a result of the change in fiscal year, comparative period financial information as presented in this MD&A will reference the transitional fiscal period from May 1, 2013 ending December 31, 2013, hereby referenced in this report as the "eight (8) month fiscal period ending December 31, 2013"

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

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

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

City of Decatur, Illinois

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

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

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

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

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

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

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

The City of Decatur was incorporated in 1836, and since 1971 has operated as a Home Rule unit of local government pursuant to the State of Illinois Constitution

Governmental Structure

The City of Decatur operates under a managerial form of government, under which the elected Mayor and City Council discharge the legislative function and establish municipal policy, with an appointed City Manager responsible for all city administrative and operational functions.

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

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

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

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

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 Board 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

$(whole)	Governmental Activities		Business type Activities		Government wide Activities	
	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013
Total Assets	141,753,726	140 371,795	116,893,151	87,947,745	258,646,877	228,319,540
Total Liabilities	51,757,838	54,871,223	105,720,783	78,809,813	157,478,621	133,681,036
Deferred Inflows	13,242,624	11,591,009	-	-	13,242,624	11,591,009
Net Position						
Capital net of debt	62,584,346	59,171,409	3,198,630	(6,296,096)	65,782,976	52,875,313
Restricted	10,059,536	12,177,075	-	-	10,059,536	12,177,075
Unrestricted	4,109,382	2,561,079	7,973,738	15,434,028	12,083,120	17,995,107
Total net position (1)	76,753,264	73,909,563	11,172,368	9,137,932	87,925,632	83,047,495
Change vs pr year	2,843,701	2,454,929	2,034,436	(439,754)	4,878,137	2,015,175
Expenses	72,533,594	53,411,711	29,066,881	15,806,735	101,600,475	69,218,446
Revenues	75,377,295	55,864,733	31,101,317	15,368,888	106,478,612	71,233,621

1 *Net position at December 31, 2013 includes restatement of $41,836,577 of net position increase in governmental activities with corresponding decrease in business activities Restatement result of reclassification of 1 non-major enterprise fund from business type to governmental type amounting to $399,593 of unrestricted net position and the reclassification of $41,436,984 of general obligation bond debt from governmental to business type activity*

- Government wide net position (total assets less total liabilities and deferred inflows) as of December 31, 2014 is $87,925,632

- Government wide net position increased by $4,878,137 or 5.9% during the fiscal year ending December 31, 2014 Governmental activity net position increased by $2,843,701 or 3 8%, and business activity net position increased by $2,034,436 or 22 3% during the fiscal year

- Total assets as of December 31, 2014 of $258,646,877 increased $30,327,337 or 13 3% as compared to total assets as of December 31, 2013

- Total liabilities as of December 31, 2014 of $157,478,621 increased $23,797,585 or 17 8% as compared to total liabilities as of December 31, 2013.

- Government wide net position of $65,782,976 are invested in capital assets net of debt and are therefore, not available for spending. $12,083,120 is classified as unrestricted net position and may be used to meet ongoing obligations to creditors $10,059,536 is classified as restricted primarily for debt service and capital outlay

- Government wide revenue achieved in the 12-month fiscal year ending December 31, 2014 amounted to $106,478,612, versus government wide revenue of $71,233,621 achieved in the 8-month fiscal period ending December 31, 2013 Governmental activity revenue achieved in the 12-month fiscal year ending December 31, 2014 amounted to $75,377,295, versus governmental activity revenue of $55,864,733 achieved in the 8-month fiscal period ending December 31, 2013 Business activity revenue achieved in the 12-month fiscal year ending December 31, 2014 amounted to $31,101,317, versus business activity revenue of $15,368,888 achieved in the 8-month fiscal period ending December 31, 2013

- Government wide program expense in the 12-month fiscal year ending December 31, 2014 amounted to $101,600,475, versus government wide program expense of $69,218,446 in the 8-month fiscal period ending December 31, 2013 Governmental activity program expense in the 12-month fiscal year ending December 31, 2014 amounted to $72,533,594, versus governmental activity program expense of $53,411,711 in the 8-month fiscal period ending December 31, 2013 Business activity program expense in the 12-month fiscal year ending December 31, 2014 amounted to $29,066,881, versus business activity program expense of $15,806,735 in the 8-month fiscal period ending December 31, 2013

- Explanatory commentary concerning the changes in assets, liabilities, deferred inflows, revenue and expenditures can be found in later sections of this MD&A

Overview of the Financial Statements

The City of Decatur's financial statements are comprised of four (4) components 1) government wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government wide financial statements

The government wide financial statements are designed to provide readers with a broad overview of the City of Decatur's finances using "accrual based accounting", a method of accounting used by private-sector business concerns

- **Statement of net position**

  This statement reports all assets, liabilities, and deferred inflows of the City of Decatur as of December 31, 2014. The difference between total assets, 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, 2014. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed The statement of activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenue available for general purposes including property tax, sales & use tax, other tax, fees for services and other revenue sources

The government wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The major governmental activities of the City of Decatur include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, and education & culture through the public library The major business-type activities of the City include the water utility, sewer utility and mass 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, propnetary funds and fiduciary funds

Governmental Funds

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

Proprietary Funds

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements The City maintains seven (7) enterprise funds Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (3 funds), Sewer (1 fund), and Mass Transit (1 fund) which are considered major enterprise funds Data from the other two (2) non-major enterprise funds (Recycling and Storm Water Utility) are combined into a single, aggregate presentation Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary Funds

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

Notes to the financial statements

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

Other information

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

Government wide financial statements

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

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Assets						
Current & other	43,528,638	42,361,655	29,341,558	21,271,215	72,870,196	63,632,870
Capital assets (net)	98,225,088	98,010,140	87,551,593	66,676,530	185,776,681	164,686,670
Total Assets	141,753,726	140,371,795	116,893,151	87,947,745	258,646 877	228,319,540
Liabilities						
Current	13,430,698	14,965,662	11,678,558	8,458,309	25,109,256	23,423,971
Long term	38,327,140	39,905,561	94,042,225	70,351,504	132,369,365	110,257,065
Total Liabilities	51,757,838	54,871,223	105,720,783	78,809,813	157,478,621	133,681,036
Deferred Inflows						
Future property tax	13,242,624	11,591,009	-	-	13,242,624	11,591,009
Net position (1)						
Net investment in capital assets	62,584,346	59,171,409	3,198,630	(6,296,096)	65,782,976	52,875,313
Restricted	10,059,536	12,177,075	-	-	10,059,536	12,177,075
Unrestricted	4,109,382	2,561,079	7,973,738	15,434,028	12,083,120	17,995,107
Total net position	76,753,264	73,909,563	11,172,368	9,137,932	87,925,632	83,047,495

1 *Net position at December 31, 2013 includes restatement of $41,836,577 of net position increase in governmental activities with corresponding decrease in business activities Restatement result of reclassification of 1 non-major enterprise fund from business type to governmental type amounting to $399,593 of unrestricted net position and the reclassification of $41,436,984 of general obligation bond debt from governmental to business type activity*

As of December 31, 2014, City assets exceeded liabilities and deferred inflows by $87,925,632, an increase of $4,878,137 from the net position level as of December 31, 2013

Governmental net position of $76,753,264 increased by $2,843,701 versus the level at December 31, 2013, an increase of 3 8% Business net position of $11,172,368 increased by $2,034,436 versus the level at December 31, 2013, an increase of 22 3%

The increase in the net position of the City results from an increase in asset position of $30,327,337 coupled with an increase in liability position of $23,797,585 and deferred inflows of resources $1,651,615

Total assets increased $30,327,337 or 13 3% as compared to the asset level of December 31, 2013 The increase in assets is attributed to an increase in cash and equivalents of $11,313,714, receivable decrease of $2,141,925, and an increase in net capital assets and other assets of $21,155,548

The increase in cash and equivalents can be attributed to a $11,967,024 cash increase in business activities offset by a $653,310 cash decrease in governmental activities The business activity cash increase is the result of cash flow from operations and non-capital financing of $9,745,498, unspent 2014 bond proceeds of $14,013,526, investment income of $209,608, offset by debt service payments of $6,329,957, capital outlay on the automated water meter and energy savings initiative of $5,400,000, miscellaneous capital outlay of $271,651 The governmental activity cash decrease is the result of in-period spend down of 2010 Bond financed capital projects and spend down of certain non-major governmental fund balances, offsetting the in period General Fund and other major governmental fund surplus positions

Total liabilities increased $23,797,585 or 17 8% as compared to the liability level as of December 31, 2013, with a $26,910,970 increase in business activity liabilities offset by a $3,113,385 decrease in governmental activity liabilities

Business activity liability increase results primarily from the incurrence of new general obligation bond debt of $25,202,134 to finance the Lake Decatur dredging initiative, certain other debt issuance amounting to $3,648,122 for sewer rehabilitation projects and other debt financed projects initiated in the fiscal period, and an increase in operating payables of $1,067,640, offset by $3,006,926 debt retirement of current debt issues Government activity liabilities decreased due to planned pay down of GO and other debt of $1,256,708, reduction of $2,227,609 for pension, OPEB and compensated absences, offset by an increase in operating payables of $370,932

Deferred inflows of resources amounted to $13,242,624, and represents, the 2014 property tax levy receivable, billed and collectible in 2015

Government wide net position of $65,782,976 is invested in capital assets net of debt and is therefore, not available for spending $12,083,120 is classified as unrestricted net position and may be used to meet ongoing obligations to creditors $10,059,536 is classified as restricted primarily for debt service and capital outlay

Capital assets, net of debt of $65,782,976 represents an increase of $12,907,663 from the level as of December 31, 2013 Restricted net position decreased $2,117,539 as compared to the level as of December 31, 2013 Unrestricted net position decreased $5,911,987 as compared to the level as of December 31, 2013

Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013	12 months Ending Dec 31, 2014	8 months Ending Dec 31, 2013
Revenue						
Program Revenue						
Charge for services	8,840,110	4,754,686	26,715,999	18,135,880	35,556,109	22,890,566
Operating grants	6,043,783	2,652,299	6,033,830	3,170,028	12,077,613	5,822,327
General Revenue						
Property tax	13,545,241	13,394,261	-	-	13,545,241	13,394,261
Sales & use tax	23,533,100	14,924,647	-	-	23,533,100	14,924,647
Other tax	18,373,684	11,967,928	-	-	18,373,684	11,967,928
Investment earnings	110,413	7,681	209,608	1,544	320,021	9,225
Other revenue	3,068,767	2,224,667	4,077	-	3,072,844	2,224,667
Transfers	1,862,197	5,938,564	(1,862,197)	(5,938,564)	-	-
Total Revenue	75,377,295	55,864,733	31,101,317	15,368,888	106,478,612	71,233,621
Expenses						
General government	12,159,290	8,328,846	-	-	12,159,290	8,328,846
Public safety	40,664,492	29,422,201	-	-	40,664,492	29,422,201
Public works	14,579,926	10,877,524	-	-	14,579,926	10,877,524
Culture	286,764	2,518,155	-	-	286,764	2,518,155
Education	3,595,829		-		3,595,829	
Interest on debt	1,247,293	2,264,985	-	-	1,247,293	2,264,985
Water utility	-	-	18,504,972	9,663,567	18,504,972	9,663,567
Mass transit	-	-	6,790,731	4,230,742	6,790,731	4,230,742
Waste removal	-	-	640,461	405,409	640,461	405,409
Sewer	-	-	3,111,645	1,507,017	3,111,645	1,507,017
Storm Water	-	-	19,072		19,072	-
Total Expense	72,533,594	53,411,711	29,066,881	15,806,735	101,600,475	69,218,446
Change in net position						
Excess (deficiency)	2,843,701	2,453,022	2,034,436	(437,847)	4,878,137	2,015,175
Change in net position	2,843,701	2,453,022	2,034,436	(437,847)	4,878,137	2,015,175
Beginning net position	73,909,563	31,126,661	9,137,932	51,012,763	83,047,495	82,139,424
Restatement	-	41,436,984	-	(41,436,984)	-	-
Prior bond issue cost	-	(1,107,104)	-	-	-	(1,107,104)
Ending net position	76,753,264	73,909,563	11,172,368	9,137,932	87,925,632	83,047,495

Net position at December 31, 2013 includes restatement of $41,836,577 of net position increase in governmental activities with corresponding decrease in business activities Restatement result of reclassification of 1 non-major enterprise fund from business type to governmental type amounting to $399,593 of unrestricted net position and the reclassification of $41,436,984 of general obligation bond debt from governmental to business type activity

Governmental Activities

Net position increased $2,843,701 during the 12-month fiscal period ending December 31, 2014 Revenue achieved in the 12-month fiscal year ending December 31, 2014 amounted to $75,377,295, versus revenue of $55,864,733 achieved in the 8-month fiscal period ending December 31, 2013 Expenditures during the 12-month fiscal year ending December 31, 2014 amounted to $72,533,594, verses expenditures of $53,411,711 during the 8-month fiscal period ending December 31, 2013

Revenue and expense comparisons between the periods are not possible due to the change in fiscal year, whereas, the current period ending December 31, 2014 represents a twelve (12) month fiscal year versus the prior period ending December 31, 2013, which is an eight (8) month fiscal period

In the period, Governmental Activity revenue exceeded expense by $2,843,701 A restatement of $41,436,984 to reclassify general obligation bond debt from governmental to business type activity, coupled with a reclassification of one non-major enterprise fund from business type to governmental type amounting to $399,593, increased beginning net position by $41,836,577

Business Activities

Net position increased $2,034,436 during the twelve month period ending December 31, 2014 Revenue achieved in the 12-month fiscal year ending December 31, 2014 amounted to $31,101,317, versus revenue of $15,368,888 in the 8-month fiscal period ending December 31, 2013 Expenditures during the 12-month fiscal year ending December 31, 2014 amounted to $29,066,881, versus expenditures of $15,806,735 during the 8-month fiscal period ending December 31, 2013

Revenue and expense comparisons between the periods are not possible due to the change in fiscal year, whereas, the current period ending December 31, 2014 represents a twelve (12) month fiscal year versus the prior period ending December 31, 2013, which is an eight (8) month fiscal period

In the period, Business Activity revenue exceeded expense by $2,034,436 A restatement of $41,436,984 to reclassify general obligation bond debt from governmental to business type activity, coupled with a reclassification of one non-major enterprise fund from business type to governmental type amounting to $399,593, decreased beginning net position by $41,836,577

Management Discussion & Analysis
City of Decatur, Illinois
December 31, 2014

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, 2014

$ (whole)	General	Library	Debt Service	TIF	Motor Fuel Tax	Non-Major	Total
Total assets	20,403,725	3,990,051	4,694,083	2,438,523	3,421,845	3,797,157	38,745,384
Total liabilities	2,516,332	191,412	-	824,407	795,972	828,173	5,156,296
Deferred Inflows	10,658,283	2,719,500	1,256,899	1,678,624	-	58,800	16,372,106
Fund Balance							
Non spendable	27,303	8,341	-	-	-	-	35,644
Restricted	-	1,070,798	3,437,184	-	2,625,873	2,727,183	9,861,038
Committed	-	-	-	-	-	183,001	183,001
Unassigned	7,201,807	-	-	(64,508)	-	-	7,137,299
Total Fund Balance	7,229,110	1,079,139	3,437,184	(64,508)	2,625,873	2,910,184	17,216,982
Liability/deferred inflows & fund balance	20,403,725	3,990,051	4,694,083	2,438,523	3,421,845	3,797,157	38,745,384
Revenues	58,982,505	3,282,520	1,754,808	1,897,702	2,795,899	3,645,387	72,358,821
Expenditures	60,918,801	3,333,019	4,114,630	933,475	2,897,817	4,723,134	76,920,879
In year surplus (deficit)	(1,936,296)	(50,499)	(2,359,822)	964,224	(101,918)	(1,077,747)	94,562,058)
Other sources (uses)	2,557,440	174,720	3,397,314	(1,131,986)	-	(966,508)	4,030,980
Change in fund balance	621,144	124,221	1,037,492	(167,762)	(101,918)	(2,044,255)	(531,078)
Beginning fund balance	7,337,587	954,918	2,399,692	94,668	2,727,791	3,833,811	17,348,467
Restatement	(729,621)			8,586		1,120,628	399,593
Ending fund balance	7,229,110	1,079,139	3,437,184	(64,508)	2,625,873	2,910,184	17,216,982

2014 beginning fund balances have been restated for the reclassification of certain governmental special revenue funds from general fund classification in the prior year financial statements to non-major governmental funds in the current year financial statements amounting to $729,621, with reclassification of $8,586 to TIF funds, $721,035 reclassification to non-major funds and the reclassification of $399,593 from non-major enterprise classification in 2013 to non-major governmental in 2014

As of December 31, 2014, the City governmental funds reported a combined ending fund balance of $17,216,982.

Non spendable fund balance of $35,644 is sequestered for prepaid items and inventory and is therefore not available for spending

Restricted fund balance of $9,861,038 is sequestered for spending on specific projects or specific types of expenditures whereby constraints have been placed on the use of these resources, including Transportation & Highway Motor Vehicle Tax Fund ($2,625,873), General Government ($1,163,847), Decatur Public Library ($1,070,798), court service & public safety Drug Enforcement Fund ($847,196), debt service ($3,437,184), capital projects ($589,168) and other minor amounts ($126,972)

Committed fund balance of $183,001 is sequestered for spending on economic development initiatives.

Unassigned fund balance of $7,137,299, or 41% of the total governmental fund balance, is available for spending at the City's discretion, all in the 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 & recreation expenses, certain community development expenses, and certain debt service obligations

As of December 31, 2014, the General Fund balance of $7,229,110 represents an increase of $621,144 or 9 4% from the General Fund balance as of December 31, 2013

The increase in General Fund balance is attributed to an in-period surplus spending result of $621,144 for the period of from January 1, 2014 to December 31, 2014, including other financing sources and uses.

A primary tax funding City operations is the State of Illinois distribution of Income Tax, which as of December 31, 2014, is two (2) months in arrears for distribution to the City of Decatur The amount of income tax receivable as of December 31, 2014 is $1.473 million, which was subsequently distributed to the City in 2015

Although the City of Decatur has no control over the timing of State distribution of the income tax due to the local municipality, the City anticipates that the distributions will remain in the 2 month arrearage position for the foreseeable future Any slippage from this arrearage position would place a further funding strain on the General Fund operations

As of December 31, 2014, the General Fund unassigned balance of $7,201,807 is 12% of in-period fiscal year General Fund Revenue of $58,982,505

The General Fund unassigned fund balance has been traditionally used by the City to fund certain capital 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 The General Fund unassigned balance will provide sufficient cash and resources to cover City General Fund operating obligations without incurring tax anticipation notes and other potential borrowing costs 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 $7,201,807 as of December 31, 2014 represents 11% of expected 2015 General Fund Revenue ($63 5 million) and 1 3 months coverage of expected 2015 General Fund Expense ($65 million)

The Decatur Public Library Fund experienced an increase in fund balance of $124,221 during the fiscal year ending December 31, 2014. The increase in fund balance is the result of the in-period surplus As of December 31, 2014, the Library Fund balance of $1,079,139 is 31% of expected 2015 Library Fund Revenue ($3.4 million) and 3.8 months coverage of expected 2015 Library Fund Expense

The Debt Service fund experienced an increase in fund balance of $1,037,492, ending the year with fund balance of $3,437,184. 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 capital improvement projects benefiting the City The current fund balance and planned future period receipts are sufficient to cover 2015 debt service obligations of the City

Tax Increment Financing ("TIF") Redevelopment Fund is comprised of seven (7) individual funds and reported in the aggregate in the financial statements As of December 31, 2014, the TIF Fund balance is a deficit of $64,508 versus the prior period fund balance of $103,254 The primary revenue source funding the TIF fund is incremental property tax within the TIF districts TIF funds have been negatively impacted by the 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 2015.

The Motor Fuel Tax ("MFT") Fund, now established as a major governmental fund, ended the year with a fund balance of $2,625,873, a decline of fund balance of $101,918 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 imposed state motor fuel tax, distributed on a per capita basis to the City of Decatur Monies collected in the MFT fund are used to pay for repair, maintenance and reconstruction of streets and roads within the City of Decatur footprint

As of December 31, 2014, the Non-Major Governmental Fund balance of $2,910,184 represents a decrease of $2,044,255 or 41% from the Non-Major Governmental Fund balance as of December 31, 2013 The decline in fund balance is the result of spend down of fund balance positions on capital projects

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

Government Fund Revenue

The following schedule presents a summary of governmental fund revenue for the 12-month fiscal year ended December 31, 2014, versus the 8-month fiscal period ending December 31, 2013

Revenue comparisons between the periods are not possible due to the change in fiscal year, whereas, the current period ending December 31, 2014 represents an twelve (12) month fiscal year versus the prior period ending December 31, 2013, which is a eight (8) month fiscal period

Governmental Fund Revenue

$ (whole)	12 months Ending Dec 31, 2014	% of Total	8 months Ending Dec 31, 2013	% of Total
Tax Based				
Property tax	13,545,241	18 7%	13,394,261	26 7%
Sales tax – local	10,542,288	14 6%	6,739,481	13 4%
Utility	4,814,468	6 7%	3,301,575	6 6%
Food & beverage	3,026,151	4 2%	2,098,028	4 2%
Hotel/motel	640,697	0 9%	421,053	0 8%
Local Use (1)	1,461,795	2 0%		
Other	588,171	0 8%	235,321	0 5%
Total Tax	34,618,811	47 9%	26,189,719	52 2%
Intergovernmental				
Operating Grants				
General government	2,677,091	3 7%	1,099,085	2 2%
Public safety	83,393	0 1%		
Public works	2,004,082	2 8%	1,456,587	2 9%
Culture and recreation	139,095	0 2%	96,627	0 2%
Total Operating Grants	4,903,661	6 8%	2,652,299	5 3%
Tax Based				
Income tax	7,288,212	10 1%	4,810,891	9 6%
Sales tax – state (1)	11,529,017	15 9%	8,185,166	16 3%
Replacement tax	1,374,042	1 9%	783,993	1 6%
Other tax	627,517	0 8%	627,517	1 2%
Total Tax Based	20,818,788	28 7%	14,407,567	28 7%
Total Intergovernmental	25,722 449	35 5 %	17,059,866	34 0%
Non Tax Based				
Charge for services	5,882,463	8 1%	2,998,948	6 0%
Fines & fees	2,219 963	3 1%	1,140,677	2 2%
Interest income	108,684	0 2%	6,676	0 1%
Licenses and permits	737 684	1 0%	607,026	1 2%
Other revenue	3 068 767	4 2%	2,146,447	4 3%
Total non Tax Based	12,017,561	16 6%	6,899,774	13 8%
Total Revenue	72,358,821	100 0%	50,149,359	100 0%

1 –Local Use tax and State sales tax revenue of $8,185,166 was reported in the 8-month period ending December 31, 2013 as a combined number in tax based intergovernmental revenue including $ 863,539 local use tax and $ 7,321,627 state sales tax

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 12-month fiscal period ending December 31, 2014, tax revenues accounted for 76 6% of the total revenue stream funding governmental operations, versus 80 9% for the prior 8-month fiscal period Intergovernmental operating grant funding revenue contribution accounted for 6 8% in the current 12-month fiscal period, versus 5 3% in the prior 8-month fiscal period The non tax based revenue stream in the 12-month fiscal period accounted for 16 6% of the total revenue, versus 13 8% in the prior 8-month fiscal period

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

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

Government Fund Expenditures

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

The following schedule presents a summary of governmental fund expenditures for the 12-month fiscal year ended December 31, 2014, versus the 8-month fiscal period ended December 31, 2013

Government Fund Expenditures

$ (whole)	12 months Ending Dec 31, 2014	% of Total	8 months Ending Dec 31, 2013	% of Total
General government	10,858,506	14 1%	7,266,458	11 9%
Public safety	43,908,692	57 1%	29,766,067	48 6%
Culture	79,679	0 1%	66,529	0 1%
Public works	14,305,973	18 6%	14,975,676	24 5%
Education	3,590,771	4 7%	2,420,149	4 0%
Debt service	4,177,258	5 4%	6,696,098	10 9%
Total Expenditures	76,920,879	100 0%	61,190,977	100 0%

Government fund expenditures in the 12-month fiscal year ending December 31, 2014, amounted to $76,920,879, versus government fund expenditures of $61,190,977 in the 8-month fiscal period ending December 31, 2013

Expense comparisons between the periods are not possible due to the change in fiscal year, whereas, the current period ending December 31, 2014 represents a twelve (12) month fiscal year versus the prior period ending December 31, 2013, which is an eight (8) month fiscal period

Proprietary Funds

Condensed Balance Sheet
Statement of Revenues, Expenditures, and Changes in Net Position
For the Twelve Months ending December 31, 2014

$ (whole)	Water Utility	Mass Transit	Sewer	Non-Major	Total Enterprise	Internal Service
Total assets	95,429,244	4,511,922	17,356,701	323,512	117,621,379	6,350,340
Total liabilities	96,298,526	630,672	8,662,427	329,158	105,920,783	3,382,032
Net position						
Capital net of debt	(4,626,978)	3,204,259	4,621,349	-	3,198,630	2,095,314
Unrestricted	3,757,696	676,991	4,072,925	(5,646)	8,501,966	872,994
Total net position	(869,282)	3,881,250	8,694,274	(5,646)	11,700,596	2,968,308
Operating revenues	21,330,788	720,265	3,877,207	787,739	26,715,999	15,473,792
Operating expenses	14,315,246	6,795,236	3,102,775	659,533	24,872,790	16,544,713
Operating income (loss)	7,015,542	(6,074,971)	774,432	128,206	1,843,209	(1,070,921)
Non operating rev (exp)	(3,433,567)	5,126,262	686,477	21	2,379,193	8,018
Income (loss) before transfers	3,581,975	(948,709)	1,460,909	128,227	4,222,402	(1,062,903)
Transfers						
Transfers in	47,959	-	-	-	47,959	-
Transfers out	(1,763,728)	(6,404)	(140,024)	-	(1,910,156)	(531,650)
Change in net position	1,866,206	(955,113)	1,320,885	128,227	2,360,205	(1,594,553)
Net position beginning	38,701,496	4,836,363	7,373,389	265,720	51,176,968	4,562,861
Restatement	(41,436,984)			(399,593)	(41,836,577)	
Net position ending	(869,282)	3,881,250	8,694,274	(5,646)	11,700,596	2,968,308

Restatement result of reclassification of 1 non-major enterprise fund from business type to governmental type amounting to $399,593 of unrestricted net position and the reclassification of $41,436,984 of general obligation bond debt from governmental to business type activity

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

The City maintains seven (7) enterprise funds Information is presented separately in the proprietary statement of revenues, expenses and changes in fund net position for the Water Utility (3 funds), Mass Transit (1 fund), and Sewer (1 fund), which are considered major enterprise funds Data from the other two (2) non-major enterprise funds (Recycling, and Storm Water Utility) are combined into a single, aggregate presentation Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report

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

As of December 31, 2014, City enterprise funds reported a net position of $11,700,596, an increase of $2,360,205 or 25% versus the level as of December 31, 2013

The net position as of December 31, 2014 includes capital assets, net of related debt, of $3,198,630, with unrestricted net position of $8,501,966.

Water Utility operating revenues achieved during the 12-month fiscal year ending December 31, 2014 amounted to $21,330,788, versus utility operating revenues of $14,848,584 in the 8-month fiscal period ending December 31, 2013

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

Water Utility operating expense amounted to $14,315,246 in the current 12-month fiscal year versus $9,804,663 in the prior 8-month fiscal period Non-operating and transfer expense, primarily representing interest financing costs of long term debt and PILOT transfer to other funds amounted to $5,149,336 during the 12-month fiscal year.

Water Utility reported a favorable change in net position of $1,866,206 during the current 12-month fiscal year and can be attributed to the resultant effect of the water rate increases implemented coupled with continued controlled spending of operating expense

With a change in net position of $1,866,206 for the Water Utility during the twelve-month 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

Mass Transit net position of $3,881,250 decreased $955,113 or 20% versus the net position as of December 31, 2013 Operating revenue representing passenger fares amounted to $720,265 in the current 12-month fiscal year versus $399,520 in the prior 8-month fiscal period Current 12-month fiscal period operating expense amounted to $6,795,236, versus $4,591,130 in the prior 8-month fiscal period Mass Transit operations are funded primarily by operating and capital grants from the federal and state governmental units Intergovernmental revenue of $5,121,506 received in the 12-month fiscal year ending December 31, 2014, represented a grant funding level approximating 75% of in-period operating expense, an increase compared to the 69% grant funding level occurring in the prior 8-month fiscal period Mass Transit operations recorded a reduction in net position of $955,113 during the 12-month fiscal period versus a reduction in net position of $999,670 in the prior 8-month fiscal period, primarily the result of the timing of the receipt of federal and state grants

Sewer Utility, with net position of $8,694,274 experienced an increase in net position of $1,320,885 or 18% versus the net position as of December 31, 2013 Sewer operating revenues achieved during the 12-month fiscal year amounted to $3,877,207, versus $2,422,106 in the prior 8-month fiscal period Sewer operating expense amounted to $3,102,775 in the current 12-month fiscal year, versus $1,507,191 in the prior 8-month fiscal period. During the current 12-month fiscal year, the Sewer Utility reported an increase in net position of $1,320,885, versus net position increase of $763,895 in the prior 8-month fiscal period The primary driver of the Sewer Utility net position improvement continues from the rate increase structure approved by the City Council in 2011 Sewer rates increased 20 7% effective May 1, 2013, 17 1% effective May 1, 2014, with an additional 14 6% increase scheduled for May 1, 2015

As of December 31, 2014, City internal service funds reported a net position of $2,968,308, a decrease of $1,594,553 or 35% versus the level as of December 31, 2013 The current period net position includes capital assets, net of related debt, of $2,095,314, a decrease of $643,775 as compared to December 31, 2013 Unrestricted net position as of December 31, 2014 is $872,994, a decrease from the unrestricted net position deficit of $1,823,772 as of December 31, 2013

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, 2014	Pension Trust Dec 31, 2013
Total assets	164,438,453	156,634,836
Total liabilities	3,831	-
Net position held in trust	164,434,622	156,634,836

As of December 31, 2014, the net position in the pension trust funds increased $7,799,786 or 5% versus the level of net position as of December 31, 2013

The Pension Trust fund asset increase is attributed to investment returns recognized in the period

The Pension Trust Funds are managed by separate pension boards, the Police Pension Board and the Firefighter's Pension Board The City functions as administrator for the pension trust funds

General Fund Budgetary Highlights

The City prepares an annual budget for general fund expenditures, which is presented to the City Council for adoption by Council Resolution before December 31st of each year, proceeding the budget period Prior to the end of the 1st quarter of the fiscal year, the City submits an appropriation ordinance to the City Council, which upon passage and adoption, provides the City with the legal authority to encumber and spend monies defraying the expenses of the city government operation

The general fund budget applicable for the fiscal year ending December 31, 2014 is reported as follows

$ (whole)	Original Budget 12 months Ending Dec 31, 2014	Final Budget 12 months Ending Dec 31, 2014	Actual Budgetary Basis 12 months Ending Dec 31, 2014	Variance Favorable (Unfavorable)
Revenue	60,235,237	60,235,237	59,161,825	(1,073,412)
Expenditures	60,728,545	59,963,727	59,224,979	738,748
Other financing net	420,307	420,307	932,011	511,704
Surplus (deficit)	(73,001)	691,817	868,857	177,040

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

The 2014 budget for the 12-month fiscal year was presented to the Decatur City Council in December, 2013 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, 2014) annual appropriation ordinance to the Decatur City Council in March, 2014, in accordance with State of Illinois statutes

The City General Fund revenue was originally approved at $60,235,237 for the 12-month fiscal period with Council adoption of the 2014 fiscal period annual appropriation in March, 2014

General Fund expenditures were originally appropriated at $60,728,545 for the current 12-month fiscal period with Council adoption of the 2014 fiscal period annual appropriation in March, 2014 A revision was made to the fiscal period General Fund budget, decreasing expenditures to $59,963,727

Fiscal period General Fund revenues achieved of $59,161,825 was below the approved budget by $1,073,412 primarily due to lower tax revenues received in the period

Fiscal period General Fund expenses of $59,224,979 were below the appropriated budget by $738,748

Other financing net includes payment in lieu of taxes and repatriation of excess funds from internal service funds

General Fund spending is reviewed on a monthly basis under the direction of the City Treasurer and Director of Finance to ensure spending remains within budgetary constraints Quarterly reviews are conducted as required, with general fund department management to review spending projections to ensure that annual expenses remain within budgetary levels. New appropriations, as necessary, are submitted to the council for consideration and approval Budget amendments for cost neutral redistribution between departments and divisions are submitted to council at year-end, as required to adjust the budget as necessary to prevent any budget overruns in any departments and divisions

Capital Assets and Debt Administration

Capital assets

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$(whole)	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Assets not depreciated						
Land	8,361,299	8,440,772	4,450,066	4,218,177	12,811,365	12,658,949
Construction in progress	1,968,372	6,224,584	31,018,758	21,706,563	32,987,130	27,931,147
Total	10,329,671	14,665,356	35,468,824	25,924,740	45,798,495	40,590,096
Assets depreciated						
Infrastructure	117,878,214	110,048,875	36,405,677	21,334,372	154,283,891	131,383,247
Building & improvement	46,535,927	46,105,640	96,953,063	96,941,011	143,488,990	143,046,651
Vehicles	14,276,824	13,799,197	7,985,289	8,083,474	22,262,113	21,882,671
Office equipment	4,064,446	3,473,556	96,336	96,336	4,160,782	3,569,892
Other equipment	10,296,635	11,394,334	1,591,853	1,579,217	11,888,488	12,973,551
Total Cost	193,052,046	184,821,602	143,032,218	128,034,410	336,084,264	312,856,012
Accumulated depreciation						
Infrastructure	59,659,606	56,395,065	14,956,636	14,098,524	74,616,242	70,493,589
Building & improvement	22,624,565	21,442,802	68,371,226	65,850,040	90,995,791	87,292,842
Vehicles	11,199,645	10,886,343	6,082,765	5,844,138	17,282,410	16,730,481
Office equipment	2,428,059	2,287,956	76,486	60,907	2,504,545	2,348,863
Other equipment	9,244,754	10,464,652	1,462,336	1,429,011	10,707,090	11,893,663
Total Depreciation	105,156,629	101,476,818	90,949,449	87,282,620	196,106,078	188,759,438
Net Depreciated Assets	87,895,417	83,344,784	52,082,769	40,751,790	139,978,186	124,096,574
Capital Assets, net	98,225,088	98,010,140	87,551,593	66,676,530	185,776,681	164,686,670

City investment in capital assets for governmental and business type activities was $185,776,681, net of depreciation, as of December 31, 2014, and represents an increase in net capital assets of $21,090,011

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

Major Capital Asset Construction in Progress at December 31, 2014

		$	
Primary Government			
	Brush College Subway	1,328,822	Continued project
	Decatur Corridor	40,595	Continued project
	Downtown Streetscape Franklin Street	303,946	Continued project
	NE Drainage Ditch	55,266	Continued project
	Nelson Park Storm Sewer	48,668	Continued project
	Mound Road Bridge	27,116	New project
	Local History Museum	38,600	New project
	Motorola Radio	125,359	New project
Total		1,968,372	
Business Activities			
	Union Street Sewer	370,547	Continued project
	Lake Decatur Dredging Basins 1-4	14,588,689	Continued project
	Auto Water Meter & energy improvements	15,968,697	Continued project
	Star Crest Pump Station	27,339	New project
	7th Ward sewer	2,648	New project
	McKinley sewer	8,826	New project
	Motorola Radio	51,952	New project
	Other	60	New project
Total		31,018,758	

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2014 of $185,776,681 increased by $21,090,011 or 13% when compared to the level as of December 31, 2013 Construction in progress capital assets and land increased $5,208,399, whereas capitalized assets in infrastructure, buildings & improvements, vehicles, office & other equipment, net of depreciation, increased by $15,881,612, when compared to December 31, 2013

The cost of capital assets not being depreciated increased from $40,590,096 at December 31, 2013 to $45,798,495 at December 31, 2014, an increase of $5,208,399, primarily due to the increase in construction in progress as new projects were added during the 12-month fiscal year

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 $7,346,640

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

Debt Administration

Outstanding long-term debt as of December 31, 2014 is $141,162,276, an increase of $22,552,493 or 19% as compared to the outstanding debt issue as of December 31, 2013. City outstanding debt includes bond issues, notes & loans payable, compensated absences, pension obligation, and other post employment benefits ("OPEB")

$ (whole)	Debt as of Dec 31, 2013	Debt Additions	Debt Retirements	Debt as of Dec 31, 2014	Due within One Year
GO bonds	75,566,756	25,202,124	4,505,124	96,263,756	5,104,243
Notes & loans	33,162,600	5,273,480	1,190,378	37,245,702	2,141,624
Total interest bearing debt	108,729,356	30,475,604	5,695,502	133,509,458	7,245,867
Compensated absences	4,596,634	2,533,187	2,489,578	4,640,243	2,203,663
Pension obligation	4,168,925	-	2,075,111	2,093,814	-
OPEB	1,114,868	-	196,107	918,761	-
Total Debt	118,609,783	33,008,791	10,456,298	141,162,276	9,449,530

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

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

General Obligation Series 2014 – The City issued $24,055,000 Series 2014 General Obligation Bonds dated April 8, 2014 due March 1, 2034 The bond proceeds will be used to finance phase 1 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 Promissory Note Series 2014 – The City authorized the issuance of a $1,500,000 loan with Busey Bank dated March 4, 2014 to finance certain of 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

Soy Capital Bank & Trust Promissory Note Series 2014 – The City authorized the issuance of a maximum $1,000,000 dated September 30, 2014 to finance the costs related to the acquisition of a replacement public works radio communications system The radio system deployment will be completed in 2015 The term of the loan is 7 years at a fixed interest rate of 2.8%. Principal and interest payments will commence 1 year post completion of the project with quarterly frequency The City has drawn $139,188 on this loan as of December 31, 2014

Illinois Environmental Protection Agency Sewer Loan 2014 - The City authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for a maximum of $2,534,034 to finance the costs related to the rehabilitation of certain main line sewer infrastructure within the City on September 13, 2014 The project commenced on November 1, 2014 The City has incurred expense in the project of $353,777 as of December 31, 2014, but has not draw down any monies on the loan as of December 31, 2014 The project construction is expected to be completed during 2015 The term of the loan is for 20 years with a fixed interest rate of 1 995% Loan repayment principal and interest amounts are subject to determination of the final loan principal amount determined upon project completion

Debt retirements include principle payments on general obligation bonds and principle payments on outstanding notes and loans payable in accordance with debt repayment schedules

It is the City's policy to permit employees to accumulate a limited amount of earned compensated absences for unused vacation time, sick time and holiday time which will be paid to employees upon separation of employment from the City A liability representing the City's commitment to fund such costs from future operations has been recorded in the Statement of Net Position in the amount of $4,640,243, as of December 31, 2014.

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund ("IMRF"), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Fund, which is a single-employer pension plan, and the Firefighter's Pension Plan, which is a single-employer pension plan None of the pension plans issue a separate annual report except for IMRF As of December 31, 2014, the net pension obligation of the City to the three pension plans is $2,093,814

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, 2014, the net OPEB obligation of the City to the Retiree Healthcare program is $918,761.

Additional information on debt can be found in the notes to the financial statements in statement note 8 Long-Term Debt, statement note 9 C. Employee Retirement Systems – Defined Benefit Plans, Annual Pension Cost and Net Pension Obligation, and statement note 17 A, thru E 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 February 7, 2014), 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, 2014 is $955,577, a decrease of $240,975 or 20% as compared to the outstanding lease debt as of December 31, 2013

$ (whole)	Debt as of Dec 31, 2013	Debt Additions	Debt Retirements	Debt as of Dec 31, 2014	Due within One Year
Capital lease debt					
Primary Government	859,180	31,114	224,604	665,690	209,915
Business Activities	337,372	25,150	72,635	289,887	75,063
Total Lease Debt	1,196,552	56,264	297,239	955,577	284,978

Source Notes to Financial Statements, Note 18 Capital Leases

Economic Factors and Future Fiscal Period Budgets

Economic Factors

Tax revenue, historically and at present, is the principal source of revenue for funding of the governmental activities within the City of Decatur

Tax revenue is generated from a variety of sources, including property tax, sales & use tax, income tax, replacement property tax, utility tax, food & beverage tax, hotel/motel tax and other minor taxes

Property tax revenues received by the City according to the Tax Levy in effect, provide the cash resources to fund City contributions to the Police and Firefighters Pension Funds, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of General Obligation Bond debt payments, provide City funding for a portion of the City contribution to the IMRF (Illinois Municipal Retirement Fund) covering City Management and AFSCME employees, and provides funding for the City contribution to the City of Decatur Municipal Band.

Under current legislation, all Illinois localities assess properties based on market values Each year properties are trended, whereby this process involves comparing property values to sales activity in the neighborhoods and adjusting the current assessed values up or down according to trended market data. Assessed values, according to state legislation, are capped at 33% of market value

The cost of day to day City government as well as the capital spending requirements of City operations, including general government, public safety police and fire protection, public works engineering, streets, municipal services and infrastructure operations, are not funded by property tax revenues, but rather are funded by other taxes including locally imposed or state distributed sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor taxes

The ability of the City to fund basic required services, such as general government, public safety, and public works operations is dependent upon community economic drivers that contribute to tax revenues generated by those tax elements that fund these basic services, namely sales & use tax, income tax, food & beverage tax, hotel/motel tax, utility tax, and other minor taxes

Financial stability in the City of Decatur is also dependent upon the ability of the State of Illinois to affect timely tax distributions for sales & use tax, and income taxes, due to the City, in order to secure cash flow and expense coverage normality without additional burden to the City

Management of the City of Decatur will continue to manage the financial affairs of the City from a posture of fiscal conservatism similar to the management practices that have been engaged in recent and past fiscal periods

City Management believes that the national and local economy will continue to recover, albeit, at a slow pace in accordance to the predictions of national and state governmental economists, with low inflation over the near term future fiscal periods In addition, job creation in the local economic sector is the primary engine that will drive local economic development and stability

Future Fiscal Year Budget

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources The City will continue to provide required services within the constraints of a balanced general fund budget

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The City continues engagement in certain reengineering projects targeted to create efficiency and cost improvements within City operations. These reengineering efforts include back office process improvements for customer service operations in the city utilities and transaction functionality improvements in bill payment operations, as well as state of art customer service functionality

The City is committed to creating a budget for the next fiscal period that will remain fiscally responsible to the effective delivery of required services to citizens and stakeholders within the revenue constraints available.

Economic Development & Infrastructure Development

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

Economic Development and Quality of Life initiatives

Police Department Law Enforcement Center – Decatur Police moved into a new facility at 707 Southside Drive on June 1, 2014 The City had been searching for more than a decade for adequate space to house the Police Headquarters. The state-of-art, 46,000 square foot renovated facility will provide 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 returns a vacated industrial site to productive community use, and is believed to offer further commercial and economic development opportunities in the adjacent area

Downtown Revitalization – The City's Downtown Streetscape project represents 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 expected increase in activity The project has already spurred a return to prominence of the City's downtown district in the form of new businesses and jobs, entertainment options and the creation of a "new" downtown that is now a destination for local residents and visitors alike The final phase of work is now underway with project completion scheduled in 2015 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 has implemented sweeping changes to its downtown parking system over the last two (2) years designed to make the local shopping experience more convenient for shoppers while providing a range of options for downtown employees The program included, among other upgrades, a transition from parking meters to free parking for most of the downtown area and the addition of 150 new spaces as part of the overall downtown streetscape project

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

Ashley Furniture / Mound Center Development – Construction began in Q2 2015 for the next stage of development in Mound Center at the intersection of U S 51 and Mound Road for a 35,000 square foot commercial building to include Ashley Furniture and space for two additional retail / restaurant establishments 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 continues recent development of the Pershing Road corridor and is expected to result in added value to the site in the form of an increased Equalized Assessed Valuation (EAV) This project was completed in early 2014

St. Mary's / Decatur Memorial Hospital Expansion – St Mary's recently completed the first phase of a $31 million facility expansion including new lobby, emergency care department, laboratory rooms and hospital façade Decatur Memorial Hospital continues its $39 million facility expansion 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 includes 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

Akorn Pharmaceutical Expansion – recently announced 3rd phase of an $18 million remodeling and expansion project for the West Grand Avenue facility, a multi-year capital improvement plan that will add local employment. Company will add 40,000 square feet to accommodate its expanding pharmaceutical development, analytical and microbiology testing laboratories and manufacturing operations

Administrative Court – The City commenced operation of a new City Administrative Court, 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 The new Administrative Court system commenced operation in the summer of 2012 and has ramped up operations throughout the period to the present. Results to date include increased violation revenue to the City, but more importantly, the desired change in inhabitant behavior has begun to show results

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New 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 have signed up to participate in the program and the amount of recycled material continues to increase as residents become accustomed to the program The City's Sustainability Plan had hoped to reach 30% participation by the year 2020 and some residents say that they actually no longer need twice per week garbage service as the amount of garbage generated has been reduced dramatically with the new recycling system The participation rate prior to the new program being implemented was about 15 percent This program continues to gain further acceptance in the community and further contributes to the "greening" of the City of Decatur

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

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

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

ADM Local Expansion – new $6 5 million facility under construction within the ADM Decatur footprint for processing and refining of crude vegetable oil.

ADM Community Investment – recently announced $2 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, will provide the capital resources for the $90 million investment underway, the largest investment in the City water system since Lake Decatur was created in 1922 The rate increases will fund a series of lake dredging initiatives over the next 4-5 years 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 begin to fund a series of investments in future years replacing aging above and below ground water infrastructure

Identification of Additional Water Supply – Council members voted unanimously in 2012 to fund additional work to confirm that shallow groundwater wells near the City's South Water Treatment Plant could help secure needed additional water supply The community requires an estimated 10,000 acre-feet of water to be able to supply the community during drought conditions that have impacted the region in the last two years Engineering evaluation has determined that the wells will provide a significant portion of that total to be used in emergency situations at a cost that is considerably less than options considered previously This work commenced in 2013 and continues towards completion expected in 2014/2015

Lake Decatur Dam Repair Phase I – This $3 4 million investment is critical to 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 includes 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 commenced in the fall 2013 with completion in 2014 The project is 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 the 2nd quarter of 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 next 5 years addressing the most critical storm water system issues facing the City

Franklin Street Water Tower – The City held a ribbon cutting for the newly constructed, 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 approximately $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 and will not have 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.

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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 – The Decatur City Council approved the selection of resources to identify the best methods for eliminating bottlenecks and other traffic problems at the Brush College underpass just south of Faries Parkway This project is important to address traffic flow in this important city corridor This project continues with planned investment scheduled for 2015 and beyond

Corridors Project – The City will receive a grant of more than $1 million to improve the appearance of corridors within the City's corporate limits, work that is expected to include addressing the appearance of railroad overpasses The City is in the process of plan definition and preparation for submission to the Illinois Department of Transportation, with work planned to commence once the work scope plan is approved by IDOT

Johnson Controls Energy Initiative – In late summer 2013, the Decatur City Council approved a $17 2 million project initiative to provide investment funding to finance a project to install automated water meter reading equipment ("AMR") throughout the city residential, commercial and industrial footprint In addition, this project includes energy savings equipment and infrastructure upgrades that will reduce annual energy and operational costs to the city. The AMR initiative is the primary investment with approximately $14.5 million devoted to the installation of state of art electronically read water meters The remaining investment of $2 7 million is 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 The project investment commenced in the fall 2013 with scheduled completion in 2015

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 to include 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 will also include new culinary arts dining facility and other facility renovations.

Millikin University – This $1 4 million renovation project is targeted to the athletic complex and includes artificial turf, lighting, running track and a new scoreboard in the stadium complex Millikin University continues to place among the top universities for student academic success, return on education investment and student satisfaction, as rated by U S News & World Report, Forbes and the Princeton Review, among other notable publications

Requests for Information

This Management Discussion & Analysis as contained within the City of Decatur Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial affairs of the City as of December 31, 2014 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

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City of Decatur, Illinois
July 24, 2015

CITY OF DECATUR, ILLINOIS
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 18,365,275	$ 26,116,735	$ 44,482,010	$ 49,329
Receivables				
Property taxes, net	13,242,624	-	13,242,624	-
Illinois municipal sales tax	6,275,080	-	6,275,080	-
Other taxes	3,000,396	-	3,000,396	-
Due from other governments	732,310	-	732,310	-
Accounts receivable	229,254	3,406,930	3,636,184	18,232
Notes receivable	655,437	-	655,437	-
Other	6,768	-	6,768	-
Internal balances	528 228	(528,228)	-	-
Prepaid items	203,572	-	203 572	-
Inventories	266,754	346,121	612,875	7,367
Assets held for resale	22,940	-	22,940	-
Capital assets not being depreciated	10,329,671	35,468,824	45,798,495	3,130,762
Capital assets being depreciated, net	87,895,417	52,082,769	139,978,186	2,481,659
TOTAL ASSETS	141,753,726	116,893,151	258,646 877	5,687,349
LIABILITIES				
Accounts payable	2,505,771	3,638,169	6,143,940	71,110
Contracts payable	144,161	1,559,366	1,703,527	-
Interest payable	124,448	626,717	751,165	-
Claims payable	3,209,835	-	3,209,835	-
Other accrued liabilities	2,438,624	811,457	3,250,081	8,458
Unearned revenue	239,937	62,284	302,221	10,044
Long-term obligations, due within one year				
Bonds payable	1,874,350	3,229,893	5,104,243	-
Capital lease	223,973	74,984	298,957	-
Notes payable	465,936	1,675,688	2,141,624	-
Compensated absences	2,203,663	-	2,203,663	6,566
Long-term obligations, due in more than one year				
Bonds payable	29,880,134	61,279,378	91,159,512	-
Capital lease	441,717	214,903	656,620	-
Notes payable	2,556,134	32 547 944	35,104,078	-
Pension obligation	2,093,814	-	2,093,814	-
Other post-employment benefits	918,761	-	918,761	-
Compensated absences	2,436,580	-	2,436,580	-
Total liabilities	51,757,838	105,720,763	157,478,621	98,178
DEFERRED INFLOWS OF RESOURCES				
Subsequent year's property taxes	13,242,624	-	13,242,624	-
NET POSITION				
Net investment in capital assets	62,584,346	3,198,630	65,782,976	5,612,421
Restricted for capital projects	787,666	-	787,666	-
Restricted for general government	1,163,847		1,163,847	-
Restricted for transportation and highway	2,625,873	-	2,625,873	-
Restricted for education	1,171,583	-	1,171,583	-
Restricted for culture	26,187	-	26,187	-
Restricted for public safety	847,196	-	847,196	-
Restricted for debt service	3,437,184	-	3,437,184	-
Unrestricted net position	4,109,382	7,973,738	12,083,120	(23,250)
TOTAL NET POSITION	$ 76,753,264	$ 11,172,368	$ 87,925,632	$ 5,589,171

The accompanying notes are an integral part of the financial statements

STATEMENT 3

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2014

	Major Governmental Funds					Nonmajor Governmental Funds	Total
	General Fund	Library Fund	Debt Service Fund	TIF Fund	Motor Fuel Tax Fund		
ASSETS							
Cash and investments	$ 3,475,722	$ 1,210,354	$ 3,439,750	$ 681,599	$ 3,025,123	$ 2,712,399	$ 14,547,907
Receivables							
Property taxes, net	7,528,801	2,719,500	1,256,899	1,678,624		58,800	13,242,624
Illinois municipal sales tax	6,275,080			78,300			6,275,080
Other taxes	2,978,240	45,856			388,896	329,691	3,900,396
Due from other governments	12,823				7,026	715,660	735,509
Accounts receivable	200,762					655,437	856,199
Notes receivable			434			2,430	2,864
Other	3,904						3,904
Prepaid items	10,231	6,341					16,572
Inventories	17,072						17,072
Assets held for sale						22,940	22,940
TOTAL ASSETS	$ 20,503,725	$ 3,990,051	$ 4,697,083	$ 2,438,523	$ 3,421,045	$ 3,797,357	$ 38,746,284
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	536,147	$ 70,474	$ -	$ 798,307	$ 788,946	$ 229,949	$ 2,424,723
Contracts payable	870	-	-	-	-	143,291	144,161
Other accrued liabilities	1,843,699	110,336	-	-	-	286,724	2,240,759
Unearned revenue	33,616	10,600	-	26,100	7,026	160,360	237,702
Total liabilities	2,516,332	191,412	-	824,407	795,972	820,324	5,156,796
Deferred Inflows of Resources							
Subsequent years property taxes	7,528,801	2,719,500	1,256,899	1,678,624		58,800	13,242,624
Other taxes	3,129,445	-	-	-	-	-	3,129,445
Total deferred inflows of resources	10,658,263	2,719,500	1,256,899	1,678,624	-	58,800	16,372,109
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Prepaid items	10,231	6,341	-	-	-	-	16,572
Inventories	17,072	-	-	-	-	-	17,072
Restricted							
Transportation and highway	-	-	-	-	2,625,873	-	2,625,873
General government	-	-	-	-	-	1,163,847	1,163,847
Culture	-	-	-	-	-	26,187	26,187
Public safety	-	-	-	-	-	647,595	647,595
Education	-	1,070,798	-	-	-	100,745	1,171,543
Capital projects	-	-	-	-	-	589,168	589,168
Debt service	-	-	3,437,184	-	-	-	3,437,184
Committed							
Economic development	-	-	-	-	-	181,704	181,704
Capital projects	-	-	-	-	-	1,297	1,297
Unassigned	7,201,907	-	-	(64,508)	-	-	7,137,399
Total fund balances	7,229,110	1,079,139	3,437,184	(64,508)	2,625,873	2,910,184	17,216,992
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 20,403,725	$ 3,990,051	$ 4,694,083	$ 2,438,523	$ 3,421,845	$ 3,787,157	$ 38,746,284

The accompanying notes are an integral part of the financial statements

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STATEMENT 2

CITY OF DECATUR, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Fees, Fines & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government								
Governmental activities								
General government	$ 12,159,290	$ 8,329,813	$ 2,677,091	$ -	$ (1,152,386)	$ -	$ (1,152,386)	$ -
Public safety	40,664,492	306,746	83,393	-	(40,274,353)	-	(40,274,353)	-
Public works	14,579,926	148,594	2,004,082	1,140,122	(11,287,128)	-	(11,287,128)	-
Culture	286,764	54,957	139,095	-	(92,712)	-	(92,712)	-
Education	3,595,829	-	-	-	(3,595,829)	-	(3,595,829)	-
Interest and other charges	1,247,293	-	-	-	(1,247,293)	-	(1,247,293)	-
Total governmental activities	72,533,594	8,840,110	4,903,661	1,140,122	(57,649,701)	-	(57,649,701)	-
Business-type activities								
Water	18,504,972	21,330,788	221,489	-	-	3,047,305	3,047,305	-
Mass transit	6,790,731	720,265	5,121,506	-	-	(948,960)	(948,960)	-
Waste removal	640,461	787,739	-	-	-	147,278	147,278	-
Storm water	19,072	-	-	-	-	(19,072)	(19,072)	-
Sewer	3,111,645	3,877,207	690,835	-	-	1,456,397	1,456,397	-
Total business-type activities	29,066,881	26,715,999	6,033,830	-	-	3,682,948	3,682,948	-
Total primary government	$ 101,600,475	$ 35,556,109	$ 10,937,491	$ 1,140,122	(57,649,701)	3,682,948	(53,966,753)	-
Component unit								
Civic Center Authority	$ 1,350,939	$ 642,871	$ -	$ 399,412				(308,656)
		General revenues						
		Taxes						
		Property taxes			13,545,241	-	13,545,241	-
		Utility taxes			4,814,468	-	4,814,468	-
		Food and beverage taxes			3,026,151	-	3,026,151	-
		Hotel and motel taxes			640,697	-	640,697	-
		Local sales tax			10,542,288	-	10,542,288	-
		Local use tax			1,461,795		1,461,795	-
		State sales tax			11,529,017		11,529,017	-
		State income taxes			7,302,638	-	7,302,638	-
		Other taxes			2,589,730	-	2,589,730	-
		Investment earnings			110,413	209,608	320,021	-
		Gain on sale of capital assets			-	4,077	4,077	-
		Other general revenues			3,068,767	-	3,068,767	-
		Transfers			1,862,197	(1,862,197)	-	-
		Total general revenues and transfers			60,493,402	(1,648,512)	58,844,890	-
		Change in net position			2,843,701	2,034,436	4,878,137	(308,656)
		NET POSITION, December 31, 2013, AS RESTATED			73,909,563	9,137,932	83,047,495	5,897,827
		NET POSITION, DECEMBER 31, 2014			$ 76,753,264	$ 11,172,368	$ 87,925,632	$ 5,589,171

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, 2014

Total fund balances – governmental funds		$ 17,216,982
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets	$ 203,381,717	
Accumulated depreciation	(105,156,629)	
Net capital assets		98,225,088
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds		
Taxes receivable		3,129,482
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		1,401,222
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when due		(124,448)
Some liabilities reported in the statement of activities 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	(4,640,243)	
Pension obligation	(2,093,814)	
Post-employment benefits	(918,761)	
Capital lease	(665,690)	
Bonds payable	(31,754,484)	
Notes payable	(3,022,070)	
Total long-term liabilities		(43,095,062)
Net position of governmental activities		$ 76,753,264

The accompanying notes are an integral part of the financial statements

STATEMENT 5

CITY OF DECATUR, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2014

	General Fund	Library Fund	Debt Service Fund	TIF Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	27,315,980	$ 2,736,165	$ 1,280,859	$ 1,764,844	$ 1,896,058	$ 59,168	$ 35,055,074
Charges for service	5,882,463	-	-	-		-	5,882,463
Investment income and net increase in fair value of investments	689	326	845	193	1,163	105,468	108,684
Intergovernmental	22,034,903	445,714		132,665	106,024	2,566,880	25,286,186
Licenses and permits	737,684	-		-			737,684
Fines and fees	1,720,873	54,957		-		444,133	2,219,963
Other revenue	1,289,813	45,358	473,104	-	790,654	469,738	3,068,767
Total revenues	58,982,505	3,282,520	1,754,808	1,897,702	2,795,899	3,645,387	72,358,821
EXPENDITURES							
Current							
General government	8,189,425		98,307		-	2,590,774	10,878,506
Public safety	43,209,504		-		-	699,188	43,908,692
Culture	-		-	-		79,679	79,679
Public works	9,380,886		-	933,478	2,897,817	1,093,792	14,305,973
Education	-	3,333,019	-	-		257,752	3,590,771
Debt service							
Principal retirement	143,268	-	2,500,580	-	-		2,643,868
Interest and other charges	15,698		1,515,743	-	-	1,949	1,533,390
Total expenditures	60,918,801	3,333,019	4,114,630	933,478	2,897,817	4,723,134	76,920,879
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,936,296)	(50,499)	(2,359,822)	964,224	(101,918)	(1,077,747)	(4,562,058)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	11,775	-	-		-	-	11,775
Loan proceeds	1,625,358	-	-		-	-	1,625,358
Transfers in	955,535	174,720	3,397,314		-	3,492	4,531,061
Transfers out	(35,228)	-	-	(1,131,986)	-	(970,000)	(2,137,214)
Total other financing sources (uses)	2,557,440	174,720	3,397,314	(1,131,986)	-	(966,508)	4,030,980
Net change in fund balances	621,144	124,221	1,037,492	(167,762)	(101,918)	(2,044,255)	(531,078)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	6,607,966	954,918	2,399,692	103,254	2,727,791	4,954,439	17,748,060
FUND BALANCES (DEFICIT), END OF YEAR	$ 7,229,110	$ 1,079,139	$ 3,437,184	$ (64,508)	$ 2,625,873	$ 2,910,184	$ 17,216,982

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
Year Ended December 31, 2014

Net change in total fund balances		$ (531,078)
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 The change from the eight month prior period to the twelve month period ended December 31, 2014 consists of		
Taxes received from the State of Illinois		14,426
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	$ (43,609)	
Decrease in capital lease liability	193,490	
Decrease in accrued interest on debt	286,097	
Total expenditures of non-current resources		435,978
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	5,625,512	
Depreciation	(6,428,467)	
Depreciation in excess of capital expenditures		(802,955)
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		1,140,122
Proceeds from sale of capital assets		(11,775)
Loss on sale of capital assets		(110,444)
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		(625,009)
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		2,643,868

CITY OF DECATUR, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Government Accounting Standards Board requires accrual of post-employment benefits other than pensions in the Statement of Activities	$ 196,107
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term debt in the Statement of Net Position	(1,625,358)
Government Accounting Standards Board requires accrual of pension obligations in the Statement of Activities	2,075,111
Bond discounts on issuance were reported in the governmental funds. However, these amounts have been deferred and amortized in the Statement of Net Position:	
Amortization on bond premium and loss on refunding	44,708
Change in Net Position of Governmental Activities	$ 2,843,701

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2014

	Business-type Activities					Governmental Activities-
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current Assets						
Cash and cash equivalents	$ 20,716,873	$ 4,119,125	$ 1,122,278	$ 158,459	$ 26,116,735	$ 3,817,368
Receivables						
Accounts receivable	2,466,230	766,485	9,162	165,053	3,406,930	2,976
Due from other funds	200,000	-	-	-	200,000	-
Inventories	183,728	-	162,393	-	346,121	249,682
Prepaid expenses current	-	-	-	-	-	185,000
Total current assets	23,566,831	4,885,610	1,293,833	323,512	30,069,786	4,255,026
Noncurrent Assets						
Property plant and equipment						
Land	3,550,667	-	899,399	-	4,450,066	-
Construction in progress	30,595,508	409,420	13,830	-	31,018,758	-
Buildings	47,581,734	-	4,097,160	-	51,678,894	-
Improvements other than buildings	62,506,334	19,442,879	116,399	-	82,065,612	-
Machinery and equipment	2,153,103	-	7,134,609	-	9,287,712	9,981,754
	146,387,346	19,852,299	12,261,397	-	178,501,042	9,981,754
Less accumulated depreciation	74,524,933	7,381,208	9,043,308	-	90,949,449	7,886,440
Total property plant and equipment	71,862,413	12,471,091	3,218,089	-	87,551,593	2,095,314
Total noncurrent assets	71,862,413	12,471,091	3,218,089	-	87,551,593	2,095,314
TOTAL ASSETS	95,429,244	17,356,701	4,511,922	323,512	117,621,379	6,350,340
LIABILITIES						
Current liabilities						
Accounts payable	2,997,318	418,433	155,544	66,874	3,638,169	81,048
Contracts payable	1,409,869	149,497	-	-	1,559,366	-
Claims payable	-	-	-	-	-	3,209,835
Interest payable	626,192	525	-	-	626,717	-
Other accrued liabilities	350,159	-	461,298	-	811,457	88,863
Unearned revenue	-	-	-	62,284	62,284	2,286
Capital lease payable	11,633	63,351	-	-	74,984	-
Note payable	1,368,367	307,321	-	-	1,675,688	-
Bonds payable	3,229,893	-	-	-	3,229,893	-
Due to other funds	-	-	-	200,000	200,000	-
Total current liabilities	9,993,431	939,127	616,842	329,158	11,878,558	3,382,032
Noncurrent liabilities						
Capital lease payable	34,024	180,879	-	-	214,903	-
Note payable	24,991,693	7,542,421	13,830	-	32,547,944	-
Bonds payable	61,279,378	-	-	-	61,279,378	-
Total noncurrent liabilities	86,305,095	7,723,300	13,830	-	94,042,225	-
Total liabilities	96,298,526	8,662,427	630,672	329,158	105,920,783	3,382,032
NET POSITION						
Net investment in capital assets	(4,626,978)	4,621,349	3,204,259	-	3,198,630	2,095,314
Unrestricted	3,757,696	4,072,925	676,991	(5,646)	8,501,966	872,994
Total net position	$ (869,282)	$ 8,694,274	$ 3,881,250	$ (5,646)	11,700,596	$ 2,968,308
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					(528,228)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES					$ 11,172,368	

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, 2014

	Business-type Activities					Governmental Activities-
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 21,163,144	$ 3,877,207	$ 711,246	$ 787,739	$ 26,539,336	$ 13,126,616
Payroll deductions/retiree contributions	-	-	-	-	-	2,240,271
Other revenue	167,644	-	9,019	-	176,663	106,903
Total operating revenues	21,330,788	3,877,207	720,265	787,739	26,715,999	15,473,792
OPERATING EXPENSES						
Personnel services	3,466,664	-	4,310,925	-	7,777,589	1,617,633
Contractual services	5,446,879	2,794,598	870,800	600,535	9,712,812	1,441,377
Supplies	1,976,131	-	1,068,565	58,998	3,103,694	1,257,921
Other charges	436,846	8,503	40,974	-	486,323	11,560,015
Depreciation and amortization	2,988,726	299,674	503,972	-	3,792,372	667,767
Total operating expenses	14,315,246	3,102,775	6,795,236	659,533	24,872,790	16,544,713
Operating income (loss)	7,015,542	774,432	(6,074,971)	128,206	1,843,209	(1,070,921)
NONOPERATING REVENUES (EXPENSES)					-	
Investment income and net increase in fair value of investments	207,569	1,339	679	21	209,608	1,739
Intergovernmental revenue	221,489	690,835	5,121,506	-	6,033,830	-
Interest and other charges	(3,862,625)	(5,697)	-	-	(3,868,322)	-
Gain on disposal of City property	-	-	4,077	-	4,077	6,279
Total nonoperating revenues (expenses)	(3,433,567)	686,477	5,126,262	21	2,379,193	8,018
Income (loss) before transfers	3,581,975	1,460,909	(948,709)	128,227	4,222,402	(1,062,903)
TRANSFERS						
Transfers in	47,959	-	-	-	47,959	-
Transfers out	(1,763,728)	(140,024)	(6,404)	-	(1,910,156)	(531,650)
Net transfers	(1,715,769)	(140,024)	(6,404)	-	(1,862,197)	(531,650)
Change in net position	1,866,206	1,320,885	(955,113)	128,227	2,360,205	(1,594,553)
NET POSITION, December 31, 2013, AS RESTATED	(2,735,488)	7,373,389	4,836,363	(133,873)		4,562,861
NET POSITION, END OF YEAR	$ (869,282)	$ 8,694,274	$ 3,881,250	$ (5,646)		$ 2,968,308
Reconciliation to Statement of Activities						
Certain amounts for the internal service funds are allocated to business-type activities in the Statement of Activities					(325,769)	
NET BUSINESS-TYPE ACTIVITIES					$ 2,034,436	

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

	Business-type Activities					Governmental Activities-
	Major Enterprise Funds					
	Water Fund	Sewer Fund	Mass Transit Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from charges for services	$ 20,960,977	$ 3,888,612	$ 974,111	$ 775,652	$ 26,599,352	$ 15,477,035
Cash paid to suppliers for goods and services	(7,946,108)	(2,738,029)	(2,001,292)	(685,460)	(13,370,889)	(14,865,626)
Cash paid to employees	(3,411,110)	-	(4,243,484)	-	(7,654,594)	(1,592,553)
Net cash provided by (used in) operating activities	9,603,759	1,150,583	(5,270,665)	90,192	5,573,865	(1,081,144)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental revenue	221,489	680,835	5,121,508	-	6,033,830	-
Cash transfers from other funds	47,959	-	-	-	47,959	300,000
Cash transfers to other funds	(1,763,728)	(140,024)	(6,404)	-	(1,910,156)	(831,650)
Net cash provided by (used in) noncapital financing activities	(1,494,280)	550,811	5,115,102	-	4,171,633	(531,650)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant, and equipment	(16,672,558)	(7,574,952)	(13,830)	-	(24,261,340)	(23,992)
Proceeds on sale of City property	-	-	4,077	-	4,077	6,279
Proceeds from the acquisition of debt	25,279,838	7,305,470	13,830	-	32,599,138	-
Principal payment on debt	(3,017,151)	(62,183)	-	-	(3,079,334)	-
Interest payments and other charges	(3,245,012)	(5,611)	-	-	(3,250,623)	-
Net cash provided by (used in) capital and related financing activities	2,345,117	(337,276)	4,077	-	2,011,918	(17,713)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	207,569	1,339	678	21	209,608	1,739
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,662,165	1,365,457	(150,811)	90,213	11,967,024	(1,628,768)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,054,708	2,753,668	1,273,089	68,246	14,149,711	5,446,136
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,716,873	$ 4,119,125	$ 1,122,278	$ 158,459	$ 26,116,735	$ 3,817,368
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 7,015,542	$ 774,432	$ (6,074,971)	$ 128,206	$ 1,843,209	$ (1,070,921)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	2,888,726	288,674	503,972	-	3,792,372	667,767
Effects of changes in operating assets and liabilities						
Receivables	(330,567)	11,405	253,846	(74,371)	(139,687)	1,440
Due from other governments	77,714				77,714	-
Inventories	50,321		(19,828)		30,393	(39,494)
Prepaid items	103,600				103,600	(185,000)
Due from other funds	(116,958)		-		(116,958)	-
Accounts payable	(154,384)	(76,265)	(1,029)	24,073	(207,601)	(490,787)
Contracts payable	(85,789)	141,337			55,548	
Other liabilities	55,554		67,427		122,981	34,048
Due to other funds	-		-	(50,000)	(50,000)	1,803
Unearned revenue	-		-	62,284	62,284	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 9,603,759	$ 1,150,583	$ (5,270,669)	$ 90,192	$ 5,573,865	$ (1,081,144)

Noncash transactions: Property and equipment purchases in the Sewer Fund for which the cash has not been disbursed but rather is in payables amounted to $451,073

Additionally, the Sewer Fund has a receivable from IEPA of $544,272 at year end, which is also includes in notes payable, but is a noncash transaction
Property and equipment purchases in Water fund for which the cash has not been disbursed but rather is in accounts payable amounted to $2,428,376
Property and equipment financed through a capital lease agreement in the Water Fund for which the cash has not been disbursed amounted to $25,150

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2014

	Pension Trust Funds
ASSETS	
Cash and short-term investments	$ 10,371,990
Accrued interest	311,950
Investments, at fair value	
U S Government obligations	32,304,432
Mutual funds	59,729,826
Common stock	41,307,613
Certificate of deposits	101,091
Annuities	128,490
International bonds	213,036
Municipal bonds	3,047,484
Corporate bonds	16,922,541
Total investments	153,754,513
TOTAL ASSETS	$ 164,438,453
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	$ 3,831
Net Position	
Held in trust for pension benefits	164,434,622
TOTAL LIABILITIES AND NET POSITION	$ 164,438,453

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN NET POSITION
Year Ended December 31, 2014

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	$ 8,512,012
Plan member	1,996,154
Total contributions	10,508,166
Investment earnings	
Interest and dividends	2,025,814
Net increase in the fair value of investments	8,559,704
Total investment income	10,585,518
Less investment expense	312,096
Net investment income	10,273,422
Total additions	20,781,588
DEDUCTIONS	
Benefits and refunds	12,846,482
Administrative expense	135,320
Total deductions	12,981,802
Change in net position	7,799,786
NET POSITION, BEGINNING OF YEAR	156,634,836
NET POSITION, END OF YEAR	$ 164,434,622

The accompanying notes are an integral part of the financial statements

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur 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 is a municipal corporation with a council/manager form of government. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, income, and motor fuel taxes), charges for services performed and governmental grants Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of entitlements at the State and Federal Government level Taxable industry within the area is primarily manufacturing and retail The surrounding area has a substantial agricultural base.

The definition of the reporting entity is based primarily on the notion of financial accountability A primary government is financially accountable for the organizations that make up its legal entity It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it

The City's reporting entity includes the City's governing board and all related organizations for which the City is financially accountable.

Blended Component Unit.

DCDF, Inc. is a not-for-profit corporation which finances and subsidizes housing rehabilitation activities within the City DCDF, Inc members are comprised entirely of the City Council and the Mayor The members, who are the governing body of DCDF, Inc , appoint a six member advisory board The members retain ultimate control over DCDF, Inc Therefore, DCDF, Inc. is reported as if it were part of the primary government DCDF, Inc is the vehicle through which a portion of the City's redevelopment efforts are conducted. All of DCDF, Inc 's activities are directed entirely by the City In addition, the City's employees are responsible for the day-to-day administrative and financial management of DCDF, Inc , and grant funds used by DCDF, Inc are in the City's name DCDF, Inc is included as a non-major special revenue fund in the City's financial statements Separate financial statements are not issued for this component unit

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A THE FINANCIAL REPORTING ENTITY (Continued)

Discretely Presented Component Unit

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

Complete financial statements for the Civic Center Authority may be obtained at Civic Center Authority, #1 Gary K Anderson Plaza, Decatur, Illinois 62523

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments

Joint Venture

The City is a participant with Macon County, Illinois (the County) in a non-equity joint venture to provide financial support for the Decatur Macon County Law Enforcement Center The Decatur Public Building Commission (DPBC), a separate legal entity, owns and operates the Law Enforcement Center The DPBC is governed by a five member board composed of three appointees from the City and two from the County See Note 12 for information about the City's transactions with the DPBC during the year Complete financial statements for the DPBC can be obtained from the DPBC's administrative office at 333 South Franklin, Decatur, Illinois 62523

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B BASIS OF PRESENTATION

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

City-wide Financial Statements – The City-wide financial statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows

The City has reported three categories of program revenues in the statement of activities (1) fees, fines and charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions Program revenues are derived directly from the program itself or from external sources; they reduce the net cost of each function to be financed from the City's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns for amounts reported in the individual funds as interfund receivables and payables Similarly, transfers between funds have been eliminated in the statement of activities Amounts reported in the governmental or proprietary funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net position as accounts receivable or payable to external parties

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting Revenues are recognized as soon as they are both measurable and available Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period For this purpose the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes and income taxes All other revenue items are considered to be measurable and available only when cash is received by the government Nonexchange transactions, in which the City receives value without directly giving equal value in return, include taxes, grants, and donations Expenditures generally are recorded when a liability is incurred, as under accrual accounting However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Unearned revenue is reported on the governmental fund balance sheet Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied Unearned revenue includes grant awards received but unearned because the fulfillment of expenditure provisions has not yet occurred

Proprietary funds separate all activity into two categories operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses Non-operating revenues and expenses include capital and noncapital financing activities and investing activities

Differences occur from the manner in which the governmental activities and the City-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity, as an example. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the City-wide statements and the statements for governmental funds

The City reports the following major governmental funds.

General Fund – The General Fund is the general operating fund of the City It is used to account for all of the general revenues of the City which are not specifically levied or collected for other City funds, and for expenditures related to public works, public safety, and other general governmental activities of the City

Decatur Public Library Fund – This special revenue fund accounts for revenues designated to finance the City's Public Library and expenditures of such fund The Library's primary source of revenue is property taxes

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

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

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

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Proprietary Fund Types:

Enterprise Funds – The Enterprise Funds operations are financed similar to a private business enterprise, the intent is that the cost of the service is financed by user charges, and the activities be measured on a net income basis

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost-reimbursement basis Such goods and services include maintenance of City vehicles, management information services, and administration of the City's self insurance policies

D POOLED CASH AND INVESTMENTS

The City maintains pooled cash accounts for different fund groups which are used to account for all cash and investment transactions of that group Monthly interest income of each pool is distributed to the individual funds based on their average cash balance in the pool during that period

Investments are stated at fair value Fair value for the investment in Illinois Funds is the same as the value of the pool shares. State statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act

E CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

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

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, as well as bond issuance costs, 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 Issuance costs are reported as debt service expenditures

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, alleys and similar items), are reported in the applicable governmental or business-type activities columns in the City-wide financial statements Capital assets are defined by the City as assets with an initial, individual cost meeting certain capitalization thresholds and a useful life of more than two years All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available Donated capital assets are recorded at estimated fair market value at the date of donation

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized Improvements to land and buildings are capitalized

All reported capital assets except land and construction in progress are depreciated Improvements are depreciated over the remaining useful lives of the related capital assets

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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS (Continued)

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

I EQUITY CLASSIFICATIONS

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

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

Fund Financial Statements – The following classifications describe the categories of fund balance on the fund financial statements based on the relative strength of the spending constraints.

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I FUND BALANCE (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, 2014

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, 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J PROPERTY TAXES (Continued)

Property taxes are collected by the Macon County Treasurer who affects the tax distribution to the taxing units based on the taxing unit respective share of the tax collection Taxes levied in one year become due and payable by property owners in two equal installments during the following year The first installment is due no later than June 1st and the second installment is due no later than September 1st The Macon County Treasurer distributes the tax collection to the taxing units within 45 days of collection due date

Based on collection histories, the City has provided at December 31, 2014 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy

Property tax revenues are recognized when earned in proprietary funds and pension funds Since property taxes are measurable but not available to finance current period obligations, the receivable and deferred inflow of resources is recorded in the governmental funds

K COMPENSATED ABSENCES

City employees receive vacation and sick pay in varying amounts based upon their employment anniversary dates The City reimburses employees for accumulated vacation days upon their termination or retirement Employees must take vacation accrued during the year of the accrual Management and general service employees, fire, and police, may accumulate up to 240, 200, and 200 days of sick leave, respectively, to be paid upon death or retirement The City pays no accumulated sick leave upon termination.

City employees required to work on any of the City's authorized holidays are given equivalent time off. This holiday time is reimbursable to employees upon termination or retirement

The liability for compensated absences (unused vacation, sick, and holiday time) of the City relating to employees of the governmental activities is recorded in the City-wide financial statements The long-term portion of compensated absences will be paid from the fund from which the employee is paid For governmental funds this includes the General Fund and Library Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K COMPENSATED ABSENCES (Continued)

The accumulated vacation, sick, and holiday time liability of employees charged to the Proprietary Fund Types is reported as an expense and as a liability of those funds as the benefits accrue to the employees

L INTERFUND TRANSACTIONS/TRANSFERS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans All other outstanding balances between funds are reported as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the City-wide financial statements as "internal balances" All receivables are shown net of an allowance for uncollectibles

M CLAIMS AND JUDGMENTS

When a probable claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss under its self-insurance program The claim liability includes claims incurred but not reported (IBNR), based on historical data pursuant to the self-funded workmen's compensation, comprehensive general liability, employee dishonesty, property damage, medical, dental, and unemployment compensation programs

N USE OF ESTIMATES

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. DEFERRED OUTFLOWS OF RESOURCES

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet No deferred outflows of resources are reported in these financial statements in the current year

P DEFERRED INFLOWS OF RESOURCES

The City's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period The City will not recognize the related revenue until a future event occurs The City has recorded deferred inflows related to property taxes other state taxes that will be recorded as revenue in a future period

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, 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

B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no governmental funds that had actual expenditures/expenses in excess of the appropriated amount for the year ended December 31, 2014

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS

The City has adopted formal investment policies and procedures as recommended by a citizens' investment advisory committee and approved by the City Manager, all within the guidelines established for the investment of public funds in accordance with the Illinois Compiled Statutes The City is authorized by statute and policy to make deposits or investments in obligations of the United States Government, obligations of states or their political subdivisions, savings accounts, time deposits, certificates of deposit, or other investments which are direct obligations of banks as defined by the Illinois Banking Act, credit union shares, repurchase agreements; commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Public Treasurer's Investment Pool, and funds managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company Pension funds may also invest in certain non-U S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivision, stocks, mutual funds, and Illinois insurance companies' general and separate accounts. The City's investment policy also has established maximum limits for investments in uncollateralized certificates of deposit, money market accounts, and banker's acceptances for specific financial institutions as approved by the City Council, and has limited the City's investment in commercial paper to only the top rated

At year end the carrying value of the City's deposits, including certificates of deposit, was $45,906,108 and the respective bank balances totaled $46,456,479, not including cash on hand of $6,855.

Interest Rate Risk – the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy states the portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated In addition, the City shall maintain a diversity of investments to avoid unreasonable risks The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

41% of the Government's investments in U S Government agencies were rated Aaa by Moody's Investors Service and 5% were rated AA+ Ratings were not available for the remaining 54% 33% of the government's investments in municipal bonds were rated Aaa by Moody's, 25% were rated Aa1, 3% were rated Aa2, 2% were rated A3, 32% were rated AA+, 3% rated AA- and 2% were rated A- 4% of the government's investments in corporate bonds were rated Aaa by Moody's, 4% were rated Aa1, 5% were rated Aa2, 7% were rated Aa3, 11% were rated A1, 25% were rated A2, 17% were rated A3, 10% were rated Baa1, 15% were rated Baa2, 1% were rated Baa3, and 1% 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, 2014, the City's bank deposits were fully collateralized

As of December 31, 2014, 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	$ 8,856,415	$ 8,856,415	$ -	$ -	$ -
Certificates of deposit	101,091	-	-	101,091	-
U S Government Agencies	23,430,770	418,395	3,086,107	3,467,633	16,458,635
Corporate bonds	16,922,539	2,771,200	8,064,771	4,208,405	1,878,163
Municipal bonds	3,132,107	204,017	1,000,818	1,000,370	926,902
U S Treasury bonds	904,610	-	61,171	-	843,439
U S Treasury notes	7,300,277	935,070	3,607,757	2,012,908	744,542
U S Treasury bills	324,327	324,327	-	-	-
U S Treasury Inflation	344,450	-	-	344,450	-
Annuities	128,490	128,490	-	-	-
Mutual funds	59,729,826	59,729,826	-	-	-
Common stock	41,307,613	41,307,613	-	-	-
Foreign bonds	213,035	-	213,036	-	-
Total	$ 162,695,550	$ 114,675,353	$ 16,033,660	$11,134,857	$ 20,851,681

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The City invests in various investment securities Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the Statement of Net Position

Investments in The Illinois Funds

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the Pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants The Pool maintains a Standard and Poor's AAA rating. The City's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship At December 31, 2014, the City had $48,172 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, 2014, cash and cash equivalents for the Civic Center Authority are comprised of cash on hand of $1,723, bank deposits of $31,667, and deposits with the Illinois Funds of $15,939.

Reconciliation of notes to financial statements

	Primary Government
Carrying amount of bank deposits – per note above	$ 45,906,108
Cash on hand – per note above	6,855
Investments – per note above (including Illinois Funds)	162,695,550
Total	$ 208,608,513

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Statement 1	
Cash and equivalents	$ 44,482,010
Statement 10	
Cash and short-term investments	10,371,990
Long-term investments	153,754,513
Total	$ 208,608,513

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of December 31, 2014 are summarized below

	Due from Other Funds	Due to Other Funds
Water Fund	$ 200,000	$ -
Nonmajor Enterprise Funds	-	200,000
Total interfunds	$ 200,000	$ 200,000

Interfund receivables and payables are primarily used to record

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

NOTE 5 - TRANSFERS

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

	Transfers In	Transfers Out
Major Governmental Funds		
General	$ 955,535	$ 35,228
Library	174,720	-
Debt service	3,397,314	-
TIF	-	1,131,986
Nonmajor Governmental Funds	3,492	970,000
Major Enterprise Funds.		
Water	47,959	1,763,728
Mass Transit	-	6,404
Sewer	-	140,024
Internal Service Funds	-	531,650
Total	$ 4,579,020	$ 4,579,020

The transfers represent both routine and non-routine items Generally, routine transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund or other funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows

Primary government

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Governmental activities				
Capital assets not being depreciated				
Land	$ 8,440,772	$ -	$ 79,473	$ 8,361,299
Construction in progress	6,224,584	375,351	4,631,563	1,968,372
Subtotal	14,665,356	375,351	4,711,036	10,329,671
Capital assets being depreciated				
Infrastructure	110,048,875	7,829,339	-	117,878,214
Buildings and improvements	46,105,640	770,688	340,401	46,535,927
Vehicles	13,799,197	1,126,578	648,951	14,276,824
Office equipment	3,473,556	675,880	84,990	4,064,446
Other equipment	11,394,334	619,361	1,717,060	10,296,635
Subtotal	184,821,602	11,021,846	2,791,402	193,052,046
Less accumulated depreciation for				
Infrastructure	(56,395,065)	(3,264,541)	-	(59,659,606)
Buildings and improvements	(21,442,802)	(1,468,456)	(286,693)	(22,624,565)
Vehicles	(10,886,343)	(973,869)	(660,567)	(11,199,645)
Office equipment	(2,287,956)	(225,093)	(84,990)	(2,428,059)
Other equipment	(10,464,652)	(496,508)	(1,716,406)	(9,244,754)
Total accumulated depreciation	(101,476,818)	(6,428,467)	(2,748,656)	(105,156,629)
Total capital assets being depreciated, net	83,344,784	4,593,379	42,746	87,895,417
Total governmental activities capital assets, net	$ 98,010,140	$ 4,968,730	$ 4,753,782	$ 98,225,088

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Business-Type Activities				
Capital assets not being depreciated				
Land	$ 4,218,177	$ 231,889	$ -	$ 4,450,066
Construction in progress	21,706,563	20,260,488	10,948,293	31,018,758
Subtotal	25,924,740	20,492,377	10,948,293	35,468,824
Capital assets being depreciated,				
Infrastructure	21,334,372	15,071,305	-	36,405,677
Buildings and improvements	96,941,011	14,260	2,208	96,953,063
Vehicles	8,083,474	25,150	123,335	7,985,289
Office equipment	96,336	-	-	96,336
Other equipment	1,579,217	12,636	-	1,591,853
Subtotal	128,034,410	15,123,351	125,543	143,032,218
Less accumulated depreciation for				
Infrastructure	(14,098,524)	(858,112)	-	(14,956,636)
Buildings and improvements	(65,850,040)	(2,523,394)	(2,208)	(68,371,226)
Vehicles	(5,844,138)	(361,962)	(123,335)	(6,082,765)
Office equipment	(60,907)	(15,579)	-	(76,486)
Other equipment	(1,429,011)	(33,325)	-	(1,462,336)
Total accumulated depreciation	(87,282,620)	(3,792,372)	(125,543)	(90,949,449)
Total capital assets being depreciated, net	40,751,790	11,330,979	-	52,082,769
Total business-type activities capital assets, net	$ 66,676,530	$ 31,823,356	$ 10,948,293	$ 87,551,593

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary government (Continued)

Depreciation expense of $6,428,467 and $3,792,372 was charged to the governmental and business-type activities functional expense categories, respectively, as follows

Governmental Activities	Depreciation	Business-Type Activities	Depreciation
General government	$ 1,743,995	Water	$ 2,988,726
Public safety	740,571	Mass Transit	503,972
Public works	3,423,543	Sewer	299,674
Culture and recreation	520,358		
Total	$ 6,428,467	**Total**	$ 3,792,372

Discretely Presented Component Unit

Activity for the Civic Center Authority for the year ended December 31, 2014 was as follows:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Capital assets not being depreciated				
Land	$ 3,130,762	$ -	$ -	$ 3,130,762
Capital assets being depreciated				
Buildings and equipment	13,214,540	5,350	-	13,219,890
Less accumulated depreciation for Buildings and equipment	(10,455,204)	(283,027)	-	(10,738,231)
Total capital assets being depreciated, net	2,759,336	(277,677)	-	2,481,659
Civic Center capital assets, net	$ 5,890,098	$ (277,677)	$ -	$ 5,612,421

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, 2014, less the allowance for uncollectible accounts Any other uncollectible amounts are not believed to be material

Governmental Activities:

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Position
Other taxes						
Hotel and motel tax	$ 36,112	$ -	$ -	$ -	$ -	$ 36,112
Food and beverage tax	293,707	-	-	-	-	293,707
Cable TV tax	271,208	-	-	-	-	271,208
Utility tax	647,153	-	-	-	-	647,153
State sales tax	-	32,400	-	-	-	32,400
Local sales tax	-	45,900	-	-	-	45,900
State income tax	1,472,793	-	-	-	-	1,472,793
State replacement tax	155,267	45,856	-	-	-	201,123
Total other taxes	$ 2,876,240	$ 124,156	$ -	$ -	$ -	$ 3,000,396
Due from other governments.						
Grants	$ 12,923	$ 347,539	$ -	$ -	$ -	$ 360,462
Allotments	-	371,848	-	-	-	371,848
Total due from other governments	$ 12,923	$ 719,387	$ -	$ -	$ -	$ 732,310
Accounts receivable						
General billings	$ 150,137	$ 7,026	$ -	$ 15,500	$ 2,976	$ 175,639
Outstanding parking tickets	162,044	-	-	-	-	162,044
Allowance for uncollectible portion	(108,429)	-	-	-	-	(108,429)
Total accounts receivable	$ 203,752	$ 7,026	$ -	$ 15,500	$ 2,976	$ 229,254

NOTE 7 - RECEIVABLES (CONTINUED)

Governmental Activities: (Continued)

	General	Special Revenue	Debt Service	Capital Projects	Internal Services	Total Statement of Net Position
Notes receivable						
Installment notes	$ -	$ 299,881	$ -	$ -	$ -	$ 299,881
Deferred notes	-	2,200	-	-	-	2,200
Home program loans	-	437,744	-	-	-	437,744
Allowance for uncollectible notes	-	(84,388)	-	-	-	(84,388)
Total notes receivable	$ -	$ 655,437	$ -	$ -	$ -	$ 655,437
Other						
Investment income	$ 3,904	$ -	$ 434	$ 2,430	$ -	$ 6,768

Notes receivable include loans made through the DCDF, Inc housing rehabilitation program under the terms of mortgage-secured installment notes with interest rates ranging from zero to six percent The term of the notes is not to exceed twenty years Notes are classified as either installment or deferred Deferred notes have repayment terms beginning sometime in the future

In accordance with the statutes of the State of Illinois, the revenue derived from water main tapping approximates the City's cost of providing the service

Business-Type Activities:

	Enterprise
Accounts receivable	
Water billings	$ 2,068,269
Watermain tapping	13,883
Sanitary District billings	384,078
Grants	553,433
Recycling fees	165,053
Sewer billings	222,214
Total accounts receivable	$ 3,406,930

NOTE 8 - LONG-TERM DEBT

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

Governmental activities	Obligations Outstanding December 31, 2013, as Restated	Debt Additions	Debt Retirement	Obligations Outstanding December 31, 2014	Due Within One Year
General Obligation Bonds.					
Series of 2005	$ 675,000	$ -	$ 675,000	$ -	$ -
Series of 2008	4,004,640	-	155,520	3,849,120	341,280
Series of 2010A	8,380,000	-	140,000	8,240,000	150,000
Series of 2010B	9,219,930	-	315,060	8,904,870	338,070
Series of 2010C	2,430,000	-	190,000	2,240,000	195,000
Series of 2010D	1,000,000	-	265,000	735,000	255,000
Series of 2012	7,900,000	-	590,000	7,310,000	595,000
(Less) plus deferred amounts:					
For issuance premiums	520,202	-	44,708	475,494	-
Total general obligation Bonds	34,129,772	-	2,375,288	31,754,484	1,874,350
Notes payable:					
General Obligation Notes					
HUD Section 108, 2002-A	1,710,000	-	170,000	1,540,000	175,000
2014 Busey Bank	-	1,500,000	143,288	1,356,712	290,936
2014 Soy Capital	-	125,358	-	125,358	-
Total notes payable	1,710,000	1,625,358	313,288	3,022,070	465,936
Compensated absences	4,596,634	2,533,187	2,489,578	4,640,243	2,203,663
Pension obligation	4,168,925	-	2,075,111	2,093,814	-
Other post-employment benefits	1,114,868	-	196,107	918,761	-
Total governmental activities	$ 45,720,199	$ 4,158,545	$ 7,449,372	$42,429,372	$ 4,543,949

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-Type activities:	Obligations Outstanding December 31, 2013, as Restated	Debt Additions	Debt Retirement	Obligations Outstanding December 31, 2014	Due Within One Year
General Obligation Bonds					
Series of 2008	$ 5,265,360	$ -	$ 204,480	$ 5,060,880	$ 448,720
Series of 2010B	16,825,070	-	574,940	16,250,130	616,930
Series of 2013	16,905,000	-	1,150,000	15,755,000	1,175,000
Series of 2014	-	24,055,000	-	24,055,000	730,000
(Less) plus deferred amounts					
For issuance premiums	2,441,554	1,147,124	200,416	3,388,262	259,243
Total general obligation bonds	41,436,984	25,202,124	2,129,836	64,509,272	3,229,893
Notes Payable					
2001 IEPA loan	3,531,080	-	384,553	3,146,527	395,805
IEPA Water Loan	6,415,962	77,714	345,105	6,148,571	361,681
2013 IEPA Sewer Loan	4,293,164	3,202,801	-	7,495,965	307,321
2013 Promissory Note	17,212,394	-	147,432	17,064,962	610,881
2014 IEPA loan	-	353,777	-	353,777	-
2014 Soy Capital Bank	-	13,830	-	13,830	-
Total notes payable	31,452,600	3,648,122	877,090	34,223,632	1,675,688
Total business-type activities	$ 72,889,584	$ 28,850,246	$ 3,006,926	$ 98,732,904	$ 4,905,581

For governmental activities, pension obligations and other post-employment benefits obligations are liquidated primarily by the General Fund

Long-term obligations outstanding at December 31, 2014 are comprised of the following

A General Obligation Bonds

General Obligation Bonds, Series 2008

$10,000,000 2008 General Obligation Bonds dated December 15, 2008 due December 15, 2024, interest of 2 75 to 5 0 percent to refinance certain outstanding indebtedness of the City and to finance capital improvements in the City

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

Remaining principal and interest payments to maturity are as follows

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 790,000	$ 380,713	$ 1,170,713
2016	825,000	349,113	1,174,113
2017	860,000	315,081	1,175,081
2018	895,000	278,531	1,173,531
2019	935,000	240,494	1,175,494
2020-2024	4,605,000	560,656	5,165,656
Total	$ 8,910,000	$ 2,124,588	$ 11,034,588

General Obligation Bonds, Series 2010A

$8,715,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2030, interest of 3 50 to 6 30 percent (principal and interest to be serviced by annual tax levy) to refund Series 2005, 2005A, and 2008A general obligation notes which were used for various capital projects Remaining funds were used to finance capital improvements in the City.

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 150,000	$ 445,783	$ 595,783
2016	180,000	440,158	620,158
2017	205,000	432,958	637,958
2018	470,000	424,245	894,245
2019	495,000	403,095	898,095
2020-2024	3,315,000	1,616,575	4,931,575
2025-2029	2,945,000	665,320	3,610,320
2030	480,000	31,200	511,200
Total	$ 8,240,000	$ 4,459,334	$ 12,699,334

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, 2014, approximately $600,000 of the proceeds remained unexpended

Fiscal Year	Principal	Interest	Treasury Rebate	Total Debt Service
2015	$ 955,000	$ 1,369,068	$ (502,298)	$ 1,821,770
2016	1,120,000	1,340,417	(492,270)	1,968,147
2017	1,185,000	1,301,218	(478,551)	2,007,667
2018	1,250,000	1,256,780	(462,997)	2,043,783
2019	1,325,000	1,205,217	(444,950)	2,085,267
2020-2024	7,950,000	5,004,731	(1,867,277)	11,087,454
2025-2029	9,290,000	2,583,528	(1,012,893)	10,860,635
2030	2,080,000	145,600	(59,325)	2,166,275
Total	$25,155,000	$14,206,559	$ (5,320,561)	$ 34,040,998

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 As of December 31, 2014, approximately $12,000 of the proceeds remained unexpended

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 195,000	$ 83,600	$ 278,600
2016	200,000	77,750	277,750
2017	205,000	71,750	276,750
2018	210,000	65,600	275,600
2019	215,000	57,200	272,200
2020-2024	1,215,000	149,600	1,364,600
Total	$ 2,240,000	$ 505,500	$ 2,745,500

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2010D

$1,805,000 2010 General Obligation Bonds dated November 3, 2010 due December 15, 2017; interest of 2 00 to 4 00 percent (principal and interest to be serviced by annual tax levy) to refund Series 1998 general obligation bonds which were used for the construction of the City's Library.

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 255,000	$ 21,850	$ 276,850
2016	245,000	16,750	261,750
2017	235,000	9,400	244,400
Total	$ 735,000	$ 48,000	$ 783,000

General Obligation Bonds, Series 2012

$8,030,000 Series 2012 General Obligation Bonds dated December 20, 2012 due March 1, 2025, interest of 1.00 to 2 50 percent (principal and interest to be serviced by annual tax levy) to refund Series 2004A general obligation bonds which were used for various capital projects.

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 595,000	$ 152,244	$ 747,244
2016	605,000	141,731	746,731
2017	620,000	129,481	749,481
2018	630,000	116,981	746,981
2019	645,000	104,231	749,231
2020-2024	3,460,000	302,928	3,762,928
2025	755,000	9,438	764,438
Total	$ 7,310,000	$ 957,034	$ 8,267,034

NOTE 8 - LONG-TERM DEBT (CONTINUED)

A General Obligation Bonds (Continued)

General Obligation Bonds, Series 2013

$17,220,000 Series 2013 General Obligation Bonds dated January 24, 2013 due March 1, 2025, interest of 2 00 to 5 00 percent (principal and interest to be serviced by annual tax levy) to refund Series 2004B general obligation bonds which were used to refund the 2000 and 1985 general obligation bonds used in the construction of the water treatment facility

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 1,175,000	$ 661,925	$ 1,836,925
2016	1,205,000	626,225	1,831,225
2017	1,250,000	589,400	1,839,400
2018	1,285,000	551,375	1,836,375
2019	1,325,000	498,975	1,823,975
2020-2024	7,725,000	1,424,275	9,149,275
2025	1,790,000	44,750	1,834,750
Total	$ 15,755,000	$ 4,396,925	$ 20,151,925

General Obligation Bonds, Series 2014

$24,055,000 Series 2014 General Obligation Bonds dated April 8, 2014 due March 1, 2034, interest of 3 00 to 5 00 percent (principal and interest to be serviced by annual tax levy) to finance phase 1 of six (6) year $90 4 project to dredge Lake Decatur basins 1-4 As of December 31, 2014, approximately $14,000,000 of the proceeds remain unexpended

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 730,000	$ 1,050,438	$ 1,780,438
2016	835,000	1,026,962	1,861,962
2017	860,000	1,001,538	1,861,538
2018	885,000	970,937	1,855,937
2019	920,000	934,838	1,854,838
2020-2024	5,190,000	4,058,612	9,248,612
2025-2029	6,510,000	2,702,169	9,212,169
2030-2034	8,125,000	1,048,575	9,173,575
Total	$24,055,000	$ 12,794,069	$ 36,849,069

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable

U.S. Department of Housing and Urban Development Series 2002-A Certificates

$3,000,000 Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 (Note B-95-MC-17-0008-A) due August 1, 2022, interest of 2.99 to 6.12 percent

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 175,000	$ 90,585	$ 265,585
2016	180,000	80,854	260,854
2017	185,000	70,649	255,649
2018	190,000	59,974	249,974
2019	195,000	48,859	243,859
2020-2022	615,000	75,443	690,443
Total	$ 1,540,000	$ 426,364	$ 1,966,364

Illinois Environmental Protection Agency 2001 Loan

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

Remaining principal and interest payments to maturity are as follows

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 395,805	$ 88,553	$ 484,358
2016	407,387	76,971	484,358
2017	419,307	65,051	484,358
2018	431,576	52,782	484,358
2019	444,205	40,153	484,358
2020-2022	1,048,247	42,682	1,090,929
Total	$ 3,146,527	$ 366,192	$ 3,512,719

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Illinois Environmental Protection Agency Water Loan

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for $9,444,709, of which $2,451,381 is immediately forgivable, to finance the costs relating to the construction of a new water main, water tower, and booster pump station The City has drawn down $6,993,328 on this loan as of December 31, 2014. The term of the loan is for 20 years with a fixed rate of 0 00% The semi-annual repayment dates are July 10 and January 10 Repayment is subject to change upon additional draw downs

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 361,681	$ -	$ 361,681
2016	361,681	-	361,681
2017	361,681	-	361,681
2018	361,681	-	361,681
2019	361,681	-	361,681
2020-2024	1,808,403	-	1,808,403
2025-2029	1,808,403	-	1,808,403
2030-2031	723,360	-	723,360
Total	$ 6,148,571	$ -	$6,148,571

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Illinois Environmental Protection Agency Sewer Loan - 2013

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for a maximum of $8,588,793, of which $764,148 is immediately forgivable to finance the costs related to the rehabilitation of certain main line sewer infrastructure The City has drawn down $8,260,889 including interest as of December 31, 2014 yielding an outstanding principal obligation of $7,495,965 net of the forgivable amount as of December 31, 2014 The term of the loan is for 20 years with a fixed interest rate of 1.93% The semi-annual repayment dates are June 15 and December 15

Remaining principal and interest payments to maturity are as follows

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 307,321	$ 140,598	$ 447,919
2016	316,566	137,236	453,802
2017	322,705	131,097	453,802
2018	328,964	124,838	453,802
2019	335,343	118,459	453,802
2020-2024	1,776,826	492,183	2,269,009
2025-2029	1,955,930	313,079	2,269,009
2030-2034	2,152,310	115,922	2,268,232
Total	$ 7,495,965	$ 1,573,412	$ 9,069,377

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Regions Capital Advantage Promissory Note Series 2013

$17,212,394 loan with Regions Capital Advantage, Inc , dated August 15, 2013, to finance the investment in certain energy and cost saving initiatives under a Johnson Controls, Inc , guaranteed energy savings contract The term of the loan is 15 years with a fixed interest rate of 3 47% and includes a final principal balloon payment of $2,468,710 Quarterly repayment dates for principal and interest are February 15, May 15, August 15, and November 15

Remaining principal and interest payments to maturity are as follows

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 610,881	$ 584,369	$ 1,195,250
2016	642,538	562,462	1,205,000
2017	664,591	540,659	1,205,250
2018	835,573	514,927	1,350,500
2019	903,444	485,056	1,388,500
2020-2024	5,658,362	1,889,138	7,547,500
2025-2028	7,749,573	677,053	8,426,626
Total	$ 17,064,962	$5,253,664	$22,318,626

Busey Bank – 2014

$1,500,000 loan with Busey Bank dated March 4, 2014, to finance the costs related to the outfitting of the City of Decatur Police Headquarter Facility The term of the loan is 5 years at a fixed interest rate of 2 0% with quarterly principal and interest payments due at March 4, June 4, September 4, and December 4 of each year with a maturity date of June 4, 2019

Fiscal Year	Principal	Interest	Total Debt Service
2015	$ 290,936	$ 25,303	$ 316,239
2016	296,821	19,418	316,239
2017	302,945	13,294	316,239
2018	309,135	7,104	316,239
2019	156,875	1,103	157,978
Total	$ 1,356,712	$ 66,222	$ 1,422,934

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B Notes Payable (Continued)

Illinois Environmental Protection Agency Sewer Loan – 2014

The City has authorized the issuance of a loan with the Illinois Environmental Protection Agency (IEPA) for a maximum of $2,534,034 to finance the costs related to the rehabilitation of certain main line sewer infrastructure within the City on September 13, 2014. The project commenced on November 1, 2014 The City has incurred expense on the project as of December 31, 2014 in the amount of $353,777, but has not drawn down any monies on the loan as of December 31, 2014 The project construction is expected to be completed in 2015 The term of the loan is 20 years for a fixed interest rate of 1 995% with semi-annual principal and interest payments Loan repayment principal and interest amounts are subject to final determination of the final loan principal amount determined upon project completion

Soy Capital Bank & Trust – 2014

The City has authorized the issuance of a loan with Soy Capital Bank and Trust for a maximum of $1,000,000 dated September 30, 2014, to finance the costs related to the acquisition of a replacement public works radio communications system The radio system deployment will be completed in 2015 The term of the loan is 7 years at a fixed interest rate of 2.8%. Principal and interest payments will commence 1 year post completion of the project with quarterly frequency The City has drawn $139,188 on this loan as of December 31, 2014.

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 $4,640,243 These costs are substantially paid through the General Fund and the Library Fund

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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

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, 2014 is $11,016,000

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS

A Plan Descriptions, Provisions and Funding Policies

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

IMRF

Plan Description The City of Decatur'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 of Decatur's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www imrf org

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

A. Plan Descriptions, Provisions and Funding Policies (Continued)

IMRF (Continued)

Funding Policy. As set by statute, the City of Decatur's Regular plan members are required to contribute 4.5 percent 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 of Decatur's contribution rate for calendar year 2014 was 12.49 percent of annual covered payroll The employer annual required contribution rate for calendar year 2014 was 13 36 percent

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

Annual Pension Cost For December 31, 2014, the City of Decatur's actual contributions for pension cost for the Regular Plan members were $1,709,343 Its required contribution for calendar year 2014 was $1,828,409

Three-Year Trend Information for the Regular Plan

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$ 1,828,409	93%	$1,829,969
2013	1,932,046	84%	1,710,903
2012	1,845,583	79%	1,405,617

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method The actuarial assumptions at December 31, 2012, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0 4% to 10 0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually The actuarial value of the City of Decatur's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City of Decatur's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

A Plan Descriptions, Provisions and Funding Policies (Continued)

Police Pension Plan

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

At December 31, 2014 the Police Pension Plan membership consisted of

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	160
Current employees Vested and nonvested	164
Total	324

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

Covered employees are required to contribute 9 91% of their base salary to the Police Pension Plan If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary Administrative costs are financed through investment earnings

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

A Plan Descriptions, Provisions and Funding Policies (Continued)

Police Pension Plan (Continued)

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040

Firefighters' Pension Plan

The Firefighters' 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.

At December 31, 2014 the Firefighters' 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	106
Total	239

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

The Firefighters' 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.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

A Plan Descriptions, Provisions and Funding Policies (Continued)

Firefighters' Pension Plan (Continued)

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

B Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statement disclosures are prepared using the accrual basis of accounting Employee and employer contributions are generally recognized when due If contributions are not made when due, they are only recognized as contributions (and a related receivable) if they are due pursuant to formal commitments, or because of statutory or contractual requirements Separate plan financial statements are not prepared for the police and fire pension plans Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan

Method Used to Value Investments

Investments are reported at fair value Short-term investments are reported at cost, which approximates fair value Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value

Significant Investments

There were no investments (other than U S government and U.S. government guaranteed obligations, and mutual funds) in any one organization that represents 5 percent or more of net position available for benefits

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

B Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Related Party Transactions

There are no securities of the City of Decatur or any other related parties included in plan assets

C Annual Pension Cost and Net Pension Obligation

The City's annual pension cost for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates:			
Employer	13 36%	32 93%	58 71%
Employee	4 5%	9 91%	9 45%
Annual pension cost	$ 1,828,409	$ 6,832,993	$ 6,956,216
Contributions made	$ 1,709,343	$ 7,943,800	$ 8,039,586
Actuarial valuation date	12/31/14	12/31/14	12/31/14
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Amortization period	29 years	26 years	26 years
Asset valuation method	5-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

C Annual Pension Cost and Net Pension Obligation (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial assumptions			
Investment rate of return	7 5% Compounded Annually	7.5% Compounded Annually	7 0% Compounded Annually
Projected salary increases	0 4 to 10 0%	3 50%	3 50%
Inflation rate included	4.00%	2 50%	2 50%
Cost of living adjustments	3 00%	3 00%	3 00%

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	$ 1,828,409	$ 6,823,585	$ 6,948,670
Interest on net prior year pension obligation	-	82,313	66,018
Adjustment to annual required contribution	-	(72,905)	(58,472)
Annual pension cost	1,828,409	6,832,993	6,956,216
Contributions made	1,709,343	7,943,800	8,039,586
Increase (decrease) in net pension obligation	119,066	(1,110,807)	(1,083,370)
Net pension obligation, beginning of year	1,710,903	1,284,891	1,173,131
Net pension obligation, end of year	$ 1,829,969	$ 174,084	$ 89,761

D Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows The NPO is the cumulative difference between the APC and the contributions actually made.

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

D. Trend Information (Continued)

	Year	Illinois Municipal Retirement	Police Pension	Fire Pension
Annual pension cost (APC)	2012	$ 1,845,583	$ 3,845,178	$ 3,826,058
	2013	1,932,046	3,767,058*	4,073,462*
	2014	1,828,409	6,832,993**	6,956,216**
Percentage of APC contributed	2012	79%	102%	102%
	2013	84%	100%	92%
	2014	93%	116%	116%
Net pension obligation	2012	$ 1,405,617	$ 1,280,909	$ 843,414
	2013	1,710,903	1,284,891	1,173,131
	2014	1,829,969	174,084	89,761

* Based on 5/1/2013 actuarial study
** Includes 12/31/2013 and 12/31/2014 actuarial studies

E Funded Status and Funding Progress

The funded status of the plans as of December 31, 2014 was as follows

	IMRF	Police Pension	Fire Pension
Actuarial accrued liability (AAL)	$ 43,011,903	$ 140,207,944	$ 127,664,616
Actuarial value of plan assets	31,334,332	97,052,982	74,668,164
Unfunded actuarial accrued liability (UAAL)	11,677,571	43,154,962	52,976,452
Funded ratio (actuarial value of plan assets/AAL)	72 9%	69.2%	58 5%
Covered payroll (active plan members)	13,685,694	12,227,509	8,309,161
UAAL as a percentage of covered payroll	85 3%	352.93%	637 57%

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

F Financial Statements

Multi-year trend information for the Schedule of Funding Progress can be found in the required supplementary information section

The following information represents the financial position and activity of the pension trust funds at December 31, 2014

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 2,345,886	$ 8,026,104	$ 10,371,990
Accrued interest	217,266	94,684	311,950
Long-term investments, at fair value			
U S Government obligations	19,429,903	12,874,529	32,304,432
Mutual funds	50,556,549	9,173,277	59,729,826
Common stock	8,524,130	32,783,483	41,307,613
Certificate of deposits	-	101,091	101,091
Annuities	-	128,490	128,490
International bonds	213,036	-	213,036
Municipal bonds	1,934,364	1,113,120	3,047,484
Corporate bonds	10,373,874	6,548,667	16,922,541
Total long-term investments	91,031,856	62,722,657	153,754,513
TOTAL ASSETS	$ 93,595,008	$ 70,843,445	$ 164,438,453
LIABILITIES AND NET POSITION			
Accounts payable	$ 3,367	$ 464	$ 3,831
NET POSITION			
Held in trust for pension benefits	93,591,641	70,842,981	164,434,622
TOTAL LIABILITIES AND NET POSITION	$ 93,595,008	$ 70,843,445	$ 164,438,453

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PLANS (CONTINUED)

F Financial Statements (Continued)

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions.			
Employer	$ 4,279,188	$ 4,232,824	$ 8,512,012
Plan member	1,186,684	809,470	1,996,154
Total contributions	5,465,872	5,042,294	10,508,166
Investment earnings			
Interest and dividends	1,331,278	694,536	2,025,814
Net increase in the fair value of investments	4,648,739	3,910,965	8,559,704
Total investment income	5,980,017	4,605,501	10,585,518
Less investment expense	192,202	119,894	312,096
Net investment income	5,787,815	4,485,607	10,273,422
Total additions	11,253,687	9,527,901	20,781,588
DEDUCTIONS			
Benefits and refunds	6,102,938	6,743,544	12,846,482
Administrative expense	68,354	66,966	135,320
Total deductions	6,171,292	6,810,510	12,981,802
Change in net position	5,082,395	2,717,391	7,799,786
NET POSITION, BEGINNING OF YEAR	88,509,246	68,125,590	156,634,836
NET POSITION, END OF YEAR	$ 93,591,641	$ 70,842,981	$ 164,434,622

NOTE 10 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS

The City has adopted GASB Statement No 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No 25.* The Statement enhances the City's footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules It was issued to improve financial reporting by state and local government pension plans The following provides information required to be disclosed under Statement No 67 that is not discussed as part of the information disclosed in Note 9 previously

Plan Administration

The Police Pension Plan and Firefighters' Pension Plan are defined benefit pension plans Each plan is administered by a Board of Trustees which acts as the administrator of the plan.

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

The 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

NOTE 10 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Investment Policy

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 following are the adopted asset allocation policies for each plan as of December 31, 2014

	Target Allocation	
Asset Class	**Police Pension**	**Firefighters' Pension**
Domestic Equity	43%	40%
International Equity	22%	15%
Fixed Income	35%	45%
Total	100%	100%

Concentrations

The Plans did not hold investments in any one organization that represent five percent or more of the respective Plan's fiduciary net position

Money-Weighed Rate of Return on Investments

For the year ended December 31, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.78% for the Firefighters' Plan and 6 88% for the Police Plan The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested

NOTE 10 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Net Pension Liability

The components of the net pension liability of the Plans as of December 31, 2014 were as follows

	Police Pension	Firefighters' Pension
Total Pension Liability	$ 140,207,944	$ 127,664,616
Plan Fiduciary Net Position	97,295,010	74,593,446
Net Pension Liability	$ 42,912,934	$ 53,071,170
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69 4%	58 4%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 using the following actuarial assumptions applied to all measurement periods.

	Police Pension	Firefighters' Pension
Valuation Date	1/1/2015	1/1/2015
Inflation	2 5%	2 5%
Projected Salary Increases	3 5%	3 5%
Investment Rate of Return	7 5%	7 0%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2015	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2015
Date of Actuarial Experience Study	September 26, 2012	September 26, 2012

NOTE 10 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of December 31, 2014 are summarized in the following table

	Long-Term Expected Real Rate of Return	
Asset Class	Police Pension	Firefighters' Pension
Domestic Equity	6 7%	6 7%
International Equity	7 4%	7 4%
Fixed Income	1 6%	1 6%

Discount Rate

The discount rate used to measure the total pension liability was 7 5% for Police Pension and 7 0% for Firefighters' Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 30 years from January 1, 2011 Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

NOTE 10 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease	Current Rate	1% Increase
Police Pension			
Discount Rate	6 5%	7 5%	8 5%
Net Pension Liability	$ 62,581,582	$ 42,912,934	$ 26,800,397
Firefighters' Pension			
Discount Rate	6 0%	7 0%	8 0%
Net Pension Liability	$ 68,695,362	$ 53,071,170	$ 40,065,768

NOTE 11 - 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, 2014, 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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 12 - LITIGATION

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

NOTE 13 - 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 In 2014, the City of Decatur Public Building Commission, a local governmental agency, reached agreement to amend the existing lease allowing for City exit from the agreement for the purpose of relocation to a new facility The lease agreement ended on June 6, 2014 with City exit from the facility On June 7, 2014, as amended March 2, 2015, the City entered into a new lease agreement with Decatur Public Building Commission to occupy certain space within the facility through December 31, 2015. Current year expense was $154,470 Future minimum rental payments are estimated as follows

Year	Amount
2015	$ 31,765

NOTE 13 - COMMITMENTS (CONTINUED)

C In 1995, the City and the Sanitary District of Decatur (District) entered into intergovernmental agreements to rehabilitate certain sewer lines including Staley sewer, Spring Creek sewer, and West Mound sewer The State of Illinois EPA (IEPA) issued a 20-year loan to the District, whereas the City is contributing funds to the District to cover a portion of the District's loan payments to IEPA. The last principal and interest payments will be made on April 5, 2015 The City's share of the remaining principal and interest payments at December 31, 2014 is as follows

Year	Amount
2015	$ 24,278

D 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 $295,074 Future minimum rental payments are estimated as follows.

Year	Amount
2015	$ 505,841
2016	505,841
2017	505,841
2018	505,841
2019	520,595
2020-2024	2,671,157
2025-2029	2,804,714
2030-2034	2,586,286
Total	$ 10,606,116

E 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 $6,400 Future minimum rental payments are estimated as follows

Year	Amount
2015	$ 38,400
2016	38,400
2017	38,400
2018	38,720
2019	22,848
Total	$ 176,768

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 - COMMITMENTS (CONTINUED)

F 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 $295,074. Future minimum rental payments are estimated as follows

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Year	Amount
2015	$ 38,400
2016	38,400
2017	38,400
2018	38,720
2019	22,848
Total	$ 176,768

NOTE 13 - COMMITMENTS (CONTINUED)

H Other Commitments

At December 31, 2014, the City had contractual commitments of approximately $19 million for capital improvement programs

I Future Commitments

On May 4, 2015, the City entered into a promissory note payable with a local bank in the amount of $439,940 for acquisition of a new fire apparatus. The loan is for seven (7) year term with annual principal and interest payments at an interest rate of 2.3%. The first principal and interest payment is due on May 4, 2016 Future principal and interest payments are as follows.

Year	Amount
2016	$ 68,762
2017	68,762
2018	68,762
2019	68,762
2020	68,762
2021-2022	137,524
Total	$ 481,334

NOTE 14 - 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 $10,471,268 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

CITY OF DECATUR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 14 - RISK MANAGEMENT (CONTINUED)

The claims liability of $3,209,835 at December 31, 2014 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 year ended December 31, 2014 and eight months ended December 31, 2013 were.

	2014	May 1, 2013 to December 31, 2013
Beginning of fiscal year liability	$ 3,733,815	$ 5,872,892
Current year claims and changes in estimates	8,694,306	1,560,667
Claims payments	(9,218,286)	(3,699,744)
Total	$ 3,209,835	$ 3,733,815

NOTE 15 - 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 2014, the City contributed $268,026 to the Authority

NOTE 16 - FUND EQUITY

The following funds had a deficit net position or deficit fund balance at December 31, 2014

Employee Benefit Insurance Fund	$ 3,098,955
Recycling Fund	$ 113,519
Capital Projects Fund	$ 23,831
Water Fund	$ 869,282
TIF Fund	$ 64,508

The above deficits are expected to be eliminated from future revenues and/or transfers

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described in Note 9 and 10, 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.

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, 2014, membership consisted of

Retirees and beneficiaries currently receiving benefits	138
Active employees	488
Total	626
Participating employers	1

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2014 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, 2014 The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 was as follows.

	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	$ 743,660	$ 939,767	126 37%	$ 918,761
December 31, 2013	$ 426,279	$ 615,514	144 39%	$1,114,868
April 30, 2013	$ 650,755	$ 447,574	68 8%	$1,304,103

The net OPEB obligation as of January 1, 2014 (most recent information available), was calculated as follows:

Annual required contribution	$ 773,532
Interest on net prior year OPEB obligation	33,446
Adjustment to annual required contribution	(63,318)
Annual OPEB cost	743,660
Contributions made	939,767
Decrease in net OPEB obligation	(196,107)
Net OPEB obligation, beginning of year	1,114,868
Net OPEB obligation, end of year	$ 918,761

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Funded Status and Funding Progress The funded status of the plan as of January 1, 2014, was as follows

Actuarial accrued liability (AAL)	$ 9,143,999
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	9,143,999
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	34,222,364
UAAL as a percentage of covered payroll	26.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future Examples include assumptions about future employment, mortality and the healthcare cost trend Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits

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	$ 773,532
Contribution made	$ 939,767
Actuarial valuation date	1/1/2014
Actuarial cost method	Projected unit credit cost method
Amortization method	Level % of pay method
Amortization period	25 years
Asset valuation method	N/A

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

Discount rate	3%
Projected salary increase	N/A
Healthcare trend rate	6 20% in 2014, 4.50% ultimate
Cost of living adjustment	N/A

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

NOTE 18 - CAPITAL LEASES

The City has entered into various lease agreements as lessee for financing of vehicles which included a fire truck, police patrol vehicles, a police SUV, a sewer truck, and a water truck All seven leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception

Assets	
Fire truck	$ 947,850
Patrol vehicles	203,411
Police SUV	23,911
Water truck	33,988
Sewer truck	321,998
Water truck	25,150
Traffic truck	31,114
Less accumulated depreciation	(365,037)
Total	$ 1,225,385

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows

	Future Minimum Lease Payments				
	Fire Truck	Patrol Vehicles	Police SUV	Traffic Truck	Total Governmental Activities
2015	$ 148,544	$ 62,382	$ 6,980	$ 6,554	$ 224,460
2016	148,544	-	6,980	6,554	162,078
2017	148,544	-	3,469	6,554	158,567
2018	148,104	-	-	6,554	154,658
2019	-	-	-	1,641	1,641
Minimum lease payments	593,736	62,382	17,429	27,857	701,404
Less amount of interest	(33,564)	(532)	(405)	(1,213)	(35,714)
Total	$ 560,172	$ 61,850	$ 17,024	$ 26,644	$ 665,690

NOTE 18 - CAPITAL LEASES (CONTINUED)

	Future Minimum Lease Payments				
	Sewer Truck	Water Truck	Water Truck	Total Enterprise Fund Activities	Total
2015	$ 67,795	$ 7,144	$ 5,298	$ 80,237	$ 304,697
2016	67,795	7,145	5,298	80,238	242,316
2017	67,795	7,145	5,298	80,238	238,805
2018	50,868	3,548	5,298	59,714	214,372
2019	-	-	1,326	1,326	2,967
Minimum lease payments	254,253	24,982	22,518	301,753	1,003,157
Less amount of interest	(10,023)	(861)	(982)	(11,866)	(47,580)
Total	$ 244,230	$ 24,121	$ 21,536	$ 289,887	$ 955,577

NOTE 19 - RESTATEMENTS OF NET POSITION/FUND BALANCE

Long-Term Debt

The City has restated a portion of general obligation bond debt that was previously reported in governmental activities into business-type activities The portion that represents the restatement relates to debt that benefited and is being paid from an enterprise fund

Fund Types

Several funds previously reported within the general fund and one fund previously reported as an enterprise fund have been presented as individual non-major funds in the current year Management believes financial reporting will be enhanced as the function of these funds is now more accurately portrayed as another fund type The Economic Development Fund, DUATS Fund, Public Safety Fund, and Grant Fund are reported as special revenue funds (all are non-major funds) and one TIF fund will be included within the TIF fund where all other TIF funds are recorded (the TIF fund is a major special revenue fund)

The DCDF Fund was previously recorded as an enterprise fund (non-major) and is now reported as a special revenue fund (non-major)

NOTE 19 - RESTATEMENTS OF NET POSITION/FUND BALANCE (CONTINUED)

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

	Governmental Activities	Business-Type Activities	Water Fund
Net position/fund balance, beginning of year, as previously reported	$ 32,072,986	$ 50,974,509	$ 38,701,496
Reclassification of long-term debt	41,436,984	(41,436,984)	(41,436,984)
Reclassification of fund type	399,593	(399,593)	-
Net position/fund balance, beginning of year, as restated	$ 73,909,563	$ 9,137,932	$ (2,735,488)

	General Fund	Non-Major Governmental Funds	Non-Major Enterprise Funds
Net position/fund balance, beginning of year, as previously reported	$ 7,337,587	$ 6,656,270	$ 265,720
Reclassification of long-term debt	-	-	-
Reclassification of fund type	(729,621)	1,129,214	(399,593)
Net position/fund balance, beginning of year, as restated	$ 6,607,966	7,785,484	$ (133,873)
Funds moved to major in FY 14:			
TIF		(103,254)	
Motor fuel tax		(2,727,791)	
Net position/fund balance, beginning of year, as restated		$ 4,954,439	

This information is an integral part of the accompanying financial statements

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
Year Ended December 31, 2014

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
IMRF						
2014	$ 31,334,332	$ 43,011,903	$ 11,677,571	72 9%	$ 13,685,694	85 3%
2013	31,837,916	41,991,704	10,153,788	75 8%	14,332,687	70 8%
2012	29,496,482	41,931,058	12,434,576	70 3%	14,099,181	88 2%
2011	28,262,038	40,581,866	12,319,828	69 6%	13,665,271	90 2%
2010	27,195,156	38,997,358	11,802,202	69 7%	14,010,076	84 2%
2009	26,009,239	37,331,787	11,322,548	69 7%	15,469,723	73 2%
2008	32,983,627	42,879,285	9,895,658	76 9%	15,636,313	63 3%
2007	40,110,028	36,941,811	(3,168,217)	108 6%	13,301,974	0 0%
***Police Pension**						
2014	$ 97,052,982	$ 140,207,944	43,154,962	69 2%	$ 12,227,509	352 93%
2013	84,736,571	122,268,612	37,532,041	69 3%	11,664,930	321 8%
2012	80,384,994	114,870,605	34,485,611	70 0%	11,400,232	302 5%
2011	74,407,671	112,627,195	38,219,524	66 1%	10,626,984	359 6%
2010	70,348,106	110,125,805	39,777,699	63 9%	11,040,825	360 3%
2009	68,889,401	102,697,489	33,808,088	67 1%	11,214,984	301 5%
2008	66,058,169	98,045,970	31,987,801	67 4%	9,872,894	324 0%
2007	64,965,624	88,733,350	23,767,726	73 2%	9,474,589	250 9%
***Firefighter's Pension**						
2014	$ 74,688,164	$ 127,664,616	$ 52,976,452	58 5%	$ 8,309,161	637 57%
2013	67,666,146	108,864,374	41,198,228	62 2%	8,451,621	487 4%
2012	64,880,063	105,304,548	40,424,485	61 6%	8,178,211	494 3%
2011	60,477,614	102,073,330	41,595,716	59 2%	7,942,070	523 7%
2010	58,035,930	96,531,895	38,495,965	60 1%	8,148,301	472 4%
2009	57,852,069	91,703,077	33,851,008	63 1%	8,119,535	416 9%
2008	57,057,466	83,723,383	26,665,917	68 2%	6,639,308	401 6%
2007	56,101,465	78,757,103	22,655,638	71 2%	6,464,348	350 5%
OPEB						
2014	$ -	$ 9,143,999	$ 9,143,999	0 0%	$ 34,222,364	26 7%
2013	-	7,948,000	7,948,000	0 0%	34,448,698	23 1%
2012	-	8,068,000	8,068,000	0 0%	33,677,624	24 0%
2011	-	8,475,000	8,475,000	0 0%	32,234,325	26 3%
2010	-	8,528,800	8,528,800	0 0%	33,199,202	25 7%
2009	-	10,119,000	10,119,000	0 0%	34,804,242	29 1%
2008	-	8,760,000	8,760,000	0 0%	32,148,515	27 3%

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 2014

	Annual Required Contribution	Percentage Contributed
POLICE PENSION FUND		
2014	$ 6,904,560	102 78%
2013	3,767,058	99 89%
2012	3,845,178	102 40%
2011	3,982,535	76 60%
2010	3,080,287	103 00%
2009	3,777,600	85 80%
2008	2,968,274	100.00%
2007	2,890,037	100 00%
FIREFIGHTERS' PENSION FUND		
2014	$ 6,956,216	101 38%
2013	4,073,462	91 91%
2012	3,826,058	102 10%
2011	3,951,668	82 50%
2010	3,277,075	98 00%
2009	3,434,550	95 30%
2008	2,992,651	100 00%
2007	3,069,618	100 00%
IMRF		
2014	$ 1,828,409	93 00%
2013	1,932,046	84 00%
2012	1,845,583	79 00%
2011	1,749,155	73 00%
2010	1,730,244	69 00%
2009	143,868	100 00%
2008	1,246,214	100 00%
2007	1,324,877	100 00%
OPEB		
2014	$ 773,532	126.37%
12/31/13	460,000	133 90%
4/30/13	678,000	66.10%
2012	758,500	83 40%
2011	741,700	68 70%
2010	834,400	42 89%
2009	744,600	58 22%

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
Year Ended December 31, 2014

*Effective with the actuarial valuation for the fiscal year beginning May 1, 2009, the actuarial value of asset method was changed from the adjusted market value of asset method to an asset method with 3-year recognition of investment gains/losses different than expected

*Effective with the actuarial valuation for the fiscal year beginning January 1, 2014, the actuarial value of asset method was changed from the projected unit credit method to the entry age cost method

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 2014

Last 10 Fiscal Years

Police Pension

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2014	$ 4,159,443	$4,277,221	$ (117,778)	$ 11,690,951	36.59%
12/31/2013	2,735,709	3,666,579	(930,870)	11,664,930	31.43%
4/30/2013	3,754,594	3,763,076	(8,482)	11,400,232	33.01%
4/30/2012	3,817,045	3,938,516	(121,471)	10,626,984	37.06%
4/30/2011	3,977,137	3,052,138	(924,999)	11,040,825	27 64%
4/30/2010	3,069,595	3,173,436	(103,841)	11,214,984	28 30%
4/30/2009	3,777,600	3,240,601	(536,999)	9,872,894	32 82%
4/30/2008	2,968,274	2,968,274	-	9,474,589	31 33%
4/30/2007	2,890,037	2,890,037	-	9,126,496	31 67%
4/30/2006	2,766,759	2,766,759	-	9,075,931	30 48%

Firefighters' Pension

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2014	$ 4,174,530	$4,232,824	$ (58,294)	$8,250,783	51 3%
12/31/2013	2,774,140	3,806,762	(1,032,622)	8,451,621	45 04%
4/30/2013	4,065,255	3,743,745	321,510	8,178,211	45 78%
4/30/2012	3,807,189	3,904,401	(97,212)	7,942,070	49 16%
4/30/2011	3,948,894	3,257,987	690,907	8,148,301	39.98%
4/30/2010	3,273,829	3,212,034	61,795	8,119,535	39 56%
4/30/2009	3,434,550	3,271,516	163,034	6,639,308	49.27%
4/30/2008	2,992,651	2,992,651	-	6,464,348	46.29%
4/30/2007	3,069,618	3,069,618	-	6,597,222	46.53%
4/30/2006	2,782,070	2,782,070	-	6,038,243	46.07%

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 2014

NOTES TO SCHEDULE OF CONTRIBUTIONS

Police Pension

Valuation Date	1/1/15
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	30 Years as of January 1, 2011
Asset Valuation Method	Smoothed market value
Inflation	2 5% per year
Salary Increases	3.5% per year until the assumed retirement age
Investment Rate of Return	7 5% per year
Retirement Age	Rates of retirement for age 50 to 65 were used

Age	Rate of Retirement
50	20
55	25
60	33
65	50
70	1 0

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

Age	Rate of Termination	Age	Rate of Disability
25	075	25	.005
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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 2014

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

	Firefighters' Pension
Valuation Date	1/1/15
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	30 Years as of January 1, 2011
Asset Valuation Method	Smoothed 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

Age	Rate of Retirement
50	14
55	.20
60	25
65	50
70	1 0

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

Age	Rate of Termination	Age	Rate of Disability
25	050	25	001
30	025	30	0014
35	020	35	0035
40 and over	010	40	0050
		45	0065
		50	0100
		55	0150
		60	.0300
		65	0425

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
Year Ended December 31, 2014

RETIREMENT SYSTEM – DEFINED BENEFIT PLANS

The following presents the changes in employer's net pension liability

Year Ended December 31, 2014

	Police Pension	Firefighters' Pension
Total Pension Liability		
Service Cost	$ 2,726,891	$ 2,183,902
Interest	9,571,302	8,357,081
Difference in expected and actual experiences	57,370	2,180,908
Changes of assumptions/methods	6,068,547	9,131,603
Benefit payments, including refunds	(6,102,938)	(6,743,544)
Net Change in Total Pension Liability	12,321,172	15,109,950
Total Pension Liability - Beginning	127,886,772	112,554,666
Total Pension Liability – Ending (A)	$ 140,207,944	$ 127,664,616
Plan Fiduciary Net Position		
Contributions - Employer	$ 4,277,221	$ 4,232,824
Contributions - Employee	1,186,391	809,470
Net Investment Income	5,790,077	4,484,204
Benefit Payments, Including Refunds	(6,102,938)	(6,743,544)
Administrative Expense	(64,987)	(65,098)
Other	21,250	22,200
Net Change in Plan Fiduciary Net Position	5,107,014	2,740,056
Plan Fiduciary Net Position - Beginning	92,187,996	71,853,390
Plan Fiduciary Net Position – Ending (B)	$ 97,295,010	$ 74,593,446
Net Pension Liability (A) – (B)	$ 42,912,934	$ 53,071,170
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69 39%	58 43%
Covered Employee Payroll	$ 11,690,951	$ 8,250,783
Net Pension Liability as a Percentage of Covered Employee Payroll	367%	643%

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
Year Ended December 31, 2014

RETIREMENT SYSTEM – DEFINED BENEFIT PLANS

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

Police Pension

Fiscal Year Ended	Rate
2014	6 88%

Firefighters' Pension

Fiscal Year Ended	Rate
2014	6 78%

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

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	17,174,000	17,174,000	17,035,398	$ (138,602)
Charges for service	5,450,033	5,450,033	5,895 606	445,573
Investment income and net increase in fair value of investments	1,400	1,400	689	(711)
Intergovernmental	33,378,170	33,378,170	32,421 154	(957,016)
Licenses and permits	763,000	763 000	737,684	(25,316)
Fines and fees	2,209,000	2,209,000	1,724,586	(484,414)
Other revenue	1,259,634	1,259,634	1,346,708	87,074
Total revenues	60,235,237	60,235,237	59,161,825	(1,073,412)
EXPENDITURES				
Current:				
Legislative	72,521	62,849	62,944	(95)
Executive	568,424	561,410	552,403	9 007
Management services	631,540	610,798	565,131	45,667
Legal	1,080,832	1,063,678	910,321	153,357
Financial management	2,579,138	2,440,922	2,387,078	53,844
Police	25,650,549	25,427,471	25,568,964	(141,493)
Fire	16,350,550	16,262,672	16,184,742	77,930
Planning and neighborhood services	2,336,314	2,283,320	2,152,099	131,221
Public works	9,981,947	9,773,877	9,429,457	344,420
Other non-departmental charges	1,476,730	1,476,730	1,411,840	64,890
Total expenditures	60,728,545	59,963,727	59,224,979	738,748
Excess (deficiency) of revenues over expenditures	(493,308)	271,510	(63,154)	(334,664)
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	11,704	11,704
Transfers in	430,212	430,212	955,535	525,323
Transfers out	(9,905)	(9,905)	(35,228)	(25,323)
Total other financing sources (uses)	420,307	420,307	932,011	511,704
Net change in fund balance	$ (73,001)	$ 691,817	868,857	$ 177,040
NET CHANGES IN BUDGETARY BASIS TO GAAP BASIS			(247,713)	
Net change in fund balance - GAAP basis			621,144	
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED			6,607,966	
FUND BALANCE, END OF YEAR			$ 7,229,110	

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, 2014

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	2,719,500	2,719,500	2,736,165	$ 16,665
Investment income and net increase in fair value of investments	90	90	326	236
Intergovernmental	426,000	426,000	456,467	30,467
Fines and fees	68,500	68,500	54,957	(13,543)
Other revenue	22,700	22,700	45,358	22,658
Total revenues	3,236,790	3,236,790	3,293,273	56,483
EXPENDITURES				
Current				
Culture	3,270,124	3,270,124	3,249,572	20,552
Excess (deficiency) of revenues over expenditures	(33,334)	(33,334)	43,701	77,035
OTHER FINANCING SOURCES (USES)				
Transfers in	274,720	274,720	174,720	100,000
Transfers out	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	174,720	174,720	174,720	-
	$ 141,386	$ 141,386	218,421	$ 77,035
NET CHANGES IN BUDGETARY BASIS TO GAAP			(94,200)	
Net change in fund balance - GAAP basis			124,221	
FUND BALANCE, BEGINNING OF YEAR			954,918	
FUND BALANCE, END OF YEAR			$ 1,079,139	

CITY OF DECATUR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
TIF DISTRICT FUND
Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	1,690,000	1,574,970	$ (115,030)
Sales tax	268,500	340,950	72,450
Investment income	-	193	193
Total revenues	1,958,500	1,916,113	(42,387)
EXPENDITURES			
General Government:			
Economic and urban development	959,500	547,509	411,991
Excess of revenues over expenditures and other financing uses	999,000	1,368,604	369,604
OTHER FINANCING USES			
Transfers out	(1,138,286)	(1,131,986)	6,300
	$ (139,286)	236,618	$ 375,904
NET CHANGES IN BUDGETARY BASIS TO GAAP		(404,380)	
Net change in fund balance - GAAP basis		(167,762)	
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED		103,254	
FUND DEFICIT, END OF YEAR		$ (64,508)	

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, 2014

	Original and Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 1,163	$ 1,163
Intergovernmental			
Motor fuel tax	1,816,000	1,884,548	68,548
Other	619,527	253,702	(365,825)
Other revenue	371,492	790,654	419,162
Total revenues	2,807,019	2,930,067	123,048
EXPENDITURES			
Public works:			
Street repair & maintenance	5,118,750	2,187,251	2,931,499
NET CHANGE IN FUND BALANCE	$ (2,311,731)	742,816	$ 3,054,547
NET CHANGES IN BUDGETARY BASIS TO GAAP		(844,734)	
Net change in fund balance - GAAP basis		(101,918)	
FUND BALANCE, BEGINNING OF YEAR		2,727,791	
FUND BALANCE, END OF YEAR		$ 2,625,873	

CITY OF DECATUR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, TIF redevelopment funds, debt service funds, capital project funds, enterprise funds, internal service funds, and pension trust funds

2. The process is initiated in September of each year, with departmental requests presented in October to the Budget Review Committee comprised of the City Manager, City Treasurer and Director of Finance

3 The City Manager's proposed and balanced executive budget is presented to the City Council during November with a public hearing and final adoption taking place prior to December 31st of each year

4. The appropriated budget is legally enacted through the passage of an Appropriation Ordinance before the end of March of each year, in accordance with State of Illinois statutory requirements The Appropriation Ordinance may include changes from the approved budget and is adopted upon City Council passage after an additional public hearing.

5. Both the appropriated budget and Appropriation Ordinance are prepared on a cash basis which is not in accordance with Generally Accepted Accounting Principles (GAAP) The Budget to Actual schedules included in Required Supplementary Information include the amounts of timing differences necessary to reconcile the non-GAAP actual to GAAP actual fund balances for the General Fund and major Special Revenue funds

6 The level of budgetary control is by Fund Therefore, expenditures cannot legally exceed appropriations beyond this level.

7 Supplemental appropriation ordinances may be passed by the City Council, as required to appropriate new spending for expenditure not contemplated in the fiscal year appropriation ordinance, with funding provided by a new revenue source or expended from fund balance reserves

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no governmental funds that had actual expenditures/expenses in excess of the appropriated amount for the year ended December 31, 2014

IV Supplementary Information

Governmental Funds

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which, by statute, charter provision, or local ordinance, are designated to finance particular functions or activities of the government as follows

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

The HOME Fund accounts for federal funds used in a revolving loan program for subsidizing the purchase by first time buyers of homes within designated areas of the City

Community Development Block Grant (CDBG) Fund accounts for entitlement revenues from the U S Department of Housing and Urban Development (HUD) and designated expenditures in the areas of housing and neighborhood revitalization, public facilities improvement, and economic development.

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

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

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

The Municipal Band Fund accounts for revenues, including property taxes levied for this activity, and expenditures for the City's Municipal Band

The PEG Fund accounts for revenues received for franchise rights granted allowing the installation and operation of cable communication networks and expenditures for the operation of the Public Education and Governmental television station

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

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

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

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds)

The Capital Projects Fund accounts for continuous capital projects, which are financed primarily from intergovernmental revenues, charges for service, and investment income This fund accounts for revenues and expenditures for numerous related capital projects

The 2008 Project Fund is used to account for capital improvements that are financed by the proceeds from the 2008A General Obligation Bonds

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

EXHIBIT 1

CITY OF DECATUR, ILLINOIS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,273,020	$ 1,280,859	$ 7,839
Investment income	-	845	845
Other revenue	473,360	473,104	(256)
Total revenues	1,746,380	1,754,808	8,428
EXPENDITURES			
Debt Service:			
Principal retirement	4,525,541	2,596,121	1,929,420
Interest and fiscal charges	3,756,573	1,518,509	2,238,064
Total expenditures	8,282,114	4,114,630	4,167,484
Excess (deficiency) of revenues over expenditures	(6,535,734)	(2,359,822)	4,175,912
OTHER FINANCING SOURCES			
Transfers in	6,386,654	3,397,314	(2,989,340)
NET CHANGE IN FUND BALANCE	$ (149,080)	$ 1,037,492	$ 1,186,572

EXHIBIT 2

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2014

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and investments	$ 1,964,958	$ 747,401	$ 2,712,359
Receivables			
Property taxes, net	58,800	-	58,800
Due from other governments	329,691	-	329,691
Accounts receivable	-	15,500	15,500
Notes receivable	655,437	-	655,437
Other receivable	-	2,430	2,430
Assests held for sale	22,940	-	22,940
TOTAL ASSETS	$ 3,031,826	$ 765,331	$ 3,797,157
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 221,661	$ 7,188	$ 228,849
Contracts payable	-	143,291	143,291
Other accrued liabilities	295,724	-	295,724
Unearned revenue	134,625	25,684	160,309
Total liabilities	652,010	176,163	828,173
Deferred Inflows of Resources:			
Subsequent year's property taxes	58,800	-	58,800
Fund Balances:			
Restricted			
General government	1,163,847	-	1,163,847
Culture	26,187	-	26,187
Public safety	847,196	-	847,196
Education	100,785	-	100,785
Capital projects	-	589,168	589,168
Committed			
Economic development	181,704	-	181,704
Capital projects	1,297	-	1,297
Total fund balances	2,321,016	589,168	2,910,184
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,031,826	$ 765,331	$ 3,797,157

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2014

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Taxes	$ 59,168	$ -	$ 59,168
Investment income and net increase in fair value of investments	693	104,775	105,468
Intergovernmental	2,566,880	-	2,566,880
Fines and fees	426,778	17,355	444,133
Other revenue	469,437	301	469,738
Total revenues	3,522,956	122,431	3,645,387
EXPENDITURES			
Current:			
General government	2,590,774	-	2,590,774
Public safety	699,188	-	699,188
Culture	79,679	-	79,679
Public works	-	1,093,792	1,093,792
Education	257,752	-	257,752
Debt Service:			
Interest and other charges	-	1,949	1,949
Total expenditures	3,627,393	1,095,741	4,723,134
Deficiency of revenues over expenditures	(104,437)	(973,310)	(1,077,747)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,492	-	3,492
Transfers out	(170,000)	(800,000)	(970,000)
Total other financing sources (uses)	(166,508)	(800,000)	(966,508)
Net change in fund balances	(270,945)	(1,773,310)	(2,044,255)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	2,591,961	2,362,478	4,954,439
FUND BALANCES, END OF YEAR	$ 2,321,016	$ 589,168	$ 2,910,184

CITY OF DECATUR, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2014

	Economic Development Fund	HOME Fund	CDBG Fund	DUI/TS Funds	Drug Enforcement Fund	Public Safety Fund	Municipal Band Fund	PEG Fund	DCCF Fund	Hotel/Motel Fund	Fire Capital Fund	Grant Fund	Total
ASSETS													
Cash and investments	$ 183,680	$ 144,274	$ 10,222	$ 11,235	$ 946,528	$ 221,811	$ 24,121	$ 101,324	$ 140,376	$ 87,503	$ 1,287	$ 12,000	$ 1,984,561
Receivables													
Taxes	3,000	26,907	131,744	161,693	-	-	69,600	-	288,443	-	-	7,325	688,512
Property taxes, net	-	372,291	14,753	-	-	-	-	-	22,946	-	-	-	409,990
Loans receivable													136,880
Loans receivable, current portion													455,437
Assets held for sale													22,940
TOTAL ASSETS	$ 186,680	$ 543,472	$ 156,719	$ 172,928	$ 946,528	$ 221,811	$ 93,721	$ 101,324	$ 451,765	$ 87,503	$ 1,287	$ 19,325	$ 3,931,838
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES													
Liabilities													
Accounts payable	4,196	$ 26,113	$ 152,350	1,746	$ 23,871	$ 1,489	$ 334	$ 539	$ 1,220	$ -	$ -	$ 10,297	$ 221,691
Other accrued liabilities	-	-	-	-	295,724	-	-	-	-	87,503	-	72,125	454,852
Deposits payable	-	-	-	-	-	-	-	-	-	-	-	-	136,880
Total liabilities	4,196	26,113	152,350	1,746	319,701	1,489	334	539	1,220	87,503	-	82,422	813,423
Deferred inflows of resources													
Subsequent years' property taxes	-	-	-	-	-	-	54,800	-	-	-	-	-	54,800
Fund Balances													
Restricted													
Capital improvements		517,214	4,369	177,482	626,874	220,322	26,187	100,785	430,579	3	1,287	10,297	1,183,417
Culture		-	-	-	-	-	-	-	-	-	-	-	25,187
Public safety													847,196
Debt service													100,785
Committed													
Economic development	181,704	-	-	-	-	-	-	-	-	-	-	-	181,704
Capital projects	-	-	-	-	-	-	-	-	-	-	1,287	-	1,287
Total Fund Balance	181,704	517,214	4,369	177,482	626,874	220,322	26,187	100,785	430,579	3	1,287	10,297	2,321,016
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 185,900	$ 543,327	$ 156,719	$ 179,228	$ 946,575	$ 221,811	$ 81,321	$ 101,324	$ 431,799	$ 87,503	$ 1,287	$ 92,719	$ 3,931,838

CITY OF DECATUR, ILLINOIS
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 64	$ 64
Other revenue	210,000	155,556	(54,444)
Total revenues	210,000	155,620	(54,380)
EXPENDITURES			
General Government:			
Economic development	340,000	147,121	192,879
NET CHANGE IN FUND BALANCE	$ (130,000)	$ 8,499	$ 138,499

CITY OF DECATUR, ILLINOIS
HOME/CDBG FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2014

EXHIBIT 5

	Economic Development Fund	HOME Fund	CDBG Fund	DUATS Fund	Drug Enforcement Fund	Public Safety Fund	Municipal Bond Fund	PEG Fund	DCEF Fund	Major Maines Fund	Fire Capital Fund	Grant Fund	Total
REVENUES													
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,148	$ -	$ -	$ -	$ -	$ -	$ 59,148
Investment income (net of unrealized gains and losses)	64	671,949	1,314,202	47	326	83	6	54	66	3	-	240,530	2,566,880
Intergovernmental	-	-	-	254,666	285,536	83,383	-	-	-	-	-	-	623,585
Fees, rents and royalties	-	-	-	-	132,124	131,959	38,423	58,042	42,741	-	-	-	403,289
Other revenue	155,620	11,118	-	-	-	1,138	-	-	-	-	1,267	-	169,143
Total revenues	155,620	683,067	1,314,202	254,713	417,986	216,663	97,987	58,096	42,807	3	1,267	240,530	3,822,945
EXPENDITURES													
Current													
General government	147,121	680,018	1,150,196	335,605	414,826	280,342	79,679	257,752	12,801			252,941	2,560,774
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	83,383
Culture	-	-	-	-	-	-	-	-	-	-	-	-	29,978
Education	-	-	-	-	-	-	-	-	-	-	-	-	257,782
Total expenditures	147,121	680,018	1,150,196	335,605	414,826	280,342	79,679	257,752	12,801	-	-	252,941	2,931,917
Excess (deficiency) of revenues over expenditures	8,499	3,049	164,006	(78,892)	(837)	(63,679)	17,918	(199,656)	30,006	3	1,267	(12,411)	890,978
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	-	3,482	-	-	-	-	-	3,482
Transfers out	-	-	(170,000)	-	-	-	-	-	-	-	-	-	(170,000)
Total other financing sources (uses)	-	-	(170,000)	-	-	-	3,482	-	-	-	-	-	(166,518)
Net change in fund balances	8,499	(9,971)	(5,994)	(78,892)	(837)	(63,679)	21,400	(199,656)	(29,805)	3	1,267	(12,411)	(270,845)
FUND BALANCES													
BEGINNING OF YEAR AS RESTATED	173,200	690,585	9,983	255,574	837,711	284,833	4,277	263,397	184,153	-	-	12,423	2,921,941
FUND BALANCES END OF YEAR	$ 181,724	$ 680,614	$ 3,989	$ 176,682	$ 836,874	$ 221,154	$ 25,681	$ 63,741	$ 154,348	$ 3	$ 1,267	$ 12,423	$ 2,651,096

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grants	$ 1,131,482	$ 644,687	$ (486,795)
Loan repayment	198,884	48,565	(150,319)
Total revenues	1,330,366	693,252	(637,114)
EXPENDITURES			
General Government:			
Economic development	1,510,366	732,122	778,244
NET CHANGE IN FUND BALANCE	$ (180,000)	$ (38,870)	$ 141,130

EXHIBIT 8

CITY OF DECATUR, ILLINOIS
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Federal grant	$ 1,700,000	$ 1,183,946	$ (516,054)
EXPENDITURES			
General Government:			
Public services	1,048,343	622,479	425,864
Personnel services	208,308	349,460	(141,152)
Contractual services	231,330	33,616	197,714
Supplies	1,390	882	508
Other charges	5,000	-	5,000
Total expenditures	1,494,371	1,006,437	487,934
Excess of revenues over expenditures	205,629	177,509	(28,120)
OTHER FINANCING SOURCES (USES)			
Transfers in	700	708	8
Transfers out	(206,329)	(170,000)	36,329
Total other financing sources (uses)	(205,629)	(169,292)	36,337
NET CHANGE IN FUND BALANCE	$ -	$ 8,217	$ 8,217

EXHIBIT 9

CITY OF DECATUR, ILLINOIS
DUATS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Intergovernmental	$ 323,340	$ 256,666	$ (66,674)
Interest income	-	47	47
Total revenue	323,340	256,713	66,627
EXPENDITURES			
General Government:			
General government	354,882	335,605	19,277
Excess (deficiency) of revenues over expenditures	(31,542)	(78,892)	(47,350)
NET CHANGE IN FUND BALANCE	$ 354,882	$ (78,892)	$ (47,350)

EXHIBIT 10

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ 200	$ 326	$ 126
Fines and fees	242,000	295,539	53,539
Other revenue	100	121,899	121,799
Total revenues	242,300	417,764	175,464
EXPENDITURES			
Public safety	465,000	399,530	65,470
NET CHANGE IN FUND BALANCE	$ (222,700)	$ 18,234	$ 240,934

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Intergovernmetnal	$ 206,833	$ 83,393	$ (123,440)
Fines and fees	125,800	131,239	5,439
Investment income	110	83	(27)
Other revenues	58,000	1,136	(56,864)
Total revenue	390,743	215,851	174,892
EXPENDITURES			
Public safety	491,533	280,362	211,171
NET CHANGE IN FUND BALANCE	$ (100,790)	$ (64,511)	$ (36,279)

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Property taxes	$ 58,800	$ 59,168	$ 368
Investment income	-	6	6
Other revenue	(192)	38,423	38,615
Total revenues	58,608	97,597	38,989
EXPENDITURES			
Culture	100,315	80,856	19,459
OTHER FINANCING SOURCES			
Transfer in	3,492	3,492	-
NET CHANGE IN FUND BALANCE	$ (38,215)	$ 20,233	$ 58,448

EXHIBIT 13

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 98	$ 98
Other revenue	100,000	96,042	(3,958)
Total revenues	100,000	96,140	(3,860)
EXPENDITURES			
Education	268,000	257,752	10,248
NET CHANGE IN FUND BALANCE	$ (168,000)	$ (161,612)	$ 6,388

EXHIBIT 14

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 66	$ 66
Other revenue	36,000	43,741	7,741
Total revenues	36,000	43,807	7,807
EXPENDITURES			
General Government:			
General government	136,000	12,821	123,179
NET CHANGE IN FUND BALANCE	$ (100,000)	$ 30,986	$ 130,986

EXHIBIT 15

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 3	$ 3
EXPENDITURES			
General Government:			
General government	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 3	$ 3

EXHIBIT 16

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Other revenue	$ -	$ 1,297	$ 1,297
EXPENDITURES			
General Government:			
General government	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 1,297	$ 1,297

EXHIBIT 17

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Intergovernmental	$ 293,000	$ 240,530	$ (52,470)
EXPENDITURES			
General Government.			
General government	293,000	252,953	40,047
NET CHANGE IN FUND BALANCE	$ -	$ (12,423)	$ (12,423)

EXHIBIT 18

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2014

	Capital Projects Fund	2008 Project Fund	2010 Project Fund	Total
ASSETS				
Cash and cash equivalents	$ 136,832	$ -	$ 610,569	$ 747,401
Receivables				
Accounts receivable	15,500	-	-	15,500
Other	-	2,430	-	2,430
Total assets	$ 152,332	$ 2,430	$ 610,569	$ 765,331
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 7,188	$ -	$ -	$ 7,188
Contracts payable	143,291	-	-	143,291
Unearned revenue	25,684	-	-	25,684
Total liabilities	176,163	-	-	176,163
Fund Balances.				
Restricted				
Capital projects	(23,831)	2,430	610,569	589,168
TOTAL LIABILITIES AND FUND BALANCES	$ 152,332	$ 2,430	$ 610,569	$ 765,331

EXHIBIT 19

CITY OF DECATUR, ILLINOIS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2014

	Capital Projects Fund	2008 Project Fund	2010 Project Fund	Total
REVENUES				
Investment income and net increase in fair value of investments	$ 57	$ -	$ 104,718	$ 104,775
Fines and fees	17,355	-	-	17,355
Other revenues	301	-	-	301
Total revenues	17,713	-	104,718	122,431
EXPENDITURES				
Current:				
Public works	261,321	-	832,471	1,093,792
Debt service:				
Interest and other charges	-	-	1,949	1,949
Total expenditures	261,321	-	834,420	1,095,741
Deficiency of revenues over expenditures	(243,608)	-	(729,702)	(973,310)
OTHER FINANCING USES				
Transfers out	-	-	(800,000)	(800,000)
Net change in fund balance	(243,608)	-	(1,529,702)	(1,773,310)
FUND BALANCES, BEGINNING OF YEAR	219,777	2,430	2,140,271	2,362,478
FUND BALANCES (DEFICIT), END OF YEAR	$ (23,831)	$ 2,430	$ 610,569	$ 589,168

EXHIBIT 20

CITY OF DECATUR, ILLINOIS
GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS (NON-GAAP) BUDGET AND ACTUAL
Year Ended December 31, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income	$ -	$ 57	$ 57
Intergovernmental	466,997	-	(466,997)
Fines and fees	-	17,355	17,355
Other revenues	-	301	301
Total revenues	466,997	17,713	(449,284)
EXPENDITURES			
Capital projects	635,832	110,259	525,573
NET CHANGE IN FUND BALANCE	$ (168,835)	$ (92,546)	$ 76,289

EXHIBIT 21

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, 2014

	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES			
Investment income and net increase in fair value of investments	$ -	$ 120,107	$ 120,107
EXPENDITURES			
Capital Projects	3,292,607	1,232,455	2,060,152
Debt Service:			
Interest and fiscal charges	-	1,949	(1,949)
Total expenditures	3,292,607	1,234,404	2,058,203
Excess (deficiency) of revenues over expenditures	(3,292,607)	(1,114,297)	2,178,310
OTHER FINANCING USES			
Transfer out	(422,393)	(800,000)	(1,222,393)
NET CHANGE IN FUND BALANCE	$ (3,715,000)	$ (1,914,297)	$ 1,800,703

V Supplementary Information

Non Major Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for operations. A) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes

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

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

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2014

	Recycling Fund	Storm Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 71,020	$ 87,439	$ 158,459
Accounts receivable	63,263	101,790	165,053
TOTAL ASSETS	$ 134,283	$ 189,229	$ 323,512
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	$ 47,802	$ 19,072	$ 66,874
Due to other funds	200,000	-	200,000
Unearned revenue	-	62,284	62,284
Total current liabilities	247,802	81,356	329,158
Net position:			
Unrestricted	(113,519)	107,873	(5,646)
TOTAL LIABILITIES AND NET POSITION	$ 134,283	$ 189,229	$ 323,512

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2014

	Recycling Fund	Storm Water Fund	Total
OPERATING REVENUES			
Charges for services	$ 660,796	$ 126,943	$ 787,739
OPERATING EXPENSES			
Contractual services	581,463	19,072	600,535
Supplies	58,998	-	58,998
Total operating expenses	640,461	19,072	659,533
Operating income	20,335	107,871	128,206
NONOPERATING REVENUES			
Investment income	19	2	21
Change in net position	20,354	107,873	128,227
NET POSITION, BEGINNING OF YEAR, AS RESTATED	(133,873)	-	-
NET POSITION, END OF YEAR	$ (113,519)	$ 107,873	$ (5,646)

CITY OF DECATUR, ILLINOIS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

	Recycling Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges for services	$ 688,215	$ 87,437	$ 775,652
Cash paid to suppliers for goods and services	(685,460)	-	(685,460)
Net cash provided by operating activities	2,755	87,437	90,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	19	2	21
NET INCREASE IN CASH	2,774	87,439	90,213
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	68,246	-	68,246
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 71,020	$ 87,439	$ 158,459
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 20,335	$ 107,871	$ 128,206
Adjustments to reconcile operating income to net cash provided by operating activities			
Effects of changes in operating assets and liabilities			
Accounts receivable	27,419	(101,790)	(74,371)
Accounts payable	5,001	19,072	24,073
Due to other funds	(50,000)	-	(50,000)
Unearned revenue	-	62,284	62,284
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,755	$ 87,437	$ 90,192

VI Supplementary Information

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 Fund accounts for financial resources, including payroll deductions and the City's contribution, and expenditures made for payment of medical, non-medical, unemployment claims, flexible spending program, and the related costs for the programs

The Management Information Services Fund accounts for services provided by the City's Management Information Services Division.

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2014

	Fleet Maintenance/ERF	Risk Management	Employee Benefit Insurance	Management Information Services	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 338,474	2,955,695	66,287	456,912	$ 3 817 368
Receivables					
Accounts receivable	2 286	-	690	-	2,976
Inventories	249 682	-	-	-	249,682
Prepaid	-	185,000	-	-	185,000
Total current assets	590,442	3,140,695	66,977	456,912	4,255,026
Property, plant and equipment					
Machinery and equipment	8 664 629	-	-	1 317,125	9 981 754
Less accumulated depreciation	6 739 635	-	-	1,146,805	7,886,440
Total property plant and equipment	1 924 994	-	-	170,320	2,095 314
TOTAL ASSETS	$ 2 515 436	$ 3 140 695	$ 66,977	$ 627,232	$ 6,350,340
LIABILITIES AND NET POSITION					
Liabilities					
Current liabilities					
Accounts payable	73 682	-	-	7,366	$ 81,048
Other accrued liabilities	45 959	8 968	-	33,936	88,863
Claims payable	-	43,903	3,165,932	-	3,209,835
Unearned revenue	2 286	-	-	-	2,286
Total current liabilities	121 927	52,871	3,165,932	41,302	3,382,032
Net position					
Net investment in capital assets	1 924 994	-	-	170,320	2,095,314
Unrestricted	468,515	3,087,824	(3,098,955)	415,610	872,994
Total net position	2,393,509	3,087,824	(3,098,955)	585,930	2,968,308
TOTAL LIABILITIES AND NET POSITION	$ 2,515,436	$ 3 140,695	$ 66,977	$ 627,232	$ 6,350,340

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2014

	Fleet Maintenance/ERF	Risk Management	Employee Benefit Insurance	Management Information Services	Total
OPERATING REVENUES					
Charges for services	$ 2 481,208	$ 3,032 286	$ 6 577 510	$ 1,035,614	$ 13,126 618
Payroll deductions/retiree contributions	-	-	2 240 271	-	2,240 271
Other revenue	35,345	-	64 993	6,565	106 903
Total operating revenues	2,516,553	3,032,286	8 882 774	1 042 179	15,473 792
OPERATING EXPENSES					
Personnel services	641 475	-	-	976 158	1 617 633
Contractual services	258 398	121,713	750 391	310 875	1 441 377
Supplies	1,254,712	1,154	-	2 055	1 257 921
Insurance and other charges	478,399	2 520 744	8,291,452	269 420	11 560 015
Depreciation	596,096	-	-	71,671	667,767
Total operating expenses	3,229,080	2,643 611	9,041 843	1 630,179	16 544,713
Operating income (loss)	(712,527)	388,675	(159 069)	(588 000)	(1,070 921)
NONOPERATING REVENUES					
Investment income	378	1,077	-	284	1 739
Gain on disposal of City property	6,279	-	-	-	6 279
Total nonoperating revenues	6,657	1,077	-	284	8 018
Income (loss) before transfers	(705,870)	389,752	(159 069)	(587,716)	(1 062 903)
TRANSFERS					
Transfers from (to) other internal service funds	-	(300,000)	300,000	-	-
Transfers out	(531,650)	-	-	-	(531 650)
Net transfers	(531,650)	(300,000)	300,000	-	(531 650)
Net income (loss)	(1,237,520)	89,752	140,931	(587,716)	(1 594 553)
NET POSITION, BEGINNING OF YEAR	3,631,029	2 998,072	(3,239,886)	1,173,646	4,562,861
NET POSITION, END OF YEAR	$ 2,393 509	$ 3 087,824	$ (3,098,955)	$ 585,930	$ 2 968,308

CITY OF DECATUR, ILLINOIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

	Fleet Maintenance/ERF	Risk Management	Employee Benefit Insurance	Management Information Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	$ 2,518,922	$ 3,032,286	$ 8,884,046	$ 1,041,781	$ 15,477,035
Cash paid to suppliers for goods and services	(1,996,769)	(2,775,753)	(9,609,449)	(581,655)	(14,963,626)
Cash paid to employees	(624,741)	-	-	(967,812)	(1,592,553)
Net cash provided by (used in) operating activities	(104,588)	256,533	(725,403)	(507,686)	(1,081,144)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers from other funds	-	-	300,000	-	300,000
Cash transfers to other funds	(531,650)	(300,000)	-	-	(831,650)
Net cash provided by (used in) noncapital financing activities	(531,650)	(300,000)	300,000	-	(531,650)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of property plant and equipment	-	-	-	(23,992)	(23,992)
Proceeds on sale of City property	6,279	-	-	-	6,279
Net cash provided by (used in) capital and related financing activities	6,279	-	-	(23,992)	(17,713)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	378	1,077	-	284	1,739
NET DECREASE IN CASH	(629,581)	(42,390)	(425,403)	(531,394)	(1,628,768)
CASH, BEGINNING OF YEAR	968,055	2,998,085	491,690	988,308	5,446,136
CASH END OF YEAR	$ 338,474	$ 2,955,695	$ 66,287	$ 456,912	$ 3,817,368
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ (712,527)	$ 388,675	$ (159,069)	$ (588,000)	$ (1,070,921)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	596,096	-		71,671	667,767
Effects of changes in operating assets and liabilities					
Receivables	(96)	-	1,536		1,440
Prepaids		(185,000)	-		(185,000)
Inventories	(39,494)	-	-		(39,494)
Accounts payable	32,234	43,890	(567,606)	695	(490,787)
Other current liabilities	18,734	8,968		8,346	34,048
Unearned revenue	2,465	-	(264)	(398)	1,803
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (104,588)	$ 256,533	$ (725,403)	$ (507,686)	$ (1,081,144)
NONCASH INVESTING ACTIVITIES					
Capital assets included in accounts and contracts payable	$ -	$ -	$ -	$ 7,366	$ 7,366

VII Supplementary Information

Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary Funds are used to account for resources received and held by a governmental unit as agent or trustee for individuals, private organizations or other governments.

The City has one type of Fiduciary Fund. Pension Trust Fund

The Fire Pension Fund and the Police Pension Fund account for activities as prescribed by the statutes of the State of Illinois

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
December 31, 2014

	Police Pension Fund	Fire Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 2,345,886	$ 8,026,104	$ 10,371,990
Accrued interest	217,266	94,684	311,950
Long-term investments, at fair value			
U S Government obligations	19,429,903	12,874,529	32,304,432
Mutual funds	50,556,549	9,173,277	59,729,826
Common stock	8,524,130	32,783,483	41,307,613
Certificate of deposits	-	101,091	101,091
Annuities	-	128,490	128,490
International bonds	213,036	-	213,036
Municipal bonds	1,934,364	1,113,120	3,047,484
Corporate bonds	10,373,874	6,548,667	16,922,541
Total long-term investments	91,031,856	62,722,657	153,754,513
TOTAL ASSETS	$ 93,595,008	$ 70,843,445	$ 164,438,453
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	3,367	464	3,831
Net Position			
Held in trust for pension benefits	93,591,641	70,842,981	164,434,622
TOTAL LIABILITIES AND NET POSITION	$ 93,595,008	$ 70,843,445	$ 164,438,453

EXHIBIT 29

CITY OF DECATUR, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
Year Ended December 31, 2014

	Police Pension Fund	Fire Pension Fund	Total
ADDITIONS			
Contributions			
Employer	$ 4,279,188	$ 4,232,824	$ 8,512,012
Plan member	1,186,684	809,470	1,996,154
Total contributions	5,465,872	5,042,294	10,508,166
Investment earnings			
Interest and dividends	1,331,278	694,536	2,025,814
Net increase in the fair value of investments	4,648,739	3,910,965	8,559,704
Total investment income	5,980,017	4,605,501	10,585,518
Less investment expense	192,202	119,894	312,096
Net investment income	5,787,815	4,485,607	10,273,422
Total additions	11,253,687	9,527,901	20,781,588
DEDUCTIONS			
Benefits and refunds	6,102,938	6,743,544	12,846,482
Administrative expense	68,354	66,966	135,320
Total deductions	6,171,292	6,810,510	12,981,802
Change in net position	5,082,395	2,717,391	7,799,786
NET POSITION, BEGINNING OF YEAR	88,509,246	68,125,590	156,634,836
NET POSITION, END OF YEAR	$ 93,591,641	$ 70,842,981	$ 164,434,622

VIII Statistical Section

Statistical Section

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

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

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

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Financial Trends

These schedules contain information to assist the reader to understand how the City of Decatur's financial position and performance have changed over time.

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

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
EXPENSES											
Governmental Activities											
General government	11,231,794	12,355,329	12,752,403	12,899,611	11,667,513	10,469,200	11,735,004	13,692,390	14,693,051	8,318,866	12,159,290
Public safety	29,959,590	30,901,106	31,958,049	33,878,086	37,007,402	38,406,935	35,477,795	41,416,933	38,834,959	29,422,201	40,664,492
Public works	14,764,122	17,590,666	10,562,237	15,604,712	16,395,618	17,190,569	19,443,483	13,846,451	17,199,373	10,877,524	14,579,926
Culture	3,609,189	3,749,474	3,916,250	4,441,150	4,443,700	4,359,055	4,514,057	3,770,113	3,622,804	2,518,155	286,764
Education											3,595,829
Interest on debt	3,039,104	3,078,850	2,952,352	3,076,008	3,568,996	3,434,867	3,332,503	4,508,919	4,113,553	2,264,985	1,247,293
Total governmental activities expenses	62,603,799	67,475,425	62,141,291	69,899,567	73,083,229	73,860,626	74,502,842	77,234,806	78,463,740	53,401,731	72,533,594
Business-type activities											
Water	11,387,369	12,977,816	12,547,968	13,161,424	13,807,253	15,017,552	13,631,171	13,312,583	14,576,678	9,663,567	18,504,972
Parking	682,392	746,042	748,568	757,198	721,662	745,510	509,932				
Mass Transit	4,722,404	4,947,093	4,936,203	5,788,725	5,661,346	5,994,281	6,626,503	6,542,694	6,151,784	4,230,742	6,790,731
Housing programs	278,361	42,466	11,322	72,653	39,512	10,986	6,633	96,422	6,770	9,979	
Waste removal	481,492	496,095	518,561	536,549	554,083	545,302	556,721	1,238,284	584,028	405,409	640,461
Hotel				320,859	43,020	46,531					
Storm Water											19,072
Sewer	932,591	780,498	755,444	1,279,797	1,487,939	1,890,168	1,317,412	1,872,785	1,900,376	1,507,017	3,111,645
Total business-type activities expenses	18,484,609	19,990,010	19,518,066	21,917,205	22,314,815	24,250,330	22,648,372	23,062,768	23,219,636	15,816,714	29,066,881
TOTAL PRIMARY GOVERNMENT EXPENSES	81,088,408	87,465,435	81,659,357	91,816,772	95,398,044	98,110,956	97,151,214	100,297,574	101,683,376	69,218,445	101,600,475
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government	1,034,913	1,626,091	1,509,879	1,593,067	1,543,847	1,907,784	1,693,970	2,398,906	2,541,123	4,339,647	8,329,813
Public safety	770,040	219,965	230,736	426,660	427,804	471,925	420,751	433,184	577,676	367,370	306,746
Other activities	292,338	130,483	129,989	105,538	183,892	194,837	178,940	132,433	71,112	39,634	203,551
Operating grants and contributions	3,533,131	4,760,023	6,321,264	6,462,730	6,010,850	6,030,644	10,093,544	6,815,292	4,425,861	2,652,299	4,903,661
Capital grants and contributions							33,120				1,140,122
Total governmental activities program revenues	5,630,422	6,736,562	8,191,868	8,587,995	8,166,393	8,605,190	12,420,325	9,779,815	7,615,772	7,398,950	14,883,893
Business-type activities											
Charges for services											
Water	14,209,199	12,252,193	11,509,404	12,620,045	12,368,956	13,690,334	17,008,482	15,284,540	15,102,613	14,848,584	21,330,788
Other activities	3,343,276	3,640,434	3,332,874	3,964,874	3,762,684	3,518,967	3,753,099	3,651,584	4,247,649	3,295,331	5,385,211
Operating grants and contributions	3,285,819	2,423,190	5,239,319	4,095,141	4,372,081	9,433,023	4,290,027	5,722,143	5,025,518	3,170,028	6,033,830
Capital grants and contributions							1,605,270				
Total business-type activities program revenues	20,838,294	18,315,817	20,081,597	20,680,060	20,503,721	26,642,324	26,656,878	24,658,267	24,375,780	21,313,943	32,749,829
TOTAL PRIMARY GOVERNMENT REVENUES	26,468,716	25,052,379	28,273,465	29,268,055	28,670,114	35,247,514	39,077,203	34,438,082	31,991,552	28,712,893	47,633,722

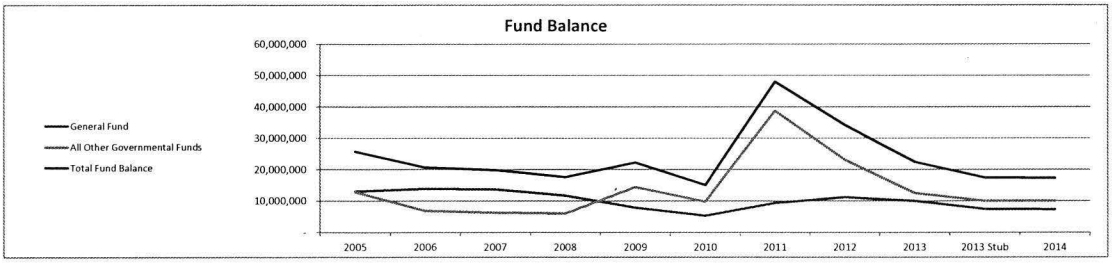
City of Decatur, Illinois
Net Position by Componet
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Governmental Activities											
Net investment in capital assets	20,694,671	20,186,970	21,827,108	59,290,174	17,251,831	14,982,634	15,721,174	19,474,067	21,768,332	17,734,425	62,584,346
Restricted	9,486,926	3,979,821	2,407,527			4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536
Unrestricted	(26,992,521)	(22,243,869)	(17,699,526)	(15,918,386)	23,755,421	15,153,850	(9,682,408)	4,923,072	3,325,134	2,161,486	4,109,382
Total governmental activities net position	3,189,076	1,922,922	6,535,109	43,371,788	41,007,252	34,888,243	33,989,056	32,243,180	30,725,161	32,072,986	76,753,264
Business-type activities											
Net investment in capital assets	63,584,906	60,305,067	57,930,995	59,440,235	56,724,998	56,063,710	52,810,641	46,571,347	43,816,191	35,140,888	3,198,630
Restricted			28,846,361	25,198,923							
Unrestricted	36,781,035	31,253,474			20,270,332	16,129,718	15,538,406	12,388,196	7,598,072	15,833,621	7,973,738
Total business-type activities net position	100,365,941	91,558,541	86,777,356	84,639,158	76,995,330	72,193,428	68,349,047	58,959,543	51,414,263	50,974,509	11,172,368
Primary government											
Net investment in capital assets	84,279,577	80,492,037	79,758,103	118,730,409	73,976,829	71,046,344	68,531,815	66,045,414	65,584,523	52,875,313	65,782,976
Restricted	9,486,926	3,979,821	31,253,888	25,198,923		4,751,759	27,950,290	7,846,041	5,631,695	12,177,075	10,059,536
Unrestricted	9,788,514	9,009,605	(17,699,526)	(15,918,386)	44,025,753	31,283,568	5,855,998	17,311,268	10,923,206	17,995,107	12,083,120
TOTAL PRIMARY GOVERNMENT ACTIVITIES NET POSITION	103,555,017	93,481,463	93,312,465	128,010,946	118,002,582	107,081,671	102,338,103	91,202,723	82,139,424	83,047,495	87,925,632

Note 1: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.
Source: Comprehensive Annual Financial Report for relevant fiscal year.

City of Decatur, Illinois
Fund Balances of Governmental Funds
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012 Note 1	2013	2013 Stub	2014
General Fund											
Nonspendable								23,407	25,596	26,416	27,303
Restricted								89,754	1,847		
Unassigned								10,996,973	9,906,565	7,311,171	7,201,807
Reserved	1,508,645	465,499	1,244,305	1,136,354	666,740	301,594	845,847				
Unreserved	11,479,722	13,326,187	12,373,608	10,484,848	7,174,809	4,953,635	8,429,614				
Total general fund	12,988,367	13,791,686	13,617,913	11,621,202	7,841,549	5,255,229	9,275,461	11,110,134	9,934,008	7,337,587	7,229,110
All other governmental funds											
Nonspendable										34,192	8,341
Restricted								22,533,206	13,159,972	9,976,688	9,861,038
Assigned								754,957			
Unassigned								(183,387)	(702,682)		(64,508)
Reserved	7,319,800	1,333,910	3,047,814	1,770,534	3,258,830	5,297,531	12,800,837				
Committed											183,001
Unreserved reported in:											
Special revenue funds	3,241,868	3,570,733	3,415,306	3,846,689	4,704,765	3,344,042	7,355,646				
Capital projects funds	2,195,084	1,893,486	(264,923)	341,085	6,399,703	1,107,713	18,537,635				
Total all other governmental funds	12,756,752	6,798,129	6,198,197	5,958,308	14,363,298	9,749,286	38,694,118	23,104,776	12,457,290	10,010,880	9,987,872
TOTAL FUND BALANCE	25,745,119	20,589,815	19,816,110	17,579,510	22,204,847	15,004,515	47,969,579	34,214,910	22,391,298	17,348,467	17,216,982



Note 1: Reporting change the result of Implementation of GASB 54 with the fiscal year ending April 30, 2012
Note 2: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: Comprehensive Annual Financial Report for relevant fiscal year.

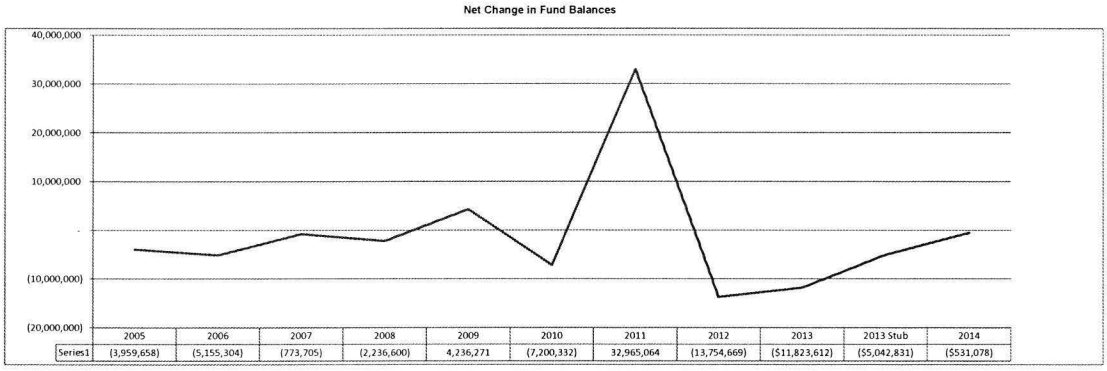
City of Decatur, Illinois
Statement of Activities and Change in Net Position
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
NET (EXPENSE) REVENUE											
Governmental activities	(56,973,377)	(60,738,863)	(53,949,423)	(61,311,572)	(64,916,836)	(65,255,436)	(62,082,517)	(67,454,991)	(70,847,968)	(46,002,782)	(57,649,701)
Business-type activities	2,353,685	(1,674,193)	563,531	(1,237,145)	(1,811,094)	2,391,994	4,008,506	1,595,499	1,156,144	5,497,229	3,682,948
TOTAL PRIMARY GOVERNMENT NET EXPENSE	(54,619,692)	(62,413,056)	(53,385,892)	(62,548,717)	(66,727,930)	(62,863,442)	(58,074,011)	(65,859,492)	(69,691,824)	(40,505,553)	(53,966,753)
General Revenues and Other Changes in Net Position											
Governmental activities											
Taxes											
Property taxes	10,581,082	11,258,757	11,703,520	12,063,453	12,446,870	12,582,958	13,337,710	13,513,648	13,493,391	13,394,261	13,545,241
Sales and use taxes	21,855,409	21,814,347	22,041,088	23,160,806	23,133,533	21,585,950	22,975,574	23,919,621	22,917,247	14,924,647	23,533,100
Income taxes	6,221,442	6,465,031	6,410,060	7,712,550	7,209,039	6,028,973	6,797,068	6,192,641	7,398,372	4,500,441	7,302,638
Utility taxes	5,760,454	5,924,807	5,341,719	5,316,258	5,575,225	5,366,459	5,268,016	5,310,600	5,289,523	3,301,575	4,814,468
Food and beverage taxes	2,611,781	2,665,731	2,714,786	2,877,615	2,951,196	3,081,976	2,806,014	3,093,186	3,049,941	2,098,028	3,026,151
Hotel and motel taxes	620,000	661,629	652,839	681,485	649,612	677,313	498,812	711,053	590,985	421,053	640,697
Other taxes	938,657	1,444,728	991,002	1,643,308	1,584,417	1,435,493	1,596,000	1,141,429	1,509,093	1,646,831	2,589,730
Investment earnings	425,431	713,716	1,023,446	786,557	327,253	136,092	164,803	239,646	237,961	7,644	110,413
Miscellaneous	844,783	1,386,026	909,144	649,408	1,212,713	529,756	605,759	2,051,932	6,113,975	2,224,667	3,068,767
Transfers	4,935,470	7,349,755	6,774,006	6,612,277	7,073,376	7,711,457	7,133,574	11,093,160	8,729,461	5,938,564	1,862,197
Total governmental activities	54,794,509	59,684,527	58,561,610	61,503,715	62,163,234	59,136,427	61,183,330	67,266,916	69,329,949	48,457,711	60,493,402
Business-type activities											
Property taxes	151,654	217,322	217,091	218,254	216,872						
Investment earnings	549,191	1,023,657	1,212,199	1,017,691	621,036	415,711	97,133	91,842	28,037	1,581	209,608
Miscellaneous	20,964	(1,024,431)		(119,958)	402,734	101,850	(816,446)	16,315			4,077
Transfers	(4,935,470)	(7,349,755)	(6,774,006)	(6,612,277)	(7,073,376)	(7,711,457)	(7,133,574)	(11,093,160)	(8,729,461)	(5,938,564)	(1,862,197)
Total business-type activities	(4,213,661)	(7,133,207)	(5,344,716)	(5,496,290)	(5,852,734)	(7,193,896)	(7,852,887)	(10,985,003)	(8,701,424)	(5,936,983)	(1,648,512)
TOTAL PRIMARY GOVERNMENT	50,580,848	52,551,320	53,216,894	56,007,425	56,330,500	51,942,531	53,330,443	56,281,913	60,628,525	42,520,728	58,844,890
CHANGE IN NET POSITION											
Governmental activities	(2,178,868)	(1,054,336)	4,612,187	192,143	(2,753,602)	(6,119,009)	(899,187)	(188,075)	(1,518,019)	2,454,929	2,843,701
Business-type activities	(1,859,976)	(8,807,400)	(4,781,185)	(6,733,435)	(7,643,828)	(4,801,902)	(3,844,381)	(9,389,504)	(7,545,280)	(439,754)	2,034,436
TOTAL PRIMARY GOVERNMENT	(4,038,844)	(9,861,736)	(168,998)	(6,541,292)	(10,397,430)	(10,920,911)	(4,743,568)	(9,577,579)	(9,063,299)	2,015,175	4,878,137

Note 1: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.
Source: Comprehensive Annual Financial Report for relevant fiscal year.

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

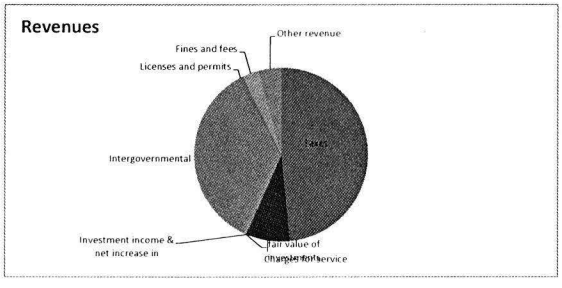
	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Other Financing Sources											
Bond & loan proceeds	62,653	100,000	5,021,960	2,925,000	11,322,400	250,000	41,381,208	-	28,080,658	-	1,625,358
Sale of assets	10,021	331,480	243,886	7,750	36,107	78,694	83,217	71,239	15,172	53,877	11,775
Transfers in	8,030,834	9,161,249	9,810,513	10,630,370	10,559,161	12,242,983	11,252,494	13,318,967	13,558,587	9,359,659	4,531,061
Transfers out	(2,767,352)	(3,345,291)	(2,889,764)	(3,810,321)	(3,272,181)	(3,778,348)	(3,870,714)	(4,408,525)	(4,563,690)	(3,414,749)	(2,137,214)
Total other financing sources	5,336,156	6,247,438	12,186,595	9,752,799	18,645,487	8,793,329	48,846,205	8,981,681	$37,090,727	$5,998,787	$4,030,980
NET CHANGE IN FUND BALANCES	(3,959,658)	(5,155,304)	(773,705)	(2,236,600)	4,236,271	(7,200,332)	32,965,064	(13,754,669)	($11,823,612)	($5,042,831)	($531,078)
Capital Outlay	2,934,322	1,033,801	6,643,530	6,531,587	4,567,696	6,357,189	4,937,640	17,452,588	12,912,591	7,001,582	6,765,634
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	8.71%	7.90%	8.33%	8.15%	12.60%	9.07%	18.16%	12.31%	36.74%	12.36%	5.95%

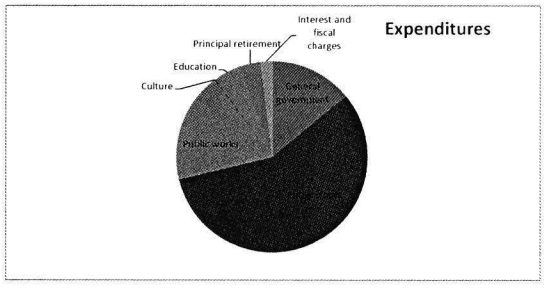


Note 1: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January and December.
Note 2: Net position at December 31, 2013 includes restatement of net position increase in governmental activities with corresponding decrease in business activities as a result of reclassification of one non-major enterprise fund from business
type to governmental type unrestricted net position and the reclassification of general obligation bond debt from governmental to business type activity.
Source: Comprehensive Annual Financial Report for relevant fiscal year.

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

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Revenues											
Taxes	15,869,064	20,510,924	20,412,864	20,938,809	21,622,903	21,708,706	21,910,552	22,628,487	22,484,576	26,189,719	35,055,074
Charges for service	157,203	163,721	140,221	98,878	61,208	94,978	83,722	622,614	727,376	2,998,948	5,882,463
Investment income & net increase in fair value of investments	334,709	514,380	680,310	526,969	234,071	81,064	36,891	217,062	230,394	6,676	108,684
Intergovernmental	37,652,299	34,520,731	35,755,784	38,890,223	37,944,081	32,901,498	41,808,973	37,879,127	36,310,372	17,059,866	25,286,186
Licenses and permits	775,198	786,276	824,540	790,214	734,515	743,221	659,054	752,854	734,747	607,026	737,684
Fines and fees	1,106,679	1,026,542	905,843	1,236,173	1,359,823	1,736,347	1,550,885	1,589,055	1,727,788	1,140,677	2,219,963
Other revenue	538,209	914,670	430,613	387,717	1,168,836	429,582	819,179	2,470,315	3,175,013	2,146,447	3,068,767
Total revenues	56,433,361	58,437,244	59,150,175	62,868,983	63,125,437	57,695,396	66,869,256	66,159,514	65,390,266	50,149,359	72,358,821
Expenditures											
General government	11,083,220	12,348,085	12,861,179	14,222,410	13,714,869	13,007,676	13,573,156	12,369,181	13,003,747	7,454,390	10,858,506
Public safety	28,681,398	30,999,294	32,484,928	34,627,287	37,043,722	36,451,503	34,845,020	38,113,003	39,136,143	29,766,067	43,908,692
Public works	17,118,331	17,437,894	17,398,138	16,409,318	13,619,381	14,173,622	16,730,343	25,874,325	21,049,550	14,787,744	14,305,973
Culture	3,377,323	3,620,570	3,910,134	4,030,476	3,961,788	3,950,374	3,468,406	3,742,754	3,866,845	2,486,678	79,679
Education											3,590,771
Debt service											
Principal retirement	2,468,228	2,570,078	2,515,152	2,518,462	5,803,265	2,700,995	10,723,029	3,683,643	32,965,000	3,725,000	2,643,868
Interest and other charges	3,000,675	2,864,065	2,940,944	3,050,429	3,391,628	3,404,887	3,410,443	5,112,958	4,283,320	2,971,098	1,533,390
Total expenditures	65,729,175	69,839,986	72,110,475	74,858,382	77,534,653	73,689,057	82,750,397	88,895,864	114,304,605	61,190,977	76,920,879
Deficiency of revenues over expenditures	(9,295,814)	(11,402,742)	(12,960,300)	(11,989,399)	(14,409,216)	(15,993,661)	(15,881,141)	(22,736,350)	(48,914,339)	(11,041,618)	(4,562,058)





City of Decatur, Illinois
Other Tax Revenues
Most Recent Fiscal Years ($'s whole)

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
State Distributed Taxes											
State Sales Tax	10,404,417	10,696,345	10,984,079	11,229,163	11,496,206	10,574,854	11,281,868	11,446,917	11,422,817	7,316,428	11,477,601
Local Sales Tax	9,743,250	10,300,713	10,152,573	10,384,125	10,778,195	9,903,182	10,469,019	10,890,188	10,731,110	6,618,214	10,540,198
State Income Tax	5,534,978	5,643,219	6,821,496	7,528,533	7,109,638	5,289,505	7,004,698	5,621,265	8,022,579	5,068,148	7,286,357
Telephone Utility Tax	3,338,885	3,174,055	2,958,110	2,902,953	2,951,848	2,933,054	2,665,242	2,601,713	2,664,872	1,583,423	2,165,918
Motor Fuel Tax	2,374,447	2,366,892	2,368,269	2,296,607	2,155,941	2,051,807	2,079,526	1,922,875	1,829,533	1,235,376	1,884,548
Local Use Tax	842,117	977,772	1,062,248	1,115,792	1,187,105	978,506	1,127,876	1,125,551	1,212,494	812,432	1,420,091
State Replacement Tax	985,282	1,269,134	1,363,750	1,551,070	1,464,734	1,275,941	1,407,353	1,269,825	1,269,858	815,119	1,404,809
Video Gaming Tax									34,827	196,877	539,548
Locally Collected Taxes											
Food & Beverage Tax	2,565,145	2,680,259	2,714,786	2,877,615	2,963,871	2,893,444	2,987,815	3,094,227	3,063,891	2,055,764	3,060,481
Utility Tax	1,556,832	2,118,470	1,676,555	1,565,161	1,660,441	1,565,000	1,622,691	1,535,559	1,669,896	981,986	1,641,634
Cable TV Tax	758,747	762,651	788,388	622,865	1,174,485	901,782	993,298	801,626	1,354,071	573,085	1,081,560
Hotel Use Tax	629,572	654,731	652,839	681,483	676,711	555,277	601,716	716,136	599,436	444,313	649,787
TOTAL	38,733,672	40,644,241	41,543,093	42,755,367	43,619,175	38,922,352	42,241,102	41,025,882	43,875,384	27,701,165	43,152,532

Note 1: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: City cash records.

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

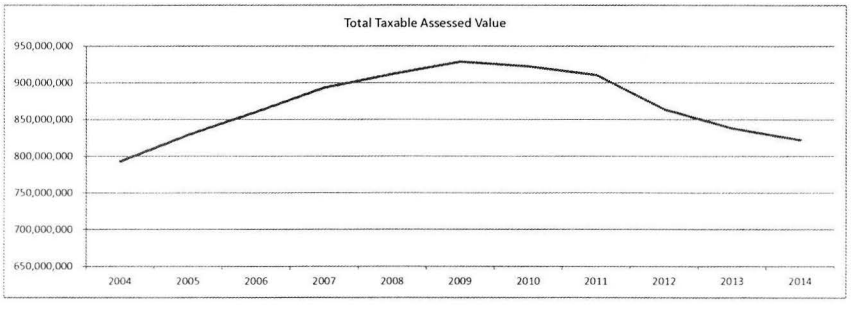
Tax Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fiscal Year Ended	4/30/2006	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015
City of Decatur	1.27170	1.27000	1.24170	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527
County of Macon	0.98760	1.02445	0.94028	0.94681	0.93697	0.95288	0.95958	0.95558	0.91349	0.94732	0.98067
Sanitary District	0.29640	0.28280	0.26442	0.27266	0.26401	0.26010	0.26097	0.27517	0.31420	0.33123	0.34837
Decatur School District	4.16700	4.32007	4.31073	4.36148	4.33613	4.34873	4.28718	4.31545	4.39115	4.33259	4.42015
Decatur Park District	0.99880	1.01405	1.02881	1.02801	1.03816	1.03785	1.03791	1.03991	1.09716	1.11716	1.12049
Decatur Township	0.26640	0.26778	0.26908	0.27450	0.27393	0.28186	0.29648	0.31319	0.34025	0.35229	0.36010
Mosquito Abatement	0.03343	0.03343	0.03360	0.03378	0.03488	0.03581	0.03662	0.03555	0.03318	0.03544	0.03646
Conservation District	0.11460	0.10883	0.10561	0.10349	0.10264	0.10019	0.10150	0.10127	0.10713	0.11025	0.11405
Mental Health	0.15000	0.15000	0.15000	0.13973	0.14161	0.14253	0.14224	0.14192	0.15000	0.15000	0.15000
Richland Community College	0.38950	0.38896	0.38678	0.39411	0.39429	0.39467	0.43246	0.47799	0.48286	0.49082	0.49243
Macon County Health	0.10700	0.10538	0.08207	0.09206	0.10418	0.10235	0.10225	0.09981	0.10260	0.10348	0.10354
Cooperative Extension	0.02740	0.02708	0.02589	0.02459	0.02394	0.02317	0.02382	0.02376	0.02446	0.02467	0.02468
Total Tax Rate per $100 AV	8.80983	8.99283	8.83897	8.90359	8.85711	8.89683	8.92454	9.07009	9.31692	9.40132	9.58621
Share of Total Tax Rate Levied by City of Decatur	14.4%	14.1%	14.0%	13.8%	13.6%	13.7%	13.9%	14.2%	14.6%	15.0%	15.0%

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

City of Decatur, Illinois
Taxable Assessed Value, Taxable Value and Tax Collections
Most Recent Fiscal Years ($'s whole)

Property Assessment and Tax Information

Property Tax Levy Year	Fiscal Year Ended	Residential Property	Farm Property	Commercial Property	Industrial Property	Railway Property	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Actual Tax Collections
2004	4/30/2006	475,558,981	1,803,573	241,451,022	66,838,936	7,386,224	793,038,736	1.27170	10,085,074	10,305,508
2005	4/30/2007	496,338,195	1,881,258	253,877,341	69,231,386	7,769,509	829,097,689	1.27000	10,529,541	10,744,806
2006	4/30/2008	517,434,461	1,878,674	260,821,905	70,998,967	9,370,115	860,504,122	1.24180	10,685,740	10,938,772
2007	4/30/2009	540,861,975	2,298,573	268,880,438	70,557,378	10,788,003	893,386,367	1.23237	11,009,826	11,234,839
2008	4/30/2010	548,398,322	2,871,111	273,386,858	74,870,604	12,487,285	912,014,180	1.20637	11,002,265	10,886,987
2009	4/30/2011	551,989,415	4,138,561	281,419,404	75,337,243	15,659,186	928,543,809	1.21669	11,297,500	11,171,844
2010	4/30/2012	548,353,414	4,164,049	276,665,805	76,914,168	16,057,363	922,154,799	1.24353	11,467,272	11,314,203
2011	4/30/2013	529,131,249	4,139,930	287,334,321	72,810,525	17,217,745	910,633,770	1.29049	11,751,638	11,414,665
2012	12/31/2013	514,265,875	3,847,673	260,266,346	68,222,744	17,230,871	863,833,509	1.36044	11,751,936	11,374,809
2013	12/31/2014	498,132,967	3,874,516	255,201,842	64,833,161	16,055,123	838,097,609	1.40607	11,784,238	11,619,217
2014	12/31/2015	488,279,318	3,804,663	251,671,836	62,520,042	15,876,905	822,152,764	1.43527	11,800,111	not yet available

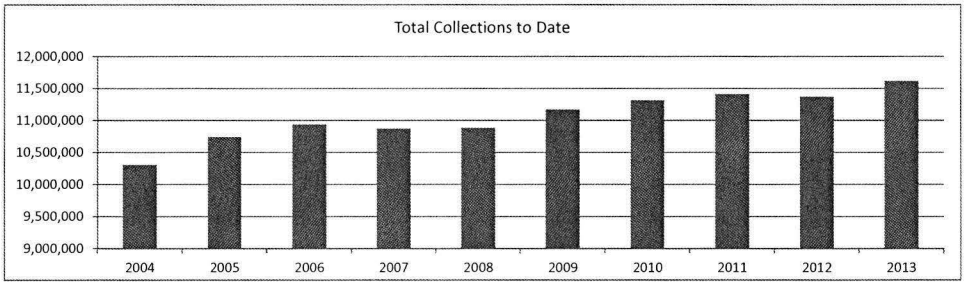


Note 1: Actual tax collections reported is the civil city only and excludes tax receipts from Tax Increment Financing Districts or Special Assessments
Note 2: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year

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
2004	4/30/2006	10,093,476	10,097,408	10,279,384	102%	(26,125)	10,305,508	102%
2005	4/30/2007	10,529,076	10,529,462	10,702,883	102%	(41,922)	10,744,806	102%
2006	4/30/2008	10,685,006	10,685,396	10,918,703	102%	(20,069)	10,938,772	102%
2007	4/30/2009	11,009,404	11,009,825	10,876,870	99%	n/a	10,876,870	99%
2008	4/30/2010	11,001,990	11,002,265	10,886,987	99%	n/a	10,886,987	99%
2009	4/30/2011	11,297,338	11,297,500	11,171,844	99%	n/a	11,171,844	99%
2010	4/30/2012	11,467,074	11,467,272	11,314,203	99%	n/a	11,314,203	99%
2011	4/30/2013	11,751,429	11,751,637	11,414,665	97%	n/a	11,414,665	97%
2012	12/31/2013	11,751,637	11,751,936	11,374,809	97%	n/a	11,374,809	97%
2013	12/31/2014	11,784,000	11,784,238	11,619,217	99%	n/a	11,619,217	99%
2014	12/31/2015	11,800,000	11,800,112	not yet available		n/a	not yet available	



Note: Tax levy adopted by Council before December 31 of year, with tax billed and collected in subsequent calendar year.
Source: Office of the Macon County Treasurer
n/a - Macon County Treasurer's Office has been unable to separate subsequent year collections from current year in reporting to the City of Decatur since a programming change after 2006.

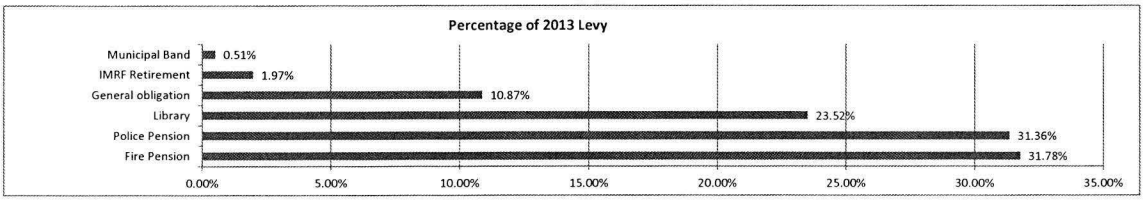
City of Decatur, Illinois
Major Property Taxpayers
as of December 31, 2014 ($'s whole)

Name of Company	Current Year			Nine Years Ago		
	2013 Assessed Valuation	Rank	Percent to Total	2004 Assessed Valuation	Rank	Percent to Total
Archer Daniels Midland Co.	25,954,452	1	3.1%	27,721,752	1	3.5%
Norfolk & Western RR (Wabash)	11,607,760	2	1.4%	5,135,091	5	
Wal-Mart Stores, Inc.	7,622,724	3	0.9%	8,710,651	2	1.1%
Caterpillar Tractor Co.	7,055,446	4	0.8%	7,658,234	3	1.0%
Ventas Inc fka LHPT Decatur/DMH Fund	6,218,847	5	0.7%	**	**	**
Ameren fka Illinois Power Co	5,862,990	6	0.7%	**	**	**
Millikin University (The Woods Apts.)	3,926,732	7	0.5%	4,708,189	6	0.6%
Tate & Lyle fka AE Staley Mfg. Co.	3,272,134	8	0.4%	5,247,974	4	0.7%
Brettwood Village Assoc	3,038,000	9	0.4%	3,481,759	10	0.4%
William Downing	2,782,727	10	0.3%	**	**	**
Decatur Memorial Health	**	**	**	3,839,962	7	0.5%
Northgate Lmtd Partnership	**	**	**	3,630,628	9	0.5%
Real Estate Investors	**	**	**	3,647,234	8	0.5%
	77,341,812		9.2%	73,781,474		8.7%
	838,097,609		100.0%	793,038,736		100.0%

Note: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent calendar year.
Source: Office of the Macon County Supervisor of Assessments

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

Tax Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fiscal Year Ended	4/30/2006	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015
PURPOSE OF FUND											
Library	0.38100	0.37592	0.38031	0.39196	0.37138	0.32309	0.32533	0.32945	0.34729	0.33111	0.33753
Police Pension	0.26030	0.30416	0.30739	0.30483	0.32846	0.30420	0.38792	0.39226	0.41352	0.44745	0.45004
Fire Pension	0.24840	0.31144	0.33349	0.31260	0.33683	0.33104	0.38973	0.39612	0.43004	0.45341	0.45612
Municipal Band	0.00820	0.00845	0.00814	0.00840	0.00823		0.00651	0.00659	0.00695	0.00716	0.00730
IMRF Retirement	0.06510	0.09229	0.07590	0.08392	0.11544	0.12415		0.00979	0.01154	0.01194	0.02828
Mass Transit System	0.01910	0.02637	0.02541	0.02448	0.02398						
Law Enforcement Facility Lease	0.05170	0.03384									
Insurance	0.05040										
Police Protection	0.02480										
BOND AND INTEREST											
General obligation	0.16270	0.11752	0.11112	0.10618	0.02205	0.13421	0.13404	0.15628	0.15110	0.15500	0.15600
ALL PURPOSE - TOTAL	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527
Actual Rate Extended	1.27170	1.26999	1.24176	1.23237	1.20637	1.21669	1.24353	1.29049	1.36044	1.40607	1.43527

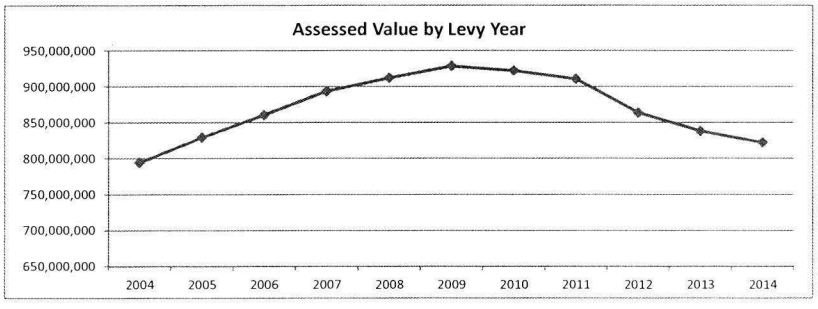


Source: "Certificate of Tax Extension", Office of the Macon County Clerk

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
2004	4/30/2006	794,049,821	2,382,149,463	33.33%	1.27170
2005	4/30/2007	829,097,689	2,487,293,067	33.33%	1.26999
2006	4/30/2008	860,504,122	2,581,512,366	33.33%	1.24176
2007	4/30/2009	893,386,367	2,680,159,101	33.33%	1.23237
2008	4/30/2010	912,014,180	2,736,042,540	33.33%	1.20637
2009	4/30/2011	928,543,809	2,785,631,427	33.33%	1.21669
2010	4/30/2012	922,154,799	2,766,464,397	33.33%	1.24353
2011	4/30/2013	910,633,770	2,731,901,310	33.33%	1.29049
2012	12/31/2013	863,833,509	2,591,500,527	33.33%	1.36044
2013	12/31/2014	838,097,609	2,514,292,827	33.33%	1.40607
2014	12/31/2015	822,152,764	2,466,458,292	33.33%	1.43527



Note 1: State of Illinois law prescribes an assessed value ratio to be no more than 33.33% of actual value
Note 2: Assessed valuation year is same as tax levy year with tax billed and collected in the subsequent calendar year.
Source: Office of the Macon County Clerk/Office of the Macon County Supervisor of Assessments.

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

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

City of Decatur, Illinois
City Government Tax Levy
Most Recent Fiscal Years ($'s whole)

Tax Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fiscal Year Ended	4/30/2006	4/30/2007	4/30/2008	4/30/2009	4/30/2010	4/30/2011	4/30/2012	4/30/2013	12/31/2013	12/31/2014	12/31/2015
PURPOSE OF FUND											
Library	3,025,330	3,116,776	3,272,583	3,501,717	3,387,038	3,000,032	3,000,046	3,000,083	3,000,007	2,775,025	2,775,012
Police Pension	2,066,912	2,521,810	2,645,104	2,723,310	2,995,602	2,824,630	3,577,223	3,572,053	3,572,124	3,750,067	3,700,016
Fire Pension	1,972,420	2,582,169	2,869,695	2,792,726	3,071,937	3,073,852	3,593,914	3,607,202	3,714,829	3,800,018	3,750,003
Municipal Band	65,112	70,059	70,045	75,044	75,059		60,032	60,011	60,036	60,008	60,017
Mass Transit System	151,664	218,635	218,654	218,701	218,701						
IMRF Retirement	516,926	765,182	653,123	749,730	1,052,829	1,152,787		89,151	99,686	100,069	232,505
Law Enforcement Facility Lease	410,524	280,570									
Insurance	400,201										
Police Protection	196,924										
BOND AND INTEREST											
General obligation	1,291,919	974,366	956,192	948,598	201,099	1,246,199	1,236,056	1,423,138	1,305,252	1,299,051	1,282,559
ALL PURPOSE - TOTAL	10,097,932	10,529,567	10,685,396	11,009,825	11,002,265	11,297,500	11,467,272	11,751,638	11,751,936	11,784,238	11,800,112

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

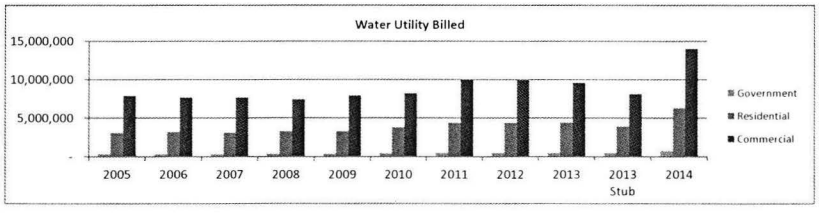
City of Decatur, Illinois
Water Utility Service Usage Rates
Most Recent Fiscal Years ($'s whole)

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Service Charge Per Meter											
Domestic-all meters (quarterly)	$ 3.32	$ 3.32	$ 3.32	$ 3.32	$ 3.82	$ 4.39	$ 5.05	$ 5.05	$ 5.05	$ 5.05	$ 5.05
Non-Domestic (quarterly)											
Meter size 5/8"-3/4"	8.97	8.97	8.97	8.97	10.32	11.86	13.64	13.64	13.64	13.64	13.64
Meter size 1"-1 1/2"	33.15	33.15	33.15	33.15	38.12	43.84	50.42	50.42	50.42	50.42	50.42
Meter size 2"-4"	117.00	117.00	117.00	117.00	134.55	154.73	177.94	177.94	177.94	177.94	177.94
Meter size 7"-12"	546.00	546.00	546.00	546.00	627.90	722.09	830.40	830.40	830.40	830.40	830.40
Meter size 14"-18"	2,242.50	2,242.50	2,242.50	2,242.50	2,578.88	2,965.71	3,410.56	3,410.56	3,410.56	3,410.56	3,410.56
Non-Domestic & large Users (monthly)											
Meter size 5/8"-3/4"	2.99	2.99	2.99	2.99	3.44	3.95	4.55	4.55	4.55	6.14	7.98
Meter size 1"-1 1/2"	11.05	11.05	11.05	11.05	12.71	14.61	16.81	16.81	16.81	22.69	29.50
Meter size 2"-4"	39.00	39.00	39.00	39.00	44.85	51.58	59.31	59.31	59.31	80.07	104.09
Meter size 7"-12"	182.00	182.00	182.00	182.00	209.30	240.70	276.80	276.80	276.80	373.68	485.78
Meter size 14"-18"	747.50	747.50	747.50	747.50	859.63	988.57	1,136.85	1,136.85	1,136.85	1,534.75	1,995.18
Usage Charge-cu ft (monthly equiv)											
Domestic and Non-Domestic											
1st 700	1.37	1.37	1.37	1.37	1.58	1.81	2.08	2.08	2.08	2.81	3.65
Next 1,500	1.24	1.24	1.24	1.24	1.43	1.64	1.89	1.89	1.89	2.55	3.32
Next 12,900	1.11	1.11	1.11	1.11	1.28	1.47	1.69	1.69	1.69	2.28	2.96
Next 18,300	0.89	0.89	0.89	0.89	1.02	1.18	1.35	1.35	1.35	1.82	2.37
Next 133,300	0.70	0.70	0.70	0.70	0.81	0.93	1.06	1.06	1.06	1.43	1.86
Next 833,300	0.66	0.66	0.66	0.66	0.76	0.87	1.00	1.00	1.00	1.35	1.76
Next 1,000 000	0.55	0.55	0.55	0.55	0.63	0.73	0.84	0.84	0.84	1.13	1.47
All Over 2,000,000	0.39	0.39	0.39	0.39	0.45	0.52	0.59	0.59	0.59	0.80	1.04
Large User											
1st 700	2.10	2.10	2.10	2.10	2.42	2.78	3.19	3.19	3.19	4.31	5.60
Next 1,500	1.90	1.90	1.90	1.90	2.19	2.51	2.89	2.89	2.89	3.90	5.07
Next 12,900	1.69	1.69	1.69	1.69	1.94	2.24	2.57	2.57	2.57	3.47	4.51
Next 18,300	1.36	1.36	1.36	1.36	1.56	1.80	2.07	2.07	2.07	2.79	3.63
Next 133,300	1.08	1.08	1.08	1.08	1.24	1.43	1.64	1.64	1.64	2.21	2.87
Next 833,300	1.00	1.00	1.00	1.00	1.15	1.32	1.52	1.52	1.52	2.05	2.67
Next 1,000 000	0.84	0.84	0.84	0.84	0.97	1.11	1.28	1.28	1.28	1.73	2.25
All Over 2,000,000	0.60	0.60	0.60	0.60	0.69	0.79	0.91	0.91	0.91	1.23	1.60

Note: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: City water utility records.

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

Fiscal Year	Water Utility Billed				Direct rate per 700 gallons		Actual Receipts
	Residential	Commercial	Government	Total	Domestic and Non-Domestic	Large Users	
2005	3,078,785	7,882,285	310,688	11,271,758	1.37	2.10	11,344,858
2006	3,201,423	7,681,239	324,152	11,206,814	1.37	2.10	11,079,028
2007	3,102,937	7,665,383	322,649	11,090,969	1.37	2.10	11,194,002
2008	3,306,843	7,442,905	349,014	11,098,762	1.37	2.10	11,405,485
2009	3,266,713	7,932,315	348,853	11,547,880	1.58	2.42	11,731,801
2010	3,792,121	8,213,894	399,863	12,405,878	1.81	2.78	12,275,664
2011	4,356,560	9,941,636	476,239	14,774,435	2.08	3.19	14,589,805
2012	4,355,566	9,924,667	483,055	14,763,289	2.08	3.19	14,898,121
2013	4,422,817	9,618,089	482,404	14,523,310	2.08	3.19	14,865,522
2013 Stub	3,889,119	8,138,292	463,137	12,490,549	2.81	4.31	11,901,327
2014	6,278,627	13,994,091	727,710	21,000,428	3.65	5.60	20,258,789



Note 1: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: City water utility records.

Debt Capacity

These schedules contain information to assist the reader in assessing the affordability of the City of Decatur's current level of outstanding debt and the City's ability to issue additional debt in the future.

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

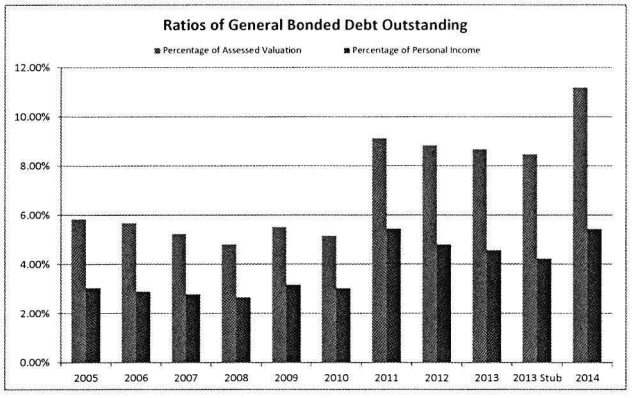
Fiscal Year	Total Water Billed	Revenue of Top 10 Customers in Category			Percentage of Total
		Industrial	Commercial	Government	
2005	11,271,758	6,082,481	138,366	280,029	57.7%
2006	11,206,814	6,083,537	140,089	306,877	58.3%
2007	11,090,969	5,899,731	117,977	291,625	56.9%
2008	11,098,762	5,714,968	197,870	315,586	56.1%
2009	11,547,880	6,052,058	186,708	316,887	56.8%
2010	12,405,878	6,267,839	207,533	306,451	54.7%
2011	14,774,435	7,648,174	231,140	359,514	55.8%
2012	14,763,289	7,643,251	179,996	411,138	55.8%
2013	14,523,310	5,793,605	227,653	423,603	44.4%
2013 Stub	12,490,549	6,014,319	216,327	343,393	52.6%
2014	21,000,428	9,481,398	442,901	550,203	49.9%

Note 1: Fiscal years 2005 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 General Bonded Debt
Most Recent Fiscal Years ($'s whole)

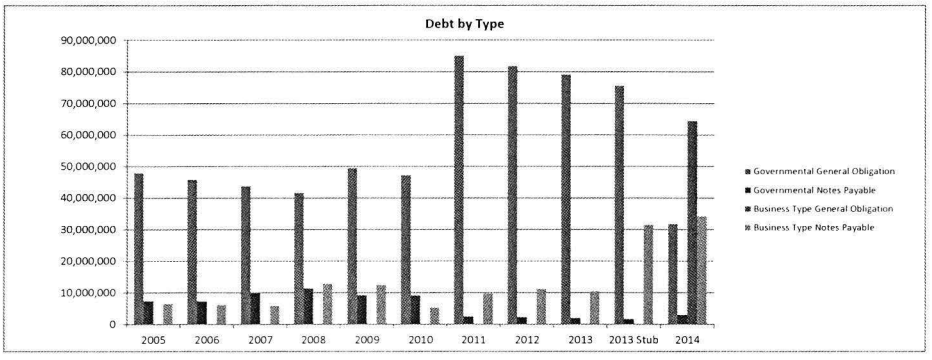
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Valuation	Percentage of Personal Income	Per Capita
2005	47,946,433	853,134	47,093,299	5.83%	3.03%	575
2006	45,882,592	868,037	45,014,555	5.67%	2.89%	550
2007	43,774,249	380,993	43,393,256	5.23%	2.79%	530
2008	41,678,968	372,473	41,306,495	4.80%	2.65%	505
2009	49,474,407	205,337	49,269,070	5.51%	3.17%	602
2010	47,194,649	145,925	47,048,724	5.16%	3.02%	575
2011	85,102,316	316,303	84,786,013	9.13%	5.45%	1,114
2012	81,822,528	409,119	81,413,409	8.83%	4.81%	1,070
2013	79,221,881	159,400	79,062,481	8.68%	4.56%	1,039
2013 Stub	75,566,756	2,399,692	73,167,064	8.47%	4.22%	961
2014	97,263,756	3,437,184	93,826,572	11.20%	5.44%	1,233



Note: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.
Source: Comprehensive Annual Financial Report for relevant fiscal year.

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

	Governmental Activities		Business-Type Activities					
Fiscal Year	General Obligation	Notes Payable	General Obligation	Notes Payable	Total Primary Government	Assessed Value	Percentage of Assessed Valuation	Per Capita
2005	47,946,433	7,399,809		6,535,592	61,881,834	807,265,386	7.67%	756
2006	45,882,592	7,289,809		6,238,954	59,411,355	794,049,821	7.48%	726
2007	43,774,249	9,791,388		5,933,637	59,499,274	829,097,689	7.18%	727
2008	41,678,968	11,349,444		12,844,386	65,872,798	860,504,122	7.66%	805
2009	49,474,407	9,232,376		12,520,940	71,227,723	893,386,367	7.97%	870
2010	47,194,649	9,171,000		5,288,262	61,653,911	912,014,180	6.76%	753
2011	85,102,316	2,580,000		9,659,529	97,341,845	928,543,809	10.48%	1279
2012	81,822,528	2,305,000		11,167,345	95,294,873	922,154,799	10.33%	1252
2013	79,221,881	2,025,000		10,487,213	91,734,094	910,633,770	10.07%	1205
2013 Stub	75,566,756	1,710,000		31,452,600	108,729,356	863,833,509	12.59%	1428
2014	31,754,484	3,022,070	64,509,272	34,223,632	133,509,458	838,097,609	15.93%	1754
Percent of total debt	23.78%	2.26%	48.32%	25.63%	100.00%			



Note 1: Fiscal years 2005 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

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
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 DEBT			
City of Decatur	$ 34,776,554	100.00%	$ 34,776,554
OVERLAPPING DEBT			
Decatur Park District	-		-
Decatur School District #61	13,580,000	95.08%	12,911,864
Argenta School District #1	7,045,000	34.16%	2,406,572
Cerro Gordo School District #100	2,190,000	0.05%	1,095
Macon County	645,000	51.53%	332,369
Maroa/Forsyth School District #2	6,990,000	11.69%	817,131
Meridian School District #15	7,750,000	14.41%	1,116,775
Mt. Zion School District #3	12,350,000	10.24%	1,264,640
Richland Community College	19,340,000	36.27%	7,014,618
Sangamon Valley School District #9	900,000	0.68%	6,120
Warrensburg School District #11	10,680,000	36.26%	3,872,568
TOTAL OVERLAPPING DEBT	81,470,000	36.51%	29,743,752
TOTAL DIRECT AND OVERLAPPING DEBT	116,246,554	55.50%	64,520,306
Per Capita Direct and Overlapping Debt	$ 1,527		

Note: Fiscal years 2005 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: Macon County Clerk

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

	December 31, 2014			April 30, 2005		
Employer	Employees	Rank	Percentage of Total City Employement	Employees	Rank	Percentage of Total City Employement
Archer Daniels Midland Co.	4202	1	8.96%	3400	1	10.18%
Decatur Memorial Hospital	2077	2	4.43%	2266	3	6.79%
Caterpillar, Inc.	1864	3	3.97%	2500	2	7.49%
Decatur Public Schools	1300	4	2.77%	1500	4	4.49%
St. Mary's Hospital	1200	5	2.56%	1100	6	3.29%
Millikin University	616	6	1.31%	600	10	1.80%
Tate & Lyle fka AE Staley Mfg. Co.	597	7	1.27%	700	8	2.10%
Ameren aka Illinois Power Company	561	8	1.20%	1250	5	3.74%
Macon County	532	9	1.13%	**	**	**
City of Decatur	480	10	1.02%	**	**	**
Mueller Co., Inc.	**	**	**	737	7	2.21%
Norfolk Southern Corp. Railroad	**	**	**	600	9	1.80%

Source: Economic Development Foundation and Illinois Department of Employment Security

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

Fiscal Year	Population	Per Capita Personal Income	Personal Income (thousands of dollars)	Median Age	School Enrollment	Unemployment Rate
2005	81,860	19,009	1,556,007	37.2	18,047	5.8%
2006	81,860	19,009	1,556,007	37.2	17,201	7.2%
2007	81,860	19,009	1,556,007	37.2	16,820	5.8%
2008	81,860	19,009	1,556,007	37.2	17,410	5.7%
2009	81,860	19,009	1,556,007	37.2	16,113	9.8%
2010	81,860	19,009	1,556,007	37.2	16,877	12.8%
2011	76,122	19,009	1,556,007	37.2	16,896	9.7%
2012	76,122	22,229	1,692,116	39.1	16,350	9.4%
2013	76,122	22,756	1,732,232	39.2	17,240	10.3%
2013 Stub	76,122	22,756	1,732,232	39.0	16,280	12.4%
2014	76,122	22,677	1,726,219	39.4	16,324	8.7%

Note: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013. Fiscal years 2014 and forward are January to December.

Source: Population, Per Capita Personal Income and Median Age information obtained from U.S. Census Bureau/Capital ESRI 2014 Demograpl and Income Profile Report. School Enrollment obtained from Macon-Piatt Reginal Office of Education, Millikin University, and Richlar Community College. Unemployment rate obtained from U.S. Bureau of Labor Statistics.

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

Function	Fiscal Year 2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Public safety											
Police											
Patrol Units	40	39	32	38	37	41	54	45	53	45	44
Fire Stations	7	7	7	7	7	7	7	7	7	7	7
Public works											
Bridges	17	17	17	17	17	18	18	18	19	19	19
Sidewalks (ft)	519,088	528,150	536,944	536,944	536,944	536,944	536,944	536,944	544,144	548,044	548,044
Streets (sq yd)	1,242,341	1,282,051	1,301,406	1,301,406	1,423,166	1,473,854	1,477,259	1,477,259	1,496,995	1,496,995	1,509,977
Storm Sewers (ft)	282,431	284,038	284,203	284,203	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)	520	524	527	527	527	527	527	527	527	527	531
Maximum Daily Capacity (million of gallons)	36	36	36	36	36	36	36	36	36	36	36
Parking											
Garages	2	2	2	2	2	2	2	2	2	2	2
Lots	6	6	5	5	5	5	5	5	5	5	5
Mass Transit											
Buses	25	25	25	25	25	32	23	23	23	22	22
Trolleys	2	2	2	2	2	2	2	2	2	2	2
Sewer											
Sanitary Sewers (ft)	368,573	369,494	370,179	370,179	370,179	370,179	370,179	370,179	370,179	370,179	396,189

Note: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
Fiscal years 2014 and forward are January to December.
Source: City of Decatur Records

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

Function	Fiscal Year 2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Public safety											
Police											
Calls for Service	68,834	66,571	66,732	65,439	63,776	58,443	59,766	58,800	60,729	42,430	58,088
Traffic Citations	11,031	12,201	6,804	14,188	15,689	16,650	13,072	10,530	11,591	8,567	11,870
Parking Tickets	2,357	2,083	1,688	1,225	1,153	1,124	1,015	1,504	1,866	1,306	1,473
Fire											
Call Outs	7,681	8,035	8,623	8,931	8,790	8,659	9,030	9,320	8,711	5,795	8,712
Inspections	335	487	616	834	1,658	206	1,450	265	789	1,142	1,509
Public works											
Street Surface Improv (LA MI)	31.6	18.6	20.5	22.5	15.4	37.4	4.6	5.2	16.7	4.1	4.0
Potholes Repaired	10,985	10,619	10,200	16,722	16,589	31,670	22,059	13,579	21,063	12,158	66,091
Pavement markings-paint (LF)	390,934	362,500	448,412	275,461	71,690	53,739	300	652,808	235,822	322,774	280,103
Culture and recreation											
Library Items Loaned	546,550	533,276	635,162	596,504	611,071	638,186	593,111	501,740	487,803	303,323	422,369
Extension (bookmobiles)	92,608	92,295	89,925	57,550	56,269	61,840	0	0	0	0	0
Water											
Water Consumption (CU FT)	887,679,789	892,237,277	859,211,576	868,545,609	851,382,595	785,159,158	842,550,729	835,345,398	835,989,759	558,175,057	810,103,373
Metered Services	31,462	31,555	31,489	31,557	31,489	31,466	31,459	31,433	31,410	31,393	31,376
Sediment Dredged (Dry TON)	57,182	162,388	201,227	180,435	302,145	154,713	104,224	412,170	0	0	324,620
Parking											
Tickets Issued **Note 2**	13,929	16,335	15,543	15,091	15,709	15,310	15,617	15,524	6,984	4,045	7,606
Parking Lot Maintenance (Hours)	1,477	1,466	1,498	1,582	1,538	1,120	1,703	1,210	940	688	1,415
Mass Transit											
Buses & Trolleys (Ridership)	1,039,354	1,121,789	1,173,301	1,257,931	1,242,425	1,265,966	1,314,337	1,407,156	1,438,437	961,426	1,489,705
Paratransit Vans/Taxis	39,113	34,872	34,050	34,068	34,142	32,270	27,496	27,432	35,234	24,398	35,947
Housing programs											
Amount of Loans	$14,613	$16,900	$0	$0	$0	$0	$0	$0	$0	$0	$0
Waste removal											
Recycling (Pounds)	2,815,784	2,799,502	2,785,959	2,690,720	2,861,919	2,865,162	3,036,830	6,388,000	7,296,000	5,287,458	8,241,825
Sewer											
Sanitary Sewer Televised (LF)	224,024	205,737	208,991	250,000	469,923	150,000	225,000	330,000	211,266	176,783	304,500

Note 1: Zero reported indicates year in which no dredging was performed.
Note 2: Parking meters were removed from the central parking zone in the Spring of 2012 reducing the number of parking meter related tickets issued in fiscal year 2013.
Note 3: Fiscal years 2005 to 2013 include the months of May to April. "2013 Stub" was a transition fiscal period consisting of months May, 2013 to December, 2013.
Fiscal years 2014 and forward are January to December.
Source: City of Decatur Records.

City of Decatur, Illinois
Insurance Coverage

Coverage Type	Coverage Effective Date	Limit of Liability	Annual Premium	Self-Insured Retention
Commercial Package Liability and Property	10/1/2014	$ 1,000,000	$ 215,795	$ 150,000
Excess Liability				
Police Professional	10/1/2014	$ 9,000,000	$ 106,546	
Premises Liability			Included	
Liquor Liability			Included	
Public Officials Liability			Included	
Excess Property				
Building and Contents	10/1/2014	$ 177,281,461	$ 76,937	
Business Income		$ 5,600,000	Included	
Valuable Papers		$ 1,350,000	Included	
Flood and Earthquake		$ 10,000,000	Included	
Vehicles & Contractors Equipment		$ 17,858,470	Included	
CRIME				
Public Employee Dishonesty	10/1/2014	$ 500,000	$ 3,596	$ 5,000
Machinery Breakdown				
Boiler and Machinery	10/1/2014	$ 100,000,000	$ 6,918	$ 5,000
Other				
Workers Compensation	10/1/2014	Statutory	$ 625,248	$ 500,000
Broker	10/1/2014		$ 62,000	

Data source: City of Decatur Office of Risk Management

City of Decatur, Illinois
Full-Time Equivalent City Government Employees by Function
Most Recent Fiscal Years

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Stub	2014
Function											
General government	78	83	81	87	51	47	46	48	50	48	47
Public safety											
Police											
Officers	172	167	165	160	175	165	161	169	170	165	151
Civilians	23	24	21	23	24	25	25	23	25	21	29
Fire											
Firefighters and officers	114	113	110	114	117	116	115	111	116	110	106
Civilians	2	2	2	2	2	2	2	2	2	1	1
Public works	81	84	82	83	80	71	70	73	71	68	65
Development Service					33	28	28	29	24	21	19
Water	53	55	47	51	52	46	47	43	42	38	43
Civil City full time head count	529	528	508	520	534	500	494	498	500	472	461
Additional Full Time Staff											
Library	46	47	46	46	48	39	34	36	36	29	28
Full Time Equivalent of Temporary Staff											
General government	2	2	2	2	1	1					1
Library	15	15	15	14	14	13	13	13	14	13	11
Water	4	3	4	4	4	3	4	4	3	5	3
Total full time equivalent employees	21	20	21	20	19	17	17	17	17	18	15
Total Full-time Equivalent	596	595	575	586	601	556	545	551	553	519	504

Source: City of Decatur Records

Note 1: Fiscal years 2005 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.

IX Single Audit Section

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2014

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants *	14.218	B-12-MC-17-0008	$ 91,372	$ 816
	14.218	B-13-MC-17-0008	1,224,483	-
	14.218	B-14-MC-17-0008	165	-
Subtotal Community Development Block Grants/Entitlement Grants			1,316,020	816
HOME Investment Partnerships Program in Affordable Grants/Entitlement Grants *	14.239	M-07-MC-17-0203	1,890	-
	14.239	M-09-MC-17-0203	690	-
	14.239	M-10-MC-17-0203	95,639	-
	14.239	M-11-MC-17-0203	465,501	-
	14.239	M-12-MC-17-0203	71,272	-
	14.239	M-13-MC-17-0203	36,978	-
Subtotal HOME Investment Partnerships Program in Affordable Grants/ Entitlement Grants			671,970	-
Total U.S. Department of Housing and Urban Development			1,987,990	816
U.S. Department of Justice				
Direct Programs:				
JAG Grant	16.738	2012-DJ-BX-0211	12,749	-
JAG Grant	16.738	2013-DJ-BX-0211	46,084	-
Total U.S. Department of Justice			58,833	-
U. S. Department of Transportation				
Passed-through Illinois Department of Transportation:				
IL Highway Planning	20.205	SPR-PL-3000(51)	59,629	-
IL Highway Planning	20.205	SPR-PL-3000(53)	82,736	-
IL Highway Planning	20.205	729012	51,125	-
Subtotal Higway Planning and Construction Cluster			193,490	-
STEP Grant	20.600	AP-15-0118	12,923	-
STEP Grant	20.600	OP-14-0226	25,548	-
Subtotal Highway Safety Cluster			38,471	-
Technical Studies Guide	20.505	IL-80-0011	29,544	-
Technical Studies Guide	20.505	IL-80-0010	22,984	-
Subtotal			52,528	-
Subtotal Passed-through Illinois Department of Transportation			284,489	-

CITY OF DECATUR, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2014

FEDERAL GRANTOR / PROGRAM TITLE	CFDA Number	Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
Direct Programs:				
Federal Transit Formula Grants	20.507	IL-90-X727-00	$ 1,210,000	$ -
Total U.S. Department of Transportation			1,494,489	-
U.S. Environmental Protection Agency				
Passed-through the Illinois Environmental Protection Agency:				
Clean Water State Revolving Funds *	66.458	L17-4873	3,886,794	-
Direct Programs:				
Brownfield Grant	66.818	BF-00E00879	173,835	-
Total U.S. Environmental Protection Agency			4,060,629	-
National Endowment for the Humanities				
Passed-through Secretary of State:				
Project Next Generation	45.310	15-359-PNG	1,232	-
U.S. Department of Homeland Secutiry				
Direct Program:				
Assitance to Firefighters Grant	97.044	EMW-2013-FO-02925	24,560	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 7,627,733	$ 816

* 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2 - OTHER ASSISTANCE

The City did not receive any federal awards in the form of non-cash assistance for insurance in effect during the year, loans, or loan guarantees during the fiscal year ended December 31, 2014.

NOTE 3 - LOAN BALANCES

The projects on the Schedule of Expenditures of Federal Awards under CFDA #66.458 resulted in an additional loan balance of $190,494, as of December 31, 2014.

This information is an integral part of the accompanying schedule.

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Decatur, Illinois, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Decatur, Illinois' basic financial statements, and have issued our report thereon dated July 24, 2015. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City of Decatur, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Decatur, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Findings 2014-001, 2014-002, and 2014-003).

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

City of Decatur Illinois' Responses to Findings
The City of Decatur, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Decatur, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results 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

CliftonLarsonAllen, LLP

Danville, Illinois
July 24, 2015

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Mayor and City Council
City of Decatur, Illinois

Report on Compliance for Each Major Federal Program
We have audited the City of Decatur, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Decatur, Illinois' major federal programs for the year ended December 31, 2014. The City of Decatur, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of the City of Decatur, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the City of Decatur, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Decatur, Illinois' compliance.

Opinion on Each Major Federal Program
In our opinion, the 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, 2014.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2014-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance
Management of the 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 the City of Decatur, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur, Illinois' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2014-004, that we consider to be a significant deficiency.

The City of Decatur, Illinois' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Decatur, Illinois' response was not subjected to the auditing procedures applied in 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen, LLP

Danville, Illinois
July 24, 2015

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:
- Material weaknesses identified? x Yes ___ No
- Significant deficiency identified that is not considered to be material weakness? ___ Yes x None reported

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards
Internal control over major programs:
- Material weakness identified? ___ Yes x No
- Significant deficiencies identified that are not considered to be material weaknesses? x Yes ___ None reported

Type of auditor's report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? x Yes ___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program in Affordable Grants/Entitlement Grants
14.218	Community Development Block Grants/Entitlement Grants
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

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

Section II – Financial Statement Findings

FINDING NO. 2014-001 - ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Criteria or Specific Requirement: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition: The entity does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP.

Context: Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Cause: The entity relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

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

City financial management has commenced actions in 2014 to eliminate this matter as a finding in future audits. Financial management has attended and will continue to attend professional continuing education courses, GFOA meetings and other educational courses, and has secured subscription membership to the Government Accounting Standards Board (GASB) to receive technical publications, bulletins, updates and pronouncements.

City Official Responsible: City Treasurer and Director of Finance
Expected Completion: The Plan is on-going

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014

Section II – Financial Statement Findings (Continued)

FINDING NO. 2014-002 - BANK RECONCILATIONS NOT COMPLETED ON TIMELY BASIS

Criteria or Specific Requirement: Proper internal controls require monthly bank reconciliations be completed on a timely basis.

Condition: During the course of our procedures, we noted that the bank reconciliation for the operating account was not always completed in a timely manner.

Effect: Lack of timely reconciliation of bank accounts can lead to errors and irregularities going undetected.

Cause: Financial management decision to re-engineer and simplify the City bank account landscape coupled with a change in financial management staff, provided the opportunity to review existing bank reconciliation processes and procedures, leading to certain short-term delays in completion of bank reconciliations on a timely basis.

Recommendation: The City should prepare bank reconciliations subsequent to the end of the month and submit for review to the City Treasurer on a timely basis.

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

The City has re-engineered the bank account reconciliation process to create efficiencies within the process, including deployment of enterprise software which has enabled correction of the finding.

City Official Responsible: City Treasurer and Director of Finance
Expected Completion: December 31, 2014

Section II – Financial Statement Findings (Continued)

FINDING NO. 2014-003 - ENTERPRISE FUND DEBT

Criteria or Specific Requirement: Generally accepted accounting principles (GAAP) require enterprise funds to record long term debt in the enterprise fund if the fund expects to pay the debt service.

Condition: The past several bond issues included an enterprise fund component. The debt was all recorded in the government-wide statements under government activities, rather than directly recorded in the enterprise funds.

Effect: Enterprise fund/business-type activities debt is understated and governmental activities debt is overstated.

Cause: Notes payable and other loans have been recorded in the enterprise funds, but general obligation bonds were recorded as a governmental activity.

Recommendation: The City should record any debt that will benefit an enterprise fund and will be paid by the fund in the proper enterprise fund.

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

The City will record any debt that benefits an enterprise fund, where debt service payment will be paid by the enterprise fund, in the proper enterprise fund in the financial statements.

City Official Responsible: City Treasurer and Director of Finance
Expected Completion: December 31, 2014

CITY OF DECATUR, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014

Section III – Federal Award Findings and Questioned Costs

Finding No. 2014-004 - CONTROLS OVER SPECIAL TESTS AND PROVISIONS

Federal Agency/Program: U.S. Department of Housing and Urban Development - 14.239 – Home Investment Partnership Programs in Affordable Grants

Questioned Costs: None

Criteria or Specific Requirement: Federal guidelines require controls to be in place to ensure compliance with timely on-site inspections every two years for projects containing 5 to 25 units and accurate monitoring data.

Condition: During the course of the audit, an instance was noted in which there was no inspection performed in the required year. There was also one instance where the monitoring data was inaccurate on the monitoring schedule. The monitoring schedule serves as an internal control over the inspection requirements.

Context: Errors noted in two of the twelve projects tested. Of those selected, one project did not have the required inspection performed on time and one project did not have accurate data in the monitoring schedule.

Effect: A lack of internal control can lead to errors and projects not meeting federal guideline requirements.

Cause: Neighborhood outreach staff were short an employee during 2014 to perform inspections and there was an oversight by staff in reviewing the monitoring data.

Recommendation: We recommend controls be reviewed to ensure inspections are completed timely and monitoring schedules are properly reviewed.

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

The vacant position was filled in January, 2015. The position is responsible for performing all field monitoring and required reporting for rehabilitation projects. Further, management staff will perform periodic second level review of inspection documentation and reports.

City Official Responsible: Director of Neighborhood Services
Expected Completion: January, 2015

EIGHT MONTHS ENDED December 31, 2013

Finding No. 2013-001

FINANCIAL STATEMENT PREPARATION

Condition: The City engages CliftonLarsonAllen LLP to assist in preparing the financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the City's internal control system.

Condition still exists; see finding 2014-001.

Finding No. 2013-002

FAREBOX REVENUE

Condition: During analytical analysis of the Transit Fund's farebox revenues, it was noted that revenues recorded were less than estimated revenue based on ridership information obtained from Transit employees. Upon further investigation by Transit employees and City personnel, it was determined that funds were being stolen by a Transit employee.

This condition has been corrected.

Finding No. 2013-003

BANK RECONCILIATIONS NOT COMPLETED OR REVIEWED ON TIMELY BASIS

Condition: During the course of our procedures, we noted that the bank reconciliation for the operating account was not always completed in a timely manner and there was no indication of review on a reconciliation tested.

Condition partially corrected; see finding 2014-002.

Finding No. 2013-004

CORRECTIONS TO ACCOUNTS PAYABLE

Condition: In our testing we noted an additional $566,000 in payables that were unrecorded at December 31, 2013.

This condition has been corrected.

CITY OF DECATUR, ILLINOIS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
Year Ending December 31, 2014

EIGHT MONTHS ENDED December 31, 2013

Finding No. 2013-005

CONTROLS OVER PROCUREMENT, SUSPENSION AND DEBARMENT AND SPECIAL TEST REQUIREMENTS

Condition: During the course of the audit, an instance was noted in which there was no documentation of proper file checklist completion before the project began. This checklist serves as an internal control procedure over procurement, suspension and debarment, and special test compliance requirements.

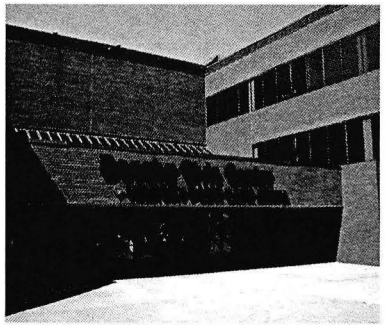
A finding was noted related to Special Tests and Provisions in the current year; see Finding 2014-004.

Finding No. 2013-006

CONTROLS OVER ALLOWABLE COSTS/ACTIVITIES

Condition: During the course of the audit, an instance was noted in which an invoice was not documented as approved by the Finance Department.

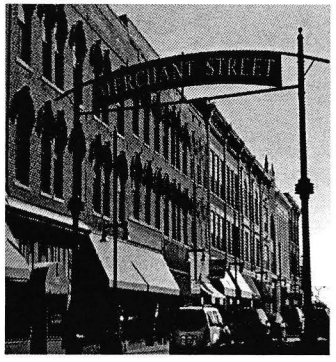
No issues were noted in the current year testing.

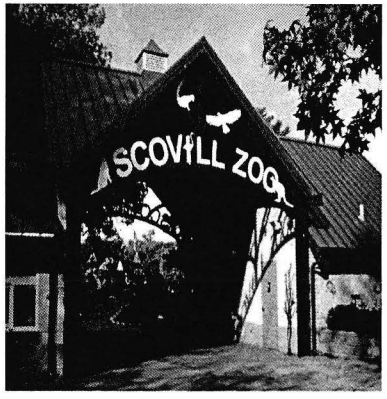


- *Millikin University*
- *Richland Community College*
- *Kirkland Fine Arts Center at Millikin University*
- *Birks Museum at Millikin University*

Decatur, Illinois
Home to:

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





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

CITY OF DECATUR
DECATUR TRANSFER HOUSE
ILLINOIS

City of Decatur, Illinois

Contact Information:

Office of the City Manager

217-424-2801

One Gary K Anderson Plaza

Decatur, IL 62523

www.decaturil.gov

CITY OF DECATUR, MACON COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS, SERIES 2015

BOND PURCHASE AGREEMENT

August 20, 2015

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 *"Underwriter"*), offers to purchase from the City of Decatur, Macon County, Illinois (the *"City"*), all (but not less than all) of the $23,305,000 General Obligation Bonds, Series 2015, 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 9:00 p.m., Central Daylight Saving Time, on the date hereof. Upon the City's acceptance of this offer, it will be binding upon the City and upon the Underwriter.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriter, 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 August 13, 2015, relating to the Bonds (the *"Preliminary Official Statement"*) with such changes from the Preliminary Official Statement as the Underwriter and the City shall approve, and will deliver a bond ordinance adopted by the City Council of the City on the 17th day of August, 2015 (the *"Bond Ordinance"*), and a related bond notification (the *"Notification of Sale"*) satisfactory in form and substance to the Underwriter. The Underwriter 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 Underwriter within seven business days of the date hereof sufficient copies of the

Official Statement to enable the Underwriter 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 Underwriter. 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 Underwriter that:

(a) the City has had, has and will have at the Closing the power and authority to enter into and perform this Agreement, to adopt the Bond Ordinance and to deliver and sell the Bonds to the Underwriter;

(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 Underwriter;

(d) this Agreement is, and this Agreement and the Bonds will be at the time of the Closing, the legal, valid and binding obligations 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 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 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, 2014, 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, 2014, 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, 2014, 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 Underwriter 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 Underwriter 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 defined in Rule 15c2-12) 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 Underwriter, and if, in the opinion of the Underwriter, 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 Underwriter; any approval by the Underwriter of such supplement or amendment to the Official Statement prior to the

Closing shall not preclude the Underwriter from thereafter terminating this Agreement, and if the Official Statement is amended or supplemented subsequent to the date hereof, the Underwriter may terminate this Agreement by notification to the City at any time prior to the Closing if, in the reasonable judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

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

(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 Underwriter, 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 B to the Official Statement satisfactory to the Underwriter, dated the Closing Date, relating to the legality and tax-exempt status 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 Underwriter, 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) Certified copy of the Bond Ordinance and fully executed copy of the Notification of Sale;

(h) Evidence satisfactory to the Underwriter that the Municipal Bond Insurance Policy (the *"Insurance Policy"*) with respect to the Bonds, issued by Assured Guaranty Municipal Corp., New York, New York (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;

(i) 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

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

5. The fees and disbursements of counsel to the City, Underwriter's Counsel, Bond Counsel, the Financial 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.

6. 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 Underwriter, delivery and payment for the Bonds and the termination of this Agreement.

7. The City acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the City and the Underwriter, (b) in connection with the purchase and sale of the Bonds and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as an agent, advisor or fiduciary of the City, (c) the Underwriter has not assumed any advisory or fiduciary responsibility in favor of the City with respect to the purchase and sale of the Bonds or the process leading thereto (irrespective of whether the Underwriter has advised or is currently advising the City on other matters) or any other obligation to the City except the obligations expressly set forth in this Agreement, (d) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, and (e) the City will not claim that the Underwriter has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the City, in connection with the purchase and sale of the Bonds or the process leading thereto.

8. The Underwriter 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 Underwriter, 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 Underwriter;

(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 Underwriter, 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 Underwriter, requires or has required an amendment of or supplement to the Official Statement;

(k) 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

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

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

10. 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.

11. 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, Public Finance

Accepted on behalf of

CITY OF DECATUR, MACON COUNTY,
ILLINOIS

By _____
Acting Mayor

_____
City Manager

_____
Director of Finance

EXHIBIT A

DESCRIPTION OF BONDS

a. PURCHASE PRICE: $24,215,164.50 (representing the $23,305,000.00 aggregate principal amount of the Bonds, plus net original issue premium of $1,073,299.50, less an underwriting discount of $163,135.00).

b. DETAILS: The Bonds shall be issued in an aggregate principal amount of $23,305,000, shall be dated the date of their issuance, and shall become due and payable serially (with option of prior redemption as set forth below) on March 1 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
2016	$ 790,000	3.000%	0.710%
2017	815,000	3.000%	1.170%
2018	840,000	3.000%	1.500%
2019	865,000	3.000%	1.760%
2020	900,000	4.000%	2.210%
2021	935,000	4.000%	2.580%
2022	970,000	3.000%	2.820%
2023	995,000	3.000%	3.000%
2024	1,030,000	3.000%	3.110%
2025	1,070,000	5.000%	3.220%
2026	1,125,000	5.000%	3.380%
2027	1,185,000	5.000%	3.470%
2028	1,245,000	5.000%	3.560%
2029	1,305,000	5.000%	3.660%
2030	1,375,000	5.000%	3.730%
2031	210,000	4.000%	4.000%
2031	1,235,000	5.000%	3.800%
2032	1,510,000	4.000%	4.100%
2033	1,570,000	4.000%	4.150%
2034	1,635,000	4.000%	4.170%
2035	1,700,000	4.125%	4.220%

The first interest payment date on the Bonds shall be March 1, 2016.

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 Underwriter in New York, New York, or such other place as the Underwriter and the City agree upon, for examination and packaging by the Underwriter at least 24 hours

prior to the Closing and at the Closing shall be delivered to the Underwriter through the facilities of DTC.

d. REDEMPTION: The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

e. CLOSING DATE: September 3, 2015, or such other date mutually agreed to by the City and the Underwriter.

f. 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 Underwriter.

g. 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" by Standard & Poor's Rating Services.

4. Evidence satisfactory to the Underwriter that the Bonds have an underlying rating of "A1" by Moody's Investors Service (*"Moody's"*).

h. COSTS OF ISSUANCE: The City shall be responsible for the costs of issuance set forth below. The Underwriter 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	$67,500.00
Moody's	Rating Agency	35,125.00
Assured Guaranty	Bond Insurer	84,769.99
U.S. Bank	Paying Agent/Bond Registrar	625.00
Speer Financial	Financial Advisor	23,305.00
Wold Printing	POS/OS Printing	1,325.00

MINUTES of a regular public meeting of the Council of the City of Decatur, Macon County, Illinois, held in the Council Chambers, 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 17th day of August, 2015.

FILED
AUG 27 2015
Stephen M. Bean
County Clerk
Macon County

The Mayor Pro Tempore called the meeting to order and directed the City Clerk to call the roll. Upon the roll being called, Julie Moore-Wolfe, the Mayor Pro Tempore, and the following Council Members were physically present at said location: Bill Faber, Lisa Gregory, Pat McDaniel, Dana Ray, and Jerry Dawson

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: NONE

At 5:30 p.m., the Acting Mayor announced that the next item for consideration was the issuance of not to exceed $30,000,000 general obligation bonds to be issued by the City pursuant to its home rule powers for the purpose of financing the expansion of the City's water supply by the dredging of Lake Decatur, and that the City Council would consider the adoption of an ordinance providing for the issue of said bonds and the levy of a direct annual tax sufficient to pay the principal and interest thereon. The Acting Mayor then explained that the ordinance sets

forth the parameters for the issuance of said bonds and the sale thereof by designated officials of the City and summarized the pertinent terms of said parameters, including the specific parameters governing the manner of sale, length of maturity, rates of interest, purchase price and tax levy for 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 $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

(the *"Bond Ordinance"*).

Council Member Jerry Dawson 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 provided for the issuance of general obligation bonds to finance the expansion of the City's water supply by the dredging of Lake Decatur, (2) that the bonds are issuable without referendum pursuant to the home rule powers of the City, (3) that the sale of bonds will be by certain designated officials of the City, (4) that the Bond Ordinance provides for the levy of taxes to pay the bonds, and (5) 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 Acting Mayor directed that the roll be called for a vote upon the motion to adopt the Bond Ordinance.

Upon the roll being called, the following Council Members voted AYE:

Bill Faber, Lisa Gregory, Pat McDaniel, Dana Ray, Jerry Dawson and Mayor Julie Moore Wolfe

and the following Council Members voted NAY: NONE.

WHEREUPON, the Acting Mayor declared the motion carried and the Bond 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.

Debbie Bright
City Clerk

ORDINANCE NUMBER 2015-36

AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

Adopted by the Council on the
17th day of August, 2015.

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This Table of Contents is for convenience only and is not a part of the Ordinance.

ORDINANCE NUMBER 2015-36

AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

WHEREAS by virtue of its population and pursuant to the provisions of Section 6 of Article VII of the Constitution of the State of Illinois, the City of Decatur, Macon County, 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 Council has determined that it is advisable and in the best interests of the City and its residents to expand the City's water supply by the dredging of Lake Decatur, all in accordance with the preliminary estimate of costs, which have been approved by the Council and are now on file in the office of the City Clerk of the City (including the engineering, legal, financial and administrative expense related thereto, the *"Project"*); and

WHEREAS the estimated cost of the Project is not less than $30,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS pursuant to the hereinafter defined Act, the City is authorized to issue its general obligation bonds to pay the costs of the Project; and

WHEREAS the Council does hereby determine that it is necessary and desirable to borrow not to exceed $30,000,000 at this time pursuant to the Act for such purpose and, in evidence of such borrowing, issue its general obligation bonds in the principal amount of not to exceed $30,000,000:

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

Project

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 Constitution of the State of Illinois 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.

"Acting Mayor" means the Acting Mayor of the City.

"Bond" or *"Bonds"* means one or more, as applicable, of the not to exceed $30,000,000 General Obligation Bonds, Series 2015, authorized to be issued by this Ordinance.

"Bond Fund" means the Bond Fund established and defined in Section 16 of this Ordinance.

"Bond Notification" means the Bond Notification as authorized to be executed by the Designated Officials in Section 15 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 U.S. Bank National Association, Indianapolis, Indiana, 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 Acting Mayor, the City Manager of the City and the Director of Finance of the City, acting together. Notwithstanding any other provision of this Ordinance, other ordinances, resolutions, rules, regulations or proceedings of the Council or any

provision of the Act, the Council hereby authorizes the Mayor Pro Tempore to execute and deliver the Bonds and any and all documents and certificates of the City related to the Bonds and to do any and all things deemed necessary to carry out and comply with the provisions of this Ordinance in the capacity of Acting Mayor.

"Mayor Pro Tempore" means the Mayor Pro Tempore of the City.

"Ordinance" means this Ordinance, numbered as set forth on the title page hereof, and passed by the Council on the 17th day of August, 2015.

"Paying Agent" means U.S. Bank National Association, Indianapolis, Indiana, 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 13 hereof.

"Purchaser" means Raymond James & Associates, Inc., Chicago, Illinois.

"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 undertake the Project, 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 the principal amount of not to exceed $30,000,000. The Bonds shall each be designated *"General Obligation Bond, Series 2015"*; shall be dated such date (not prior to September 1, 2015, and not later than December 31, 2015) (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 March 1, 2035, and each maturity or sinking fund payment shall not exceed $2,125,000. Each Bond shall bear interest, at a rate not to exceed 6.00% 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 March 1 and September 1 of each year, commencing on March 1, 2016, 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 15th day of the month next preceding any regular or other interest payment date occurring on the 1st day of any month and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 1st 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 Acting 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 11 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 Acting 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 hereof 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. Optional Redemption. All or a portion of the Bonds, if any, may be subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part, on any date on or after the date provided in the Bond Notification, and if in part, in such order of maturities (and, if applicable, order of mandatory redemption payments) as shall be specified in the Bond Notification, and if less than an entire maturity, in integral multiples of

$5,000, selected by lot by the Bond Registrar as hereinafter provided, at the redemption price of par plus accrued interest to the redemption date.

Section 9. Term Bonds Purchase or Redemption. If the City redeems pursuant to optional redemption as hereinabove provided or purchases Term Bonds of any maturity and cancels the same from Bond Moneys (as defined in Section 13 hereof), 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 redeems pursuant to optional redemption or 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 10. 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 optional redemptions, the City shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar for the Bonds of such redemption date and of the maturities and principal amounts of Bonds to be redeemed. In the event of an optional redemption of less than all of a given maturity of Term Bonds, the City shall also notify the Bond Registrar of the allocation of the amount to be redeemed to the mandatory redemption requirements for such Term Bonds. 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.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Paying Agent on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, 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.

Subject to the provisions for a conditional redemption described above, 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 11. 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 in the City of Indianapolis, Indiana, 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 or her 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 12. *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 BOND, SERIES 2015

See Reverse Side for Additional Provisions.

Interest Rate: ____%	Maturity Date: March 1, 20__	Dated Date: _____, 2015	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 March 1 and September 1 of each year, commencing _____ 1, 20__, 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 15th day of the month next preceding any regular or other interest payment date occurring on the 1st day of any month and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 1st 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 Acting 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.

_____
Acting Mayor, City of Decatur
Macon County, Illinois

ATTEST:

_____
City Clerk, City of Decatur
Macon County, Illinois

[SEAL]

Date of Authentication: _____, 2015

CERTIFICATE
OF
AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds, Series 2015, having a Dated Date of _____, 2015, of the City of Decatur, Macon County, Illinois.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By_____
Authorized Officer

Bond Registrar and Paying Agent:
U.S. Bank National Association
Indianapolis, Indiana

[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 to finance the expansion of the City's water supply by the dredging of Lake Decatur and pay 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 Acting 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 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 optional [and 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 13. 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, 2015 through 2033), a direct annual tax sufficient for that purpose in a yearly amount not to exceed $2,500,000 (the "Pledged Taxes"). Such levy shall be fully set forth in the Bond Notification; 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 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 14. 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 2015 to 2033, 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 15. 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% 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. 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, 2015.

Prior to the sale of the Bonds, the Acting Mayor, the City Manager of the City and the Director of Finance of the City are each hereby authorized to approve and execute a commitment for the purchase of a Municipal Bond Insurance Policy (as hereinafter defined), to further secure all or a portion of the Bonds, as long as the present value of the fee to be paid for the Municipal Bond Insurance Policy (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 Municipal Bond Insurance Policy.

Section 16. Creation of Funds and Appropriations.

A. There is hereby created the *"General Obligation Bonds, Series 2015, Bond Fund"* (the *"Bond Fund"*), which shall be the fund for the payment of principal of and interest on the Bonds. Accrued interest received upon delivery of the Bonds, if any, 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 amount necessary from the sale proceeds of the Bonds shall be deposited into a separate fund, hereby created, designated the *"2015 Expense Fund"* to be used as necessary to pay expenses of issuance of the Bonds. Disbursements from such fund shall be made from time to time as necessary. Any excess in said fund shall be transmitted by the Treasurer for deposit into the Bond Fund after six months from the date of issuance of the Bonds.

D. The remaining sale proceeds of the Bonds shall be used to pay costs of the Project and to that end shall be deposited into a separate and segregated account of the City, hereby created, and to be known as the *"2015 Water Utility Project Fund"* (the *"Project Fund"*). Monies on deposit in and to the credit of the Project Fund shall be disbursed from time to time as needed by the Treasurer, without further official action or direction of the Council, in accordance with normal City procedures for disbursements of corporate funds for capital projects. Upon the completion of the Project, as certified to the Treasurer by the architect or engineer in responsible charge of the Project, remaining funds, if any, on deposit in and to the credit of the Project Fund shall be transferred by the Treasurer, without further official action of or direction by the Council, to the Bond Fund. Monies on deposit in and to the credit of the Project Fund may be invested by the Treasurer in any investments for City funds as may be from time to time authorized under Illinois law, without further official action of or direction by the Council.

Without further official action of or direction by the Council, if necessary to ensure the timely payment of principal of and interest on the Bonds, monies on deposit in the Project Fund may be transferred by the Treasurer at any time to the Bond Fund in anticipation of the collection of Pledged Taxes. Any amount so transferred shall be immediately repaid upon the collection of Pledged Taxes.

Section 17. 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 Acting 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 18. 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 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. 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 21. Continuing Disclosure Undertaking. The Acting Mayor and the Treasurer are each 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 22. 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 23. 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 upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the Acting Mayor on advice of counsel, his or her approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

Section 24. 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 25. 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 26. *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: Bill Faber, Lisa Gregory, Pat McDaniel, Dave Ray, Jerry Dawson and Mayor Julie Moore-Wolfe

NAYS: _____

ABSENT: _____

ADOPTED: August 17, 2015

APPROVED: August 17, 2015

Julie Moore-Wolfe
Acting Mayor, City of Decatur
Macon County, Illinois

Recorded in City Records: August 17, 2015.

Published in pamphlet form by authority of the Council on August 17, 2015.

ATTEST:

Sheila Bright
City Clerk, City of Decatur
Macon County, Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATION OF ORDINANCE AND MINUTES

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 constitutes a full, true and complete transcript of that portion of the minutes of the meeting of the Council held on the 17th day of August, 2015 insofar as the same relates to the adoption of an ordinance, numbered 2015-36 entitled:

> AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

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 of the 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 17th day of August, 2015.

Debbie Bright
City Clerk

[SEAL]

[Attach Exhibit A]

Exhibit A

Monday, August 17, 2015
5:30 PM

CITY COUNCIL AGENDA

I. Call to Order

1. Roll Call
2. Pledge of Allegiance

II. Approval of Minutes

Minutes of August 3, 2015

III. Unfinished Business

IV. New Business

1. Resolution Appointing Mayor - Julie Moore-Wolfe
2. Swearing in of Mayor
3. Ordinance Designating Mayor Pro Tempore
4. Proclamations and Recognitions
   - A. Proclamations
   - B. Recognitions
5. Presentation by Sue Lawson - Coalition of Neighborhood Organizations
6. Ordinance Providing for the Issuance of Not to Exceed $30,000,000 General Obligation Bonds to Finance the Expansion of the City's Water Supply by the Dredging of Lake Decatur
7. Ordinance Prohibiting Truck Traffic on East Kenwood Avenue between North Main Street and North Martin Luther King Jr. Drive
8. Resolution Approving Expenditure - Water Main Encasing Project at Norfolk Southern Rail Yard
9. Ordinance Amending R-3 Residence Development Plan New Day Community Church 4100 Block of Nottingham Drive / Camelot
10. Ordinance Rezoning Property R-3 Single Family Residence District to R-6 Multiple Dwelling District 4100 Block of Nottingham Drive
11. Ordinance Amending Zoning Ordinance Section II Defiinitions Section XII Commercial District Section XVI M-1 Intense Commercial / Light Industrial District

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 17th day of August, 2015 there was published in pamphlet form, by authority of the Council, a true, correct and complete copy of Ordinance Number 2015-36 of the City entitled:

> AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

and providing for the issuance of said bonds, and that the ordinance as so published was on that date readily available for public inspection and distribution, in sufficient number so as 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 17th day of August, 2015.

Debbie Bright
City Clerk

[SEAL]

FILED

AUG 27 2015

Stephen M. Bean
County Clerk
Macon County

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 27th day of August, 2015 there was filed in my office a properly certified copy of Ordinance Number 36 passed by the Council of the City of Decatur, Macon County, Illinois, on the 17th day of August, 2015 and entitled:

> AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

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 27th day of August, 2015.

Stephen M Bean

County Clerk of The County of Macon, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

NOTIFICATION OF SALE OF
GENERAL OBLIGATION BONDS, SERIES 2015

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 17th day of August, 2015, and being entitled:

> AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

(the *"Bond Ordinance"*), a contract for the purchase of $23,305,000 General Obligation Bonds, Series 2015 (the *"Bonds"*), of the City was awarded by the undersigned Acting 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 (the *"Underwriter"*), at a price of $24,215,164.50. 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 $23,305,000, shall be dated September 3, 2015, and shall become due and payable (subject to prior redemption as hereinafter stated) on March 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
2016	$ 790,000	3.000%
2017	815,000	3.000%
2018	840,000	3.000%
2019	865,000	3.000%
2020	900,000	4.000%
2021	935,000	4.000%
2022	970,000	3.000%
2023	995,000	3.000%
2024	1,030,000	3.000%
2025	1,070,000	5.000%
2026	1,125,000	5.000%
2027	1,185,000	5.000%
2028	1,245,000	5.000%
2029	1,305,000	5.000%
2030	1,375,000	5.000%
2031	210,000	4.000%
2031	1,235,000	5.000%
2032	1,510,000	4.000%
2033	1,570,000	4.000%
2034	1,635,000	4.000%
2035	1,700,000	4.125%

The first interest payment date on the Bonds shall be March 1, 2016. The Bond Registrar and the Paying Agent shall be U.S. Bank National Association, Indianapolis, Indiana, which bank has a corporate trust office in Chicago, Illinois.

The Bonds due on and after March 1, 2025, shall be subject to redemption prior to maturity at the option of the City as a whole, or in part in integral multiples of $5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on September 1, 2024, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

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 4.0% per

annum and (ii) 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 *"Financial Advisor"*), 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 the payment of principal of and interest on the Bonds shall be insured by Assured Guaranty Municipal Corp., New York, New York (*"AGM"*).

Please be further advised that the City, the Underwriter and the Financial Advisor have determined that the present value of the fee paid to AGM for insuring the Bonds (the *"Credit Facility"*) (using as a discount rate the expected yield on the Bonds and 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.

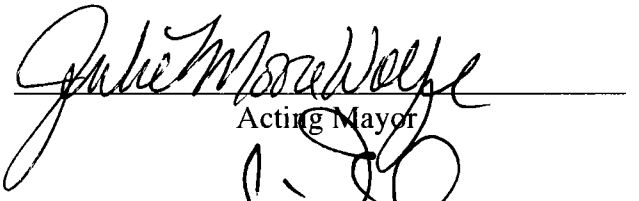
Please be further advised that Section 13 of the Bond Ordinance provides for a direct annual tax, to pay the interest on the Bonds promptly when and as the same falls due and to pay and discharge the principal thereof at maturity. Please be further advised that the Bonds were sold on terms resulting in a final schedule of taxes to be extended as follows:

YEAR OF LEVY	TAX TO BE EXTENDED SUFFICIENT TO PRODUCE ($)
2015	1,747,975.00
2016	1,748,525.00
2017	1,748,325.00
2018	1,757,375.00
2019	1,756,375.00
2020	1,753,975.00
2021	1,749,875.00
2022	1,755,025.00
2023	1,764,125.00
2024	1,765,625.00
2025	1,769,375.00
2026	1,770,125.00
2027	1,767,875.00
2028	1,772,625.00
2029	1,773,875.00
2030	1,768,725.00
2031	1,768,325.00
2032	1,770,525.00
2033	1,770,125.00

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.

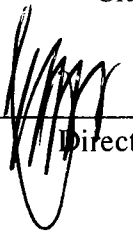
Finally please be advised that this Bond Notification shall be entered into the records of the City and made available to all members of the Council at the next regular meeting thereof.

Respectfully submitted this 20th day of August, 2015.



Acting Mayor

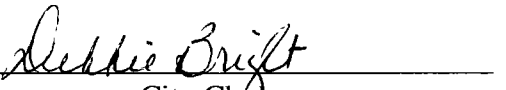
City Manager



Director of Finance

ACKNOWLEDGMENT OF FILING

Filed in the office of the City Clerk of the City of Decatur, Macon County, Illinois, this 20th day of August, 2015.



City Clerk

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 8th day of September, 2015, a Notification of Sale of General Obligation Bonds, Series 2015, 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 20th day of August, 2015.

Debbie Bright
City Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

NOTIFICATION OF BOND TERMS AND DIRECTION FOR COLLECTION OF TAXES

$23,305,000 GENERAL OBLIGATION BONDS, SERIES 2015

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 20th day of August, 2015, for the aggregate principal amount of $23,305,000 General Obligation Bonds, Series 2015, 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 13 of the Bond Ordinance, as enumerated in the Bond Notification.

IN WITNESS WHEREOF we hereunto affix our official signatures as of this 20th day of August, 2015.

Acting Mayor, City of Decatur,
Macon County, Illinois

City Manager, City of Decatur,
Macon County, Illinois

Director of Finance,
City of Decatur,
Macon County, Illinois

FILED

AUG 27 2015

Stephen M. Bean
County Clerk
Macon County

STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

FILING CERTIFICATE

$23,305,000 GENERAL OBLIGATION BONDS, SERIES 2015

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 27th day of August, 2015, there was filed in my office as County Clerk a NOTIFICATION OF SALE OF GENERAL OBLIGATION BONDS, SERIES 2015, 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 20th day of August, 2015, 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 Bonds, Series 2015, 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 27th day of August, 2015.

Stephen M Bean

County Clerk of
The County of Macon, Illinois

[SEAL]

FILED
INDEX DEPARTMENT
SEP 03 2015
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 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:

Julie Moore Wolfe
Acting Mayor

Subscribed and sworn to before
me this 26th day of August, 2015.

Paula G Marley
Illinois Notary Public

My commission expires: 3-25-19

(NOTARY SEAL)

OFFICIAL SEAL
PAULA G. MARLEY
Notary Public - State of Illinois
My Commission Expires 3/25/2019

FILED
INDEX DEPARTMENT
SEP 0 3 2015
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 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)

OFFICIAL SEAL
PAULA G. MARLEY
Notary Public - State of Illinois
My Commission Expires 3/25/2019

Assured Guaranty Municipal Corp. (*"AGM"*), 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 AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

REGISTERED
NO.

REGISTERED
$

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF MACON
CITY OF DECATUR
GENERAL OBLIGATION BOND, SERIES 2015

See Reverse Side for Additional Provisions

Interest Rate: %

Maturity Date: March 1,

Dated Date: September 3, 2015

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 March 1 and September 1 of each year, commencing March 1, 2016, 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 15th day of the month next preceding any regular or other interest payment date occurring on the 1st day of any month and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 1st 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 Acting 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.

Acting Mayor, City of Decatur
Macon County, Illinois

Attest:

City Clerk, City of Decatur
Macon County, Illinois

[SEAL]

Date of Authentication: September 3, 2015

CERTIFICATE
OF
AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds, Series 2015, having a Dated Date of September 3, 2015, of the City of Decatur, Macon County, Illinois.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By_____
Authorized Officer

Bond Registrar and Paying Agent:
U.S. Bank National Association
Indianapolis, Indiana

3843259.01.03.M.doc
2230381

This bond is one of a series of bonds (the *"Bonds"*) in the aggregate principal amount of $23,305,000 issued by the City to finance the expansion of the City's water supply by the dredging of Lake Decatur and pay expenses incidental thereto, all as described and defined in the ordinance authorizing the Bonds (as supplemented by a Notification of Sale, 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 Acting 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 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 optional 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.

TAX EXEMPTION CERTIFICATE AND AGREEMENT

$23,305,000

CITY OF DECATUR, MACON COUNTY, ILLINOIS

GENERAL OBLIGATION BONDS, SERIES 2015

September 3, 2015

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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"*) 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 (except for Section 7.10 of this Tax Agreement) 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 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.

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"Bond Fund" means the General Obligation Bonds, Series 2015, Bond Fund established by the Ordinance.

"Bonds" means the obligations of the Issuer described on the cover page of the Tax Agreement.

"Capital Expenditures" means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the Issuer were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

"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. A Controlled Group includes the entity that has 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 underwriter's discount and legal fees, but not including the fees for the Credit Facility described in Section 5.5 hereof.

"Costs of Issuance Fund" means the 2015 Expense Fund established by the Ordinance.

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"Council" means the Council of the Issuer.

"Credit Facility" means the municipal bond insurance policy issued by the Credit Facility Provider with respect to the scheduled payments due of principal of and interest on the Bonds.

"Credit Facility Provider" means Assured Guaranty Municipal Corp., New York, New York.

"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.

"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 E* hereto.

"Issue Price" of any group of substantially identical Bonds or of any other obligations issued for money or marketable securities is the price at which the obligations of that group are first offered for sale to the public (not including any bond houses, brokers, or persons acting in the capacity of underwriters, or wholesalers) so long as on the date that the Issuer (or other entity issuing such obligations) sold such obligations, it was reasonably expected that at least 10% of each group of substantially identical bonds would be sold for such offering price. The *"Issue Price"* of any group of substantially identical obligations sold by the Issuer of such obligations to an investor that expects to hold the obligations as an investor to maturity is the market price paid by such investor. The *"Issue Price"* of any obligations issued for property other than cash or marketable securities is determined under appropriate regulations.

"Issuer" is defined in the preamble to this Tax Agreement.

"Ordinance" means the bond ordinance adopted by the Council on the 17th day of August, 2014, authorizing and providing for the issuance of the Bonds, as supplemented by a related Notification of Sale.

"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.

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"Private Business Use" means any use of the Project by any Person (including the federal government) other than a state or local governmental 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 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 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 Project that is not available for use by the general public.

"Project" means all property financed, refinanced or reimbursed with Sale Proceeds (including investment earnings) of the Bonds, including in particular the expansion of the Issuer's water supply by the dredging of Lake Decatur.

"Project Fund" means the 2015 Water Utility Project Fund established by the Ordinance.

"Purchaser" means the purchaser of the Bonds from the Issuer.

"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 that 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.

"Regulations" means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

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"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.

"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 7.9 of this Tax Exemption Certificate and Agreement, but not including any post-issuance compliance policy referenced in or attached to this Tax Agreement.

"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 PROJECT

Section 2.1. Purpose of the Bonds. The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the Issuer. A breakdown of the sources and uses of funds is attached as *Exhibit A*. At least 75% of (i) Sale Proceeds plus (ii) all investment earnings thereon during the period ending on the date of completion of the Project, less (iii) Costs of Issuance paid from Sale Proceeds or investment earnings thereon, are expected to be used for construction purposes with respect to property owned by a governmental unit.

Section 2.2. The Project — Binding Commitment and Timing. The Issuer has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the Issuer or any member of the same Controlled Group as the Issuer) to a third party to expend at least five percent of the Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of

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amounts deposited into the Project Fund will continue to proceed with due diligence through the last date shown in *Exhibit B*, which is no later than three years after Closing, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

It is expected that the Sale Proceeds deposited into the Project Fund, plus investment earnings on the Project Fund, will be spent to pay costs of the Project, including any capitalized interest on the Bonds, in accordance with the estimated drawdown schedule contained in *Exhibit B*. It is expected that the Sale Proceeds deposited into the Project Fund will be spent to pay costs of the Project, including any capitalized interest on the Bonds, in accordance with the estimated drawdown schedule contained in *Exhibit B*. Investment earnings on amounts in the Project Fund will be commingled with substantial revenues from the governmental operations of the Issuer, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date commingled. In the alternative, investment earnings on amounts in the Project Fund may, at the option of the Issuer, be commingled with substantial revenues from the governmental operations of the Issuer, so long as the earnings are reasonably expected to be spent for governmental purposes within six months of the date commingled.

Estimated total investment income as set forth in *Exhibit B* has been calculated on the basis of the Issuer's expected overall investment rate on amounts in the Project Fund assuming that (a) the costs of the Project are drawn down in accordance with the schedules contained in *Exhibit B* and (b) Costs of Issuance will be drawn down during the three-month period after Closing. The foregoing assumptions represent the Issuer's best estimate, as of this date, of the draw down schedules of and investment earnings on the Sale Proceeds and investment earnings thereon.

Section 2.3. Reimbursement. None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

Section 2.4. Working Capital. All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to finance Capital Expenditures other than amounts spent for the following:

(a) working capital expenditures directly related to Capital Expenditures financed by the Bonds, in an amount not to exceed five percent of the Sale Proceeds;

(b) payments of interest on the Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;

(c) Costs of Issuance and Qualified Administrative Costs of Investments;

(d) payments of rebate or Yield Reduction Payments made to the United States;

(e) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon;

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(f) fees for the Credit Facility; and

(g) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months of the date commingled

Section 2.5. 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 2.4 hereof, a like amount of then available funds of the Issuer will be treated as unspent Sale Proceeds.

Section 2.6. 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. However, Sale Proceeds or investment earnings thereon will be allocated to expenditures for federal income tax purposes if the Issuer uses such amounts to reimburse itself for amounts paid to Persons other than the Issuer or any member of the same Controlled Group as the Issuer, *provided* that the original expenditures were paid on or after Closing, and *provided* that the original expenditures were not otherwise paid out of Sale Proceeds or investment earnings thereon or the proceeds of any other borrowing. 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 (other than as a result of investment earnings commingling under Section 2.4(g) of this Tax Agreement) 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 for the Project or other 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 prior to the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service. The Issuer will consistently follow this accounting method for federal income tax purposes.

Section 2.7. Investment of Bond Proceeds. Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax-exempt Obligations) having a Yield that is substantially guaranteed for four years or more. 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 2.8. No Grants. None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

Section 2.9. 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. 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

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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 2.10. Internal Revenue Service Audits. The Internal Revenue Service has not contacted the Issuer regarding any obligations issued by or on behalf of the Issuer. 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 investment earnings thereon and the funds held under the Ordinance at the time of Closing. No Sale Proceeds and no investment earnings thereon will be used to pre-pay for goods or services more than ninety days prior to the date such goods or services are to be received, except for any payment to the Credit Facility Provider. No Sale Proceeds and no investment earnings thereon will be used to pay for or otherwise acquire goods or services from the Issuer, any member of the same Controlled Group as the Issuer, or an Affiliated Person.

(b) Only the following funds and accounts will be funded at Closing: Project Fund and the Costs of Issuance 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 4.1.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Costs of Issuance incurred in connection with the issuance of the Bonds will be paid from the Costs of Issuance Fund. Any moneys remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance shall be transferred to the Bond Fund after six months of Closing.

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(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

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. No Other Gross Proceeds. (a) Except as identified on *Exhibit E* hereto, and except for investment earnings that have been commingled as described in Section 2.2 and the Credit Facility, after the issuance of the Bonds, neither the Issuer, any member of the same Controlled Group as the Issuer nor any other Person other than the Credit Facility Provider 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) 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);

(iv) 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

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Credit Facility or any other credit enhancement or liquidity device with respect to the Bonds, even if financial difficulties are encountered;

(v) 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

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) 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) One hundred and twenty percent of the average reasonably expected economic life of the Project is at least ____ years, as set forth on *Exhibit G*. The weighted average maturity of the Bonds (which does not exceed 12 years) does not exceed 120 percent of the average reasonably expected economic life of the 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 3.4. Final Allocation of Proceeds. Subject to the requirements of this Tax Agreement, including those concerning working capital expenditures in Section 2.4, 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. The Issuer may also reallocate proceeds of the Bonds from one expenditure to another until the end of the period for final

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allocation, discussed above. Unless the Issuer has taken an action to use a different allocation method by the end of the period for a final allocation, proceeds of the Bonds will be treated as allocated to expenditures using the specific tracing 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. Bond Counsel has provided a memorandum attached hereto as *Exhibit H* concerning the principles set forth in the Regulations regarding rebate.

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 7.9 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

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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 5.4 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;

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(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.

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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 may 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 F* 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 F* are incorporated by reference as if made herein.

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ARTICLE V

YIELD AND INVESTMENT LIMITATIONS

Section 5.1. Issue Price. The Purchaser has certified, among other things, in the Certificate of the Purchaser set forth as *Exhibit C*, attached hereto, to the first offering price at which it reasonably expected that at least ten percent of each maturity of the Bonds would be sold to the Public.

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 plus, if only amounts in the Project Fund are subject to this Yield limitation, 1/8th of one percent.

(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 (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) amounts on deposit in the Project Fund prior to the earlier of three years after Closing or the date the Issuer no longer expects to spend all such amounts;

(C) amounts in the Costs of Issuance Fund prior to the earlier of three years after Closing or the payment of all expenses to be paid from that fund;

(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.

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Section 5.3. Federal Guarantees. Except as otherwise permitted by the Regulations, no portion of the payment of principal 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 5.4. 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 5.4 applies to all Gross Proceeds except:

(i) amounts on deposit in the Project Fund prior to the earlier of three years after Closing or the date the Issuer no longer expects to spend all such amount;

(ii) 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; and

(iii) amounts in the Costs of Issuance Fund prior to the earlier of three years after Closing or the payment of all expenses to be paid from that fund.

(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 Ordinance 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

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(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.

Because of these investment limitations, after the date three years after Closing, any amounts remaining in the Project Fund must be invested in U.S. Treasury obligations (including obligations of the State and Local Government Series, known as SLGS) or otherwise invested to avoid violating the restrictions set forth in this section.

Section 5.5. Treatment of Certain Credit Facility Fees. (a) Based upon representations made in a Certificate of Purchaser 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 given separately and made a part of the transcript for the Bonds at Closing, which the Issuer has no reason to believe are untrue, and the representations contained in this Tax Agreement, the Issuer understands that it is unclear whether the fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

(b) The Credit Facility Provider is a mutual insurance company. As a result of the Credit Facility, the Issuer has certain rights and opportunities in addition to credit enhancement of the Bonds.

(c) The Issuer will not treat the Credit Facility as a "qualified guarantee" or the fee paid to the Credit Facility Provider as interest on the Bonds other than pursuant to Section 7.8.

(d) No officials of the Issuer will (while any Bonds remain outstanding) apply to or become a member of the governing board of the Credit Facility Provider other than pursuant Section 7.8.

(e) Prior to January 1, 2016, the Issuer will not vote in any election of Policyholders of the Credit Facility Provider and will never do so in an election where the Issuer's share of the votes exceed 5% of the total votes to be cast (except as provided in Section 7.8).

(f) The Issuer will apply any dividend received as a result of the Credit Facility only to the payment of a Yield reduction payment to the United States Treasury, except as provided in Section 7.8.

(g) The Issuer represents that the decision to produce the Credit Facility was made without any consideration for any possible rights to (i) receive dividends, (ii) vote in elections for control of the Credit Facility Provider or (iii) allow any officials of the Issuer to seek office in the board controlling the Credit Facility Provider.

(h) 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

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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.

Section 5.6. Investment Element of Credit Facility. The Credit Facility is being purchased solely to transfer and distribute credit risk. Although the Issuer may in the future be eligible to receive dividends as a result of the Credit Facility, the potential receipt of such dividends was not part of the reasons for acquiring the Credit Facility. The Issuer has seen no projections of likely receipts and has no expectations of receiving dividends with respect to the Credit Facility. Nevertheless, should a portion of the premium paid for the Credit Facility be treated as an investment, the amount of such investment would be less than the lesser of $100,000 or five percent of the issue price of the Bonds and could therefore be invested at a yield above the yield on the Bonds as part of a minor portion.

Section 5.7. Potential Receipt of Dividends. Although the Issuer does not expect to receive dividends with respect to the Credit Facility, it recognizes that such dividends are possible. The Issuer will either (a) pay the amount of such dividends to the United States Treasury as part of a rebate payment or yield reduction payment with respect to the Bonds or (b) follow the advice of Bond Counsel as to how such dividends should be applied, invested, or spent.

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 Sale Proceeds plus investment earnings thereon (not including amounts used to pay Costs of Issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) and amounts invested in a reserve or replacement fund), will be used, directly or indirectly, in whole or in part, in any Private Business Use.

(b) The payment of more than five percent of the principal of or the interest on the Bonds 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 five percent of the sum of Sale Proceeds and investment earnings thereon ((not including amounts used to pay Costs of Issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) and

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amounts invested in a reserve or replacement fund) or $5,000,000 will be used, directly or indirectly, to make or finance loans to any persons.

(d) No user of the Project other than a state or local governmental unit will use more than five percent of the 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 D* 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. Prior to the date hereof during the current calendar year, no obligations that have been designated as "qualified tax-exempt obligations" for the purposes and within the meaning of Section 265(b)(3) of the Code have been issued by any of the following: (i) the Issuer; (ii) an entity issuing obligations on behalf of the Issuer; and (iii) any member of the same Controlled Group as the Issuer or the same Controlled Group as an entity issuing obligations on behalf of the Issuer.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Termination. This Tax Agreement shall terminate at the later of (a) 75 days after the 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 7.9 shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

Section 7.2. Separate Issue. Since February 1, 2014, 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 Project. (a) Other than as provided in the next sentence, neither the 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

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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 being 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 Date Limitation. The period between the date of Closing and the first call date 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 maintain the Bonds in registered form and 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 in this Tax Agreement. 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. Records 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

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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, and provides certain potential benefits to issuers that do so. For example, issuers may receive more favorable terms on any voluntary settlement pursuant to the Internal Revenue Service's voluntary closing agreement program if an issuer has adopted written procedures that, at a minimum, 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 (must be at least annual), 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. Generally, a reference to reliance on the bond documents, without more, will not qualify as sufficient written procedures for these purposes.

The Issuer has adopted a written post-issuance compliance policy, a copy of which is attached hereto as *Exhibit J* (or referenced therein), that meet the foregoing. The post-issuance compliance policy does 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.

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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 the State of Illinois.

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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: September 3, 2015

CITY OF DECATUR,
Macon County, Illinois

By _____
City Treasurer

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EXHIBIT A

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES:

Sale Proceeds of Bonds	$24,378,299.50
TOTAL	$24,378,299.50

USES AT CLOSING:

Project Costs	$24,000,000.00
Costs of Issuance Fund (including Underwriter's Discount in the amount of $163,135.00 and Credit Facility premium in the amount of $84,769.00)	378,299.50
TOTAL	$24,378,299.50

In addition investment earnings (in the expected amount shown on *Exhibit B*) will be spent on Project costs or will be commingled with substantial other revenue and allocated to expenditures within six months of commingling.

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EXHIBIT B

DRAWDOWN SCHEDULE OF BOND PROCEEDS

QUARTER	BEGINNING BALANCE[1]	PLUS ESTIMATED INVESTMENT EARNINGS[2]	MINUS DRAWDOWN	ENDING BALANCE
Upon Closing (reimbursements)	$24,000,000	$ –NA–	$ –NA–	$24,000,000
First (after Closing)	24,000,000	2,075	6,086,729	17,915,346
Second	17,915,346	1,400	5,055,000	12,861,746
Third	12,861,746	1,200	0	12,862,946
Fourth	12,862,946	925	6,545,000	6,318,871
Fifth	6,318,871	225	6,319,096	0
Sixth	_____	_____	_____	_____
Seventh	_____	_____	_____	_____
Eighth	_____	_____	_____	_____
Ninth	_____	_____	_____	_____
Tenth	_____	_____	_____	_____
Eleventh	_____	_____	_____	_____
Twelfth	_____	_____	_____	_____

---

1 Ending balance from prior period becomes beginning balance for period.

2 Assumes an estimated investment return of _____% per annum.

EXHIBIT C

CERTIFICATE OF PURCHASER

The undersigned is an officer of Raymond James & Associates, Inc., Chicago, Illinois (the *"Purchaser"*), and as such officer I hereby certify as follows:

1. The Purchaser and the City of Decatur, Macon County, Illinois (the *"Issuer"*), have executed a bond purchase agreement in connection with the General Obligation Bonds, Series 2015 (the *"Bonds"*), of the Issuer on August 20, 2015 (the *"Sale Date"*). The bond purchase agreement has not been modified by the Purchaser since its execution on the Sale Date.

2. On the Sale Date, all of the Bonds were the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the *"Public"*) at the price for such maturity as shown on the inside cover page of the official statement, dated August 20, 2015, and related to the Bonds (the *"First Offer Price"*). Based upon our assessment of then prevailing market conditions and our experience with bonds similar to the Bonds, the First Offer Price for the Bonds of each maturity was not less than the fair market value to the Public of the Bonds of such maturity as of the Sale Date.

3. As of the Sale Date, the Purchaser reasonably expected (a) that the first sale to the Public of an amount of Bonds of each maturity equal to ten percent or more of such maturity of the Bonds (the *"First Substantial Block"*) would be at the First Offer Price for such maturity and (b) that no Bonds of any maturity would be sold at a higher price before the First Substantial Block of Bonds of such maturity was sold to the Public at the First Offer Price. There is no accrued interest.

4. In offering all of the Bonds to the Public, the Purchaser did not reserve or hold back any Bonds for itself, its affiliates or its affiliated accounts or for any other person not part of the Public. For purposes of this Certificate, "affiliate" means any entity or person that controls, is controlled by, or is under common control with the Purchaser and "affiliated account" means any account that is controlled by the Purchaser or an affiliate or in which the Purchaser or an affiliate of the Purchaser has a beneficial ownership interest.

5. The present value of the fees paid and to be paid for the Credit Facility (using as a discount rate the expected Yield on the Bonds and 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 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.

6. The Issuer may rely on the statements made herein in connection with its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended. Bond Counsel may also rely on this Certificate for purposes of its opinion regarding the treatment of

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interest on the Bonds as excludable from gross income for federal income tax purposes. 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. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law. Accordingly, the Purchaser makes no representation as to the legal sufficiency of the factual matters set forth herein.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this Certificate is attached.

Dated: September 3, 2015

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC., Chicago, Illinois

By _____

Its Senior VP

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EXHIBIT D

[FORM 8038-G]

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Form **8038-G**
(Rev September 2011)
Department of the Treasury
Internal Revenue Service

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 **One Gary K. Anderson Plaza**	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 **09/03/2015**
8 Name of issue **General Obligation Bonds, Series 2015**	9 CUSIP number **243127 VA2**
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	24,378,299	50
18	Other. Describe ▶	18		
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	03/01/2035	$ 24,378,299.50	$ 23,305,000.00	11.318 years	3.6930 %

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	24,378,299	50
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	293,529 51			
25	Proceeds used for credit enhancement	25	84,769 99			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	378,299	50
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	24,000,000	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 ▶	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) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

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 that I have authorized above.

Signature of issuer's authorized representative	Date	Type or print name and title
	09/03/2015	Gregg D. Zientara, City Treasurer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Kyle W. Harding		09/03/2015		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 E

GROSS PROCEEDS*

Amounts deposited in the Project Fund
Amounts deposited in the Costs of Issuance Fund
Amounts deposited in the Bond Fund

---

* 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.

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EXHIBIT F

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 Portions of the Issue Separately

☐ The Issuer hereby elects under Section 148(f)(4)(C)(v) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(j)(1) to treat a portion of the issue (the *"Construction Portion"*) with an issue price of $_____ (which portion contains 100 percent of the Bonds to be used for construction expenditures, plus an amount for non-construction expenditures, not to exceed 25 percent of the entire Construction Portion, with respect to property owned by a governmental unit or a Section 501(c)(3) organization and the

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entire remaining portion of the Bonds as separate issues for purposes of Section 148(f)(4)(C) of the Code and Treas. Reg. Section 1.148-7(e). The Issuer reasonably expects, as of this date, that the Construction Portion will finance all of the construction expenditures to be financed by the Bonds. *This election is being made on or before the issue date of the Bonds.*

D. Election to Rebate on Earnings on Reserve

☐ The Issuer hereby elects under Section 148(f)(4)(C)(vi)(IV) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(i)(2) to exclude from available construction proceeds earnings on the _____ (a reasonably required reserve or replacement fund) and apply the rebate requirements of Section 148(f)(2) of the Code to such earnings. *This election is being made on or before the issue date of the Bonds.*

E. Election-Out of Reasonable Expectations

☐ The Issuer hereby elects under Treas. Reg. Section 1.148-7(f)(2) to apply the provisions of Treas. Reg. Sections 1.148-7(e) through 1.148-7(m), relating to the two-year construction expenditure rule based on actual facts rather than based on the Issuer's reasonable expectations. *This election is being made on or before the issue date of the Bonds (except in the case of certain in pooled financings).*

F. Election to Pay Penalty Instead of Rebate (the "1.5 Percent Penalty")

☐ The Issuer hereby irrevocably elects under Section 148(f)(4)(C)(vii) of the Internal Revenue Code of 1986, and Treas. Reg. Section 1.148-7(k) to pay a 1.5 Percent Penalty in lieu of rebate. *This election is being made on or before the issue date of the Bonds (except in the case of certain pooled financings).*

G. Election to Terminate 1.5 Percent Penalty After the End of the Initial Temporary Period

☐ Under Section 148(f)(4)(C)(viii) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(l)(1), the Issuer hereby irrevocably elects to terminate (and pay a three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). *This election is being made not later than 90 days after the earlier of the end of the initial temporary period or the date on which construction is substantially completed.*

H. Election to Terminate the 1.5 Percent Penalty Before the End of the Initial Temporary Period

☐ Under Section 148(f)(4)(C)(ix) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(l)(2), the Issuer hereby irrevocably elects to terminate (and pay the three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). The amount of available construction proceeds that will not be spent for the governmental purposes of the issue

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is equal to $_____. *This election is being made before the close of the initial temporary period and not later than 90 days after construction was substantially completed.*

I. 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.

J. 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:
_____	_____
_____	_____
_____	_____
_____	_____

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The aggregate proceeds, investments and Bonds 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. *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 Elections Made

[Authorized Representative of Issuer]

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EXHIBIT G
ECONOMIC LIFE WORKSHEET[1]

Column A DESCRIPTION OF CAPITAL IMPROVEMENTS	Column B ESTIMATED COST	Column C REMAINING ECONOMIC LIFE[2]	Column D (B X C)
Land Acquisition[3]	$_____	30 years	$_____
New Building Acquisition/Construction[4]	_____	40 years	_____
Building Renovation	_____	___ years	_____
Site Preparation or Land Improvements[5]	24,000,000	20 years	480,000,000
Other Construction	_____	___ years	_____
Equipment	_____	___ years	_____
Other	_____	___ years	_____
TOTAL	$24,000,000		$480,000,000

Maximum Average Maturity of Bonds is (Total of Col. D ÷ Total of Col. B) x 1.20, or 24 years.

---

1 This worksheet makes various conservative assumptions for the sake of simplicity.

2 The remaining economic life shown is the shortest life for any asset in a particular category. The life of an asset is based on the Issuer's actual experience with respect to that property or on the class life for the asset set out in Rev. Proc. 87-56. If an asset has already been placed in service, the grouping are based on expected remaining economic life.

3 Land is included only if more than 25 percent of the net proceeds of the issue are used to acquire land.

4 These facilities include only property that constitutes a new building (any existing building has been assigned a life equal to its expected economic life) or an integral part thereof, which integral part (i) is not removable without damage to such part and the building of which it is a part and (ii) is not a special purpose structure that houses, supports or serves equipment, and is expected to be retired or demolished with the equipment.

5 These improvements include only improvements directly to or added to land. These improvements do not include the land itself, nor buildings or structures thereon.

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MEMORANDUM

EXHIBIT H

TO: City of Decatur, Macon County, Illinois

DATE: September 3, 2015

RE: General Obligation Bonds, Series 2015

We have acted as Bond Counsel in connection with the issuance on this date of the obligations described above (the *"Bonds"*). In a Tax Exemption Certificate and Agreement delivered by you on this date (the *"Tax Agreement"*), you have agreed to comply with the arbitrage rebate requirements of Section 148 of the Internal Revenue Code of 1986. The purpose of this memorandum is to set out generally the rules that you must follow to comply with the Tax Agreement. This memorandum does not describe how to compute the amount to be rebated to the United States, and due to the complexity involved, the computation will, in all likelihood, require consultation with an expert.

The Internal Revenue Service has issued regulations relating to arbitrage and rebate matters. This memorandum is based upon these regulations, which are subject to change in the future. Such changes may require future recalculation of rebate amounts. For these reasons, it is very important for you and your tax advisors to keep abreast of developments in this area.

The following advice is based on factual information contained in the Tax Agreement. If the facts or expectations stated therein change, different rules could apply. Please note that the rules governing permissible Yield on investments set forth in the Tax Agreement are in addition to the rebate rules and, although you might be allowed to earn a Yield in excess of Bond Yield under the Yield rules, such excess may still be required to be rebated. In some cases, the payment of rebate may assist in compliance with the Yield restriction requirements. Thus, rebate compliance and Yield restriction compliance may operate together rather than independently. In any case, rebate compliance is essential to the maintenance of tax exemption even if no amounts are subject to Yield restriction. Terms not defined herein shall have the meanings set forth in the Tax Agreement.

General Rule. Except in the case of certain exceptions and elections as summarized below, every five years and at the final retirement of all of the Bonds you must compute and pay (as described below) to the United States the difference (the *"Excess Earnings"*) between the amount earned on all investments and reinvestments of Gross Proceeds (*"Actual Earnings"*) and the amount that would have been earned if Gross Proceeds had been invested at Bond Yield (the *"Allowable Earnings"*). Earnings to be taken into account are *not* determined under normal tax accounting principles. In addition to taking into account earnings received (either actually or constructively), receipts with respect to investments that have not been liquidated are computed

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by assuming that such investments are, in essence, converted to cash as of each computation date (as such dates are described below). The "cash value" of investments determined in this manner is subject to many special rules. Under many circumstances, the "market value" of an investment may be used. The application of these rules is complex and requires a comprehensive understanding of the rebate regulations.

To properly plan for the eventual payment of rebate to the United States, we suggest that you make annual calculations estimating rebate liability. You may also wish to deposit annual estimates of rebate liability into a rebate fund so that the payment to the United States may be made from amounts set aside. Federal tax law does *not*, however, require set asides. In any event, we strongly encourage you to make an annual estimate of the rebate liability. The calculations can be lengthy and often produce surprising results. Experience in operating our rebate calculation service indicates that the calculation is far more difficult as the period of time for which the calculation is being performed increases.

Phantom Income. With certain exceptions, amounts paid for administrative costs are not treated as increasing earnings for purposes of rebate calculations. Administrative costs that do not increase earnings are reasonable, direct administrative costs, other than carrying costs, and generally include brokerage commissions for the purchase of investment agreements and separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody, and similar costs and expenses. The Regulations provide a safe harbor for determining that a broker's fee for the purchase of an investment agreement is reasonable.

Computation Dates. Each calculation of Excess Earnings should be made as of a "Computation Date." The Computation Date should be the same date in each calendar year (except that the final Computation Date should be the date on which all of the Bonds are actually retired). As indicated above, a Computation Date is required at least every five years. The first Computation Date must be on or before the fifth anniversary of the issuance of the Bonds. Each Computation Date, other than the final Computation Date, is the end of a bond year. A bond year ends on any date within one year of the issuance of the Bonds that you choose. If you do not choose an ending date for a bond year, it will be the anniversary date of the issuance of the Bonds.

Excess Earnings on a fixed Yield issue are determined by comparing Actual Earnings as of a Computation Date with Allowable Earnings as of the same date. Allowable Earnings are based on the Bond Yield as of such Computation Date. Bond Yield may change, but for reasons described below under "Bond Yield" it is unlikely to change over the life of the Bonds. If Bond Yield decreases as of a particular Computation Date, rebate (or additional rebate) may be due with respect to investments that have previously matured and the proceeds thereof spent.

Bond Yield. For fixed Yield issues, generally Bond Yield is calculated based upon expected payments of principal of and interest on the Bonds (including amounts treated as interest). Bond Yield on a fixed Yield issue is generally not required to be recalculated after the date of issuance except under certain limited circumstances. Generally, recomputation is required upon changes in hedging transactions (*e.g.*, purchase or termination of a swap or cap

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agreement associated with the Bonds) or the transfer of rights associated with the Bonds (*e.g.*, sale of a call option). The actual rules for computing Bond Yield are quite complex, and if Bond Yield must be calculated or recalculated, an expert should be consulted.

Gross Proceeds. Based upon the facts and expectations presented in the Tax Agreement, the Gross Proceeds are all moneys and investments in the funds and accounts (regardless of where held) listed on the exhibit to the Tax Agreement referenced in the definition of "Gross Proceeds". If, contrary to the expectations described in the Tax Agreement, moneys or investments are pledged or otherwise set aside for payment of principal of or interest on the Bonds, such amounts may also constitute Gross Proceeds.

Universal Cap. Gross Proceeds will cease to be allocated to the Bonds (and will therefore be treated as if spent) to the extent that the amount of Gross Proceeds exceeds the outstanding amount of the Bonds (the *"Universal Cap"*). Although special rules are applicable in the case of discount or premium bonds, the outstanding amount of bonds is roughly equal to the outstanding principal amount. Generally, but not always, the market value of investments is used to test the amount of Gross Proceeds. The Universal Cap may cause allocations on the second anniversary of the issue date and as of the first day of each bond year thereafter.

Commingled Funds. Funds allocated to two or more issues, or containing amounts that are not Gross Proceeds and amounts that are Gross Proceeds (including, for example, parity reserve funds) in which amounts are invested collectively without regard to source of funds must be treated as Commingled Funds. Investment earnings on Commingled Funds must be allocated to the Gross Proceeds according to a consistently applied reasonable allocation method. Such method, for example, may be based on average daily balances. Investments in Commingled Funds must be valued annually to properly allocate unrealized gain or loss to the Gross Proceeds. This mark to market requirement will not apply if the weighted average maturity of all investments held in the Commingled Fund during a particular fiscal year does not exceed 18 months and does not apply to commingled debt service and debt service reserve funds.

Bona Fide Debt Service Fund Exception to the General Rule. Based upon the information in the Tax Agreement, the Bond Fund (other than the Reserve Portion of the Bond Fund) is a bona fide debt service fund. As such, no excess earnings need to be computed on the fund (other than the Reserve Portion of the Bond Fund). To the extent that the Bond Fund (other than the Reserve Portion of the Bond Fund) ceases to be a "bona fide debt service fund" as described in Section 3.2 of the Tax Agreement, some Bond Fund moneys may be subject to the rebate requirement.

As described in Section 3.2, the Issuer may accumulate revenues as a result of the excess levy collections to pay principal of and interest on the Bonds, which may result in a Reserve Portion of the Bond Fund. The Reserve Portion of the Bond Fund is subject to the Yield restriction requirements except as it may otherwise be excepted in Section 5.2 and will also be subject to rebate.

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Six-Month Exception to the General Rule. If all Gross Proceeds of the Bonds (including earnings thereon, but excluding amounts described in the next sentence) are spent within six months of the date the Bonds are issued (except for an amount no greater than 5% of the Bond proceeds, and you spend all of those amounts (plus earnings thereon), within one year from the Closing) no rebate is required, except as described in this paragraph. Gross Proceeds required to be spent within this period do not include amounts deposited in a reasonably required reserve fund or in a bona fide debt service fund, and do not include Gross Proceeds that were not expected on the issue date of the Bonds and arose more than six months after the date the Bonds are issued. If the Bonds are secured by a reasonably required reserve fund, rebate is required to be calculated and paid on the reserve fund from the date the Bonds are issued, and if unexpected Gross Proceeds arise more than six months after the date the Bonds are issued, rebate is required to be calculated and paid on these amounts. To qualify for the six-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds.

Eighteen-Month Exception to the General Rule. If all Gross Proceeds, (including investment earnings thereon, but excluding amounts described in the next sentence), are expended in accordance with the spend-down requirements set forth below, no rebate is required except as described in this paragraph. Gross Proceeds required to be spent within this period do not include amounts deposited in a reasonably required reserve fund or in a bona fide debt service fund, and do not include Gross Proceeds that were not expected on the issue date of the Bonds and arose more than eighteen months after the date the Bonds are issued. If the Bonds are secured by a reasonably required reserve fund, rebate is required to be calculated and paid on the reserve fund from the date the Bonds are issued, and if unexpected Gross Proceeds arise more than eighteen months after the date the Bonds are issued, rebate is required to be calculated and paid on these amounts. To qualify for the eighteen-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds.

PERIOD	SPEND-DOWN REQUIREMENT
6 months	15%
12 months	60%
18 months	100% (except for reasonable retainages up to 5%)
30 months	all reasonable retainages must be spent

Reasonable retainage for this purpose and for purposes of the two-year construction exception described below is an amount retained for reasonable business purposes relating to the property financed with the proceeds of the Bonds (which may include, for example, a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or on which you reasonably determine that a dispute exists regarding completion or payment). To test these percentages for the 6-month and 12-month periods, the total amount of earnings reasonably expected at Closing are included in the total to which the percentages are applied. Actual earnings are included for the 18-month and 30 month periods. If you exercise due diligence to complete the financed project and an amount not exceeding the lesser of three percent of the issue price of the Bonds or $250,000 remains unspent

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as of the end of the eighteenth month if the reasonable retainage is not used, or the end of the 30th month if the reasonable retainage is used, you will be treated as satisfying the final expenditure requirement.

Two-Year Construction Expenditure Exception to the General Rule. Rebate is not required in the case of an issue (or, if an appropriate election is made at Closing, the portion of an issue) 75% of the "available construction proceeds" of which are expected to be used for construction expenditures (with respect to property that is owned by a governmental unit or a 501(c)(3) organization) and the available construction proceeds of which are spent in accordance with the spend-down requirements set forth below, except as described below. Generally, available construction proceeds are the original proceeds of the Bonds and investment earnings thereon, other than amounts deposited in a reasonably required reserve fund and amounts used to pay issuance costs of the issue. In general, amounts in a reasonably required reserve fund are subject to rebate as of the earlier of substantial completion of construction or the date two years from the date of issuance of the Bonds. In addition, rebate is generally required on any Gross Proceeds other than available construction proceeds, such as other amounts pledged to the Bonds.

PERIOD	SPEND-DOWN REQUIREMENT
6 months	10%
12 months	45%
18 months	75%
24 months	100% (except for reasonable retainages up to 5%)
36 months	all reasonable retainages must be spent

Reasonable retainages are described above under the eighteen-month exception. In addition, if you exercise due diligence to complete the Project, an amount not exceeding the lesser of three percent of the issue price of the issue or $250,000 may be disregarded in testing compliance with the 24 month spend-down requirement if the reasonable retainage is not used, or the 36 month spend-down requirement if the reasonable retainage is used.

Gross proceeds used to pay Costs of Issuance are not available construction proceeds and expenditures for Costs of Issuance do not count towards meeting the spending requirements. If, however, the spending requirements are met, and all Costs of Issuance are paid within two years, no rebate is required on amounts used to pay such costs.

Available construction proceeds include earnings on other available construction proceeds. For the first three periods you must use reasonable expectations regarding future investment earnings in calculating such expenditure requirements; for later periods you must use the amount of actual earnings. You may have elected to use actual facts rather than reasonable expectations as to future earnings.

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You may have elected to base the 75% construction rule on actual facts rather than reasonable expectations as of the date of issuance. If so, actual lesser use for construction will prevent use of this exception.

Qualified Tax-Exempt Obligation Exception to the General Rule. Earnings on any Gross Proceeds invested in Qualified Tax Exempt Obligations (as defined in Article I of the Tax Agreement, generally not including as Qualified Tax-Exempt Obligations those obligations subject to the individual alternative minimum tax) are not considered when calculating Excess Earnings, regardless of whether those amounts have a Yield greater than or less than the Bond Yield. To the extent that 100% of Gross Proceeds are continually invested in Qualified Tax Exempt Obligations, there would be no rebate requirement.

Investment at Fair Market Value. Investments of Gross Proceeds and amounts in any rebate fund must be made in arm's-length transactions in a manner that does not reduce the amount to be rebated to the United States. Investment decisions (other than the decision to invest in Qualified Tax Exempt Obligations to avoid rebate) must be made on the basis of normal investment criteria of safety, Yield, and when the money will be needed. All interest rates and Yields must be market rates and Yields. Money must not be allowed to remain uninvested except for small amounts or for short periods of time, as provided in Section 4.3 of the Tax Agreement. Specific rules exist for certificates of deposit and investment agreements (including repurchase agreements) as set forth in Section 4.3 of the Tax Agreement.

Rebate Payments. Within 60 days after the Computation Date that is the end of the fifth bond year and every fifth bond year thereafter, at least 90% of the Excess Earnings and all earnings on the Excess Earnings (net of an appropriate credit depending on whether unexpended Gross Proceeds continue to exist) must be paid to the United States. Within 60 days of final payment of all principal of and interest on the Bonds to the holders of the Bonds, all Excess Earnings and all earnings on the Excess Earnings (net of the credit) must be paid to the United States. All payments to the United States must be mailed to the address provided in the instructions to Form 8038-T or such other form specified by the Internal Revenue Service. Form 8038-T or such other form specified by the Internal Revenue Service must be signed by the Issuer.

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EXHIBIT I

CERTIFICATE OF CREDIT FACILITY PROVIDER

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DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF ASSURED GUARANTY MUNICIPAL CORP.

The undersigned hereby certifies on behalf of Assured Guaranty Municipal Corp. ("AGM"), in connection with the issuance by AGM of its Policy No. 217106-N (the "Policy") in respect of the $23,305,000 in aggregate principal amount of City of Decatur, Macon County, Illinois General Obligation Bonds, Series 2015 (the "Bonds") that:

(i) the information set forth under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." in the official statement dated August 20, 2015, relating to the Bonds (the "Official Statement") is true and correct,

(ii) AGM is not currently in default nor has AGM 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 AGM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),

(iv) the insurance premium of $84,769.99 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to AGM as a condition to the issuance of the Policy,

(v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by AGM to maintain its ratings, which, together with all other overhead expenses of AGM, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor 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),

(vi) AGM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, AGM will not use any portion of the Bond proceeds; provided, however, that AGM or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,

(vii) 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 AGM,

(viii) AGM does not expect that a claim will be made on the Policy,

(ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and

(x) for Bonds which are secured by a debt service reserve fund, AGM would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

AGM 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.

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Authorized Officer

Dated: September 3, 2015

EXHIBIT J

COPY OF POST-ISSUANCE COMPLIANCE POLICY

See Section 28 of the bond ordinance adopted by the Council on November 15, 2010, authorizing the issuance of the Taxable General Obligation Bonds, Series 2010A, Taxable General Obligation Bonds, Series 2010B, General Obligation Bonds, Series 2010C, and General Obligation Refunding Bonds, Series 2010D, of the City, as amended by the Council on August 5, 2013.

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STATE OF ILLINOIS)
) SS
COUNTY OF MACON)

CERTIFICATE ON DELIVERY, 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:

NAME OF OFFICER	OFFICE HELD
Julie Moore-Wolfe	Acting Mayor
Debbie 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 $23,305,000 General Obligation Bonds, Series 2015 (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 17th day of August, 2015, as supplemented by a Notification of Sale, dated August 20, 2015 (the *"Bond Notification"*). We do further certify as follows:

1. We the undersigned Acting 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 $23,305,000, being numbered consecutively, of the denomination $5,000 or authorized integral multiple thereof, dated September 3, 2015, and due (subject to redemption prior to maturity as described below) on March 1 in the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
2016	$ 790,000	3.000%
2017	815,000	3.000%
2018	840,000	3.000%
2019	865,000	3.000%
2020	900,000	4.000%
2021	935,000	4.000%
2022	970,000	3.000%
2023	995,000	3.000%
2024	1,030,000	3.000%
2025	1,070,000	5.000%
2026	1,125,000	5.000%
2027	1,185,000	5.000%
2028	1,245,000	5.000%
2029	1,305,000	5.000%
2030	1,375,000	5.000%
2031	210,000	4.000%
2031	1,235,000	5.000%
2032	1,510,000	4.000%
2033	1,570,000	4.000%
2034	1,635,000	4.000%
2035	1,700,000	4.125%

the Bonds due on and after March 1, 2025, being subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part on any date on or after September 1, 2024, and if in part, in any order of maturity as shall be selected by the City, and if less than an entire maturity, in integral multiples of $5,000, selected by lot by the Bond Registrar, at the redemption price of par, plus accrued interest to the redemption date. 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 August 17, 2015.

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 August 20, 2015 (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 August 13, 2015 (the *"POS"*), and offered and delivered pursuant to an Official Statement, dated August 20, 2015 (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:

PURCHASE PRICE COMPONENT	AMOUNT ($)
Principal	23,305,000.00
plus Net Original Issue Premium	1,073,299.50
less Underwriter's Discount	(163,135.00)
plus Accrued Interest	0.00
TOTAL	24,215,164.50

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 as follows:

PURPOSE	AMOUNT ($)
To the 2015 Water Utility Project Fund (as defined in the Bond Ordinance)	24,000,000.00
To the General Obligation Bonds, Series 2015, Bond Fund (as defined in the Bond Ordinance)	0.00
To the 2015 Expense Fund (as defined in the Bond Ordinance)	215,164.50
TOTAL	24,215,164.50

9. The total aggregate indebtedness of the City, howsoever evidenced and howsoever incurred, *including* the Bonds, does not exceed any lawful limitation.

10. 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.

11. 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.

12. 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 as authorized therein (being collectively the *"Corporate Proceedings"*), have not been in any manner or to any extent amended, repealed or superseded.

13. 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

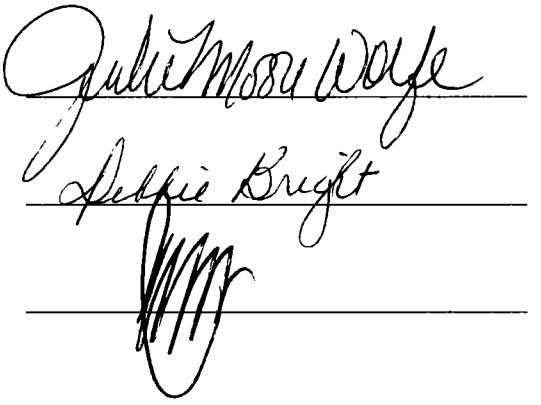
securing the Bonds, including, but not limiting by such reference, the Corporate Proceedings or affecting directly or indirectly the validity or enforceability of the Bonds, the Bond Ordinance or the Purchase Contract or the right of the City to apply the proceeds of the sale of the Bonds to the purposes 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.

14. 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.

15. The City has adopted and implemented a Bond Record-Keeping Policy and the City is currently in compliance with the Policy.

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 3rd day of September, 2015.

TITLE	SIGNATURE
Acting Mayor, City of Decatur, Macon County, Illinois	
City Clerk, City of Decatur, Macon County, Illinois	
City Treasurer, City of Decatur, Macon County, Illinois	

[SEAL]

EXHIBIT A

COSTS OF ISSUANCE

Bond Counsel and Underwriter's Counsel	Chapman and Cutler LLP	$ 67,500.00
Bond Registrar and Paying Agent	U.S. Bank National Association	625.00
Financial Advisor	Speer Financial, Inc.	23,305.00
Rating Agency	Moody's	35,125.00
Bond Insurer	Assured Guaranty Municipal	84,769.99
POS/OS Printing	Wold Printing	1,325.00
Miscellaneous	Rounding Amount	2,514.51
		$215,164.50

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 $23,305,000 General Obligation Bonds, Series 2015 (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 17th day of August, 2015, as supplemented by a Notification of Sale, dated August 20, 2015 (the *"Bond Notification"*).

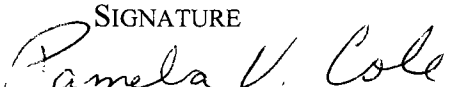
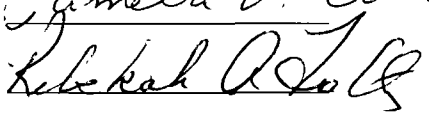
The Bond Registrar hereby further certifies and agrees as follows:

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 September 3, 2015, and due (subject to redemption prior to maturity as described in the Bond Ordinance and Bond Notification) on March 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
2016	$ 790,000	3.000%
2017	815,000	3.000%
2018	840,000	3.000%
2019	865,000	3.000%
2020	900,000	4.000%
2021	935,000	4.000%
2022	970,000	3.000%
2023	995,000	3.000%
2024	1,030,000	3.000%
2025	1,070,000	5.000%
2026	1,125,000	5.000%
2027	1,185,000	5.000%
2028	1,245,000	5.000%
2029	1,305,000	5.000%
2030	1,375,000	5.000%
2031	210,000	4.000%
2031	1,235,000	5.000%
2032	1,510,000	4.000%
2033	1,570,000	4.000%
2034	1,635,000	4.000%
2035	1,700,000	4.125%

3. Each of the persons named below is an authorized agent of the Bond Registrar; one or more of such persons, in accordance with the provisions of the Bond Ordinance, are duly authorized and empowered to authenticate and did authenticate on the date hereof the Bonds issued under the Bond Ordinance; and the signature appearing after the name of each such person as follows is a true and correct specimen of each such person's genuine signature:

NAME	OFFICE	SIGNATURE
Pamela V. Cole	Vice President	
Rebekah A. Foltz	Vice President	

4. The Bond Registrar has full power and authority under the applicable laws of the United States of America and the States of Illinois and Indiana to act as bond registrar and paying agent for the Bonds in the manner contemplated by the Bond Ordinance; it has taken all necessary corporate action by its properly authorized officers, employees or agents to accept said offices and duties; and the undersigned are duly qualified and acting officers of the Bond Registrar as indicated by the titles set under the their names and are authorized by the Bond Registrar to execute and attest this certificate.

5. The Bond Registrar acknowledges receipt of certified copy of the Bond Ordinance and the Bond Notification.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Bond Registrar has caused this certificate to be executed and attested in its name all this 3rd day of September, 2015.

U.S. BANK NATIONAL ASSOCIATION
Indianapolis, Indiana

By: _____
Its Trust Officer

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. Speer is the financial advisor to the City of Decatur, Macon County, Illinois (the *"City"*), in connection with the issuance of $23,305,000 General Obligation Bonds, Series 2015, dated September 3, 2015 (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 $24,215,164.50 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 4.0%. In our opinion, 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. 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 in *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 3rd day of September, 2015.

SPEER FINANCIAL, INC.
Chicago, Illinois

By: Daniel Dorbes

Title: Vice President

EXHIBIT A

COSTS OF ISSUANCE

Bond Counsel and Underwriter's Counsel	Chapman and Cutler LLP	$ 67,500.00
Bond Registrar and Paying Agent	U.S. Bank National Association	625.00
Financial Advisor	Speer Financial, Inc.	23,305.00
Rating Agency	Moody's	35,125.00
Bond Insurer	Assured Guaranty Municipal	84,769.99
POS/OS Printing	Wold Printing	1,325.00
Miscellaneous	Rounding Amount	2,514.51
		$215,164.50

CITY OF DECATUR ILLINOIS

#1 GARY K. ANDERSON PLAZA DECATUR, ILLINOIS 62523-1196

September 3, 2015

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 $23,305,000 General Obligation Bonds, Series 2015 (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:

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 August 17, 2015, the City adopted an ordinance entitled:

AN ORDINANCE providing for the issuance of not to exceed $30,000,000 General Obligation Bonds, Series 2015, of the City of Decatur, Macon County, Illinois, to finance the expansion of the City's water supply by the dredging of Lake Decatur, authorizing designated officials to sell said bonds by the execution of a notification of sale, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds and authorizing the sale of said bonds to Raymond James & Associates, Inc.

as supplemented by a Notification of Sale, dated August 20, 2015 (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 of the City 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 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 Project (as defined in the Bond Ordinance), 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 $23,305,000 General Obligation Bonds, Series 2015 (the *"Bonds"*). The Bonds are being issued pursuant to an ordinance adopted by the Council of the City on the 17th day of August, 2015 (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 August 20, 2015, 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: September 3, 2015

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). 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)
2016	UF2
2017	UG0
2018	UH8
2019	UJ4
2020	UK1
2021	UL9
2022	UM7
2023	UN5
2024	UP0
2025	UQ8
2026	UR6
2027	US4
2028	UT2
2029	UU9
2030	UV7
2031 (4.00%)	UW5
2031 (5.00%)	VB0
2032	UX3
2033	UY1
2034	UZ8
2035	VA2

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---Eligibility; 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.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

Very truly yours,

City of Decatur, Macon County, Illinois
(Issuer)

By: Paul Osborne
(Authorized Officer's Signature)

Paul Osborne, Mayor
(Print Name)

One Gary K. Anderson Plaza
(Street Address)

Decatur, Illinois USA 62523
(City) (State) (Country) (Zip Code)

(217) 424-2702
(Phone Number)

(E-mail Address)

DTCC

The Depository Trust & Clearing Corporation

1651030

[2/02]

SCHEDULE A

(To Blanket Issuer 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 2 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, GSCC, MBSCC, 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.dtcc.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 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 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 to 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 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], 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.

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Decatur, Macon County, Illinois

BONDS: $23,305,000 in aggregate principal amount of General Obligation Bonds, Series 2015

Policy No.: 217106-N

Effective Date: September 3, 2015

Premium: $84,769.99

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

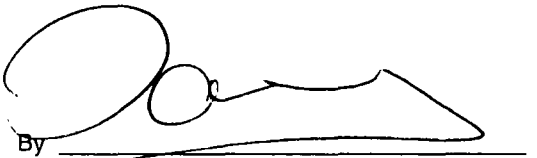
AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.



By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019

(212) 974-0100

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
reference no : 1409167

August 21, 2015

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: ***$23,305,000 City of Decatur, Macon County, Illinois, General Obligation Bonds, Series 2015, dated: Date of Delivery, due: March 1, 2016-2035, (POLICY #217106-N)***

Dear Mr. Bauerfeld:

Standard & Poor's Ratings Services ("Ratings Services") has assigned an insured rating of "AA" on the above obligations, based on the policy provided by your company.

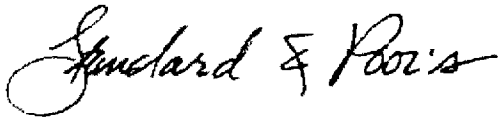
We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of Ratings Services are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services 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 Ratings Services 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, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services 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.

Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's 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.

Ratings Services 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 Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

sp
enclosure
cc: Mr. Christopher Chafizadeh, Managing Director
Assured Guaranty Municipal Corp.

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services 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 Ratings Services 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, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services 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 Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services 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. Ratings Services 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. Ratings Services 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 Ratings Services or its affiliates, Ratings Services 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 Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services 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. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services 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 Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services 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 Ratings Services 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."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services 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. Rating Services 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. Ratings Services 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. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, 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.

September 3, 2015

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 Bonds, Series 2015 (the *"Bonds"*), to the amount of $23,305,000, dated September 3, 2015, due serially on March 1 of the years and in the amounts and bearing interest as follows:

2016	$ 790,000	3.000%
2017	815,000	3.000%
2018	840,000	3.000%
2019	865,000	3.000%
2020	900,000	4.000%
2021	935,000	4.000%
2022	970,000	3.000%
2023	995,000	3.000%
2024	1,030,000	3.000%
2025	1,070,000	5.000%
2026	1,125,000	5.000%
2027	1,185,000	5.000%
2028	1,245,000	5.000%
2029	1,305,000	5.000%
2030	1,375,000	5.000%
2031	210,000	4.000%
2031	1,235,000	5.000%
2032	1,510,000	4.000%
2033	1,570,000	4.000%
2034	1,635,000	4.000%
2035	1,700,000	4.125%

the Bonds due on or after March 1, 2025, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar) September 1, 2024, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, 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, 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.

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

Chapman and Cutler LLP

Chapman and Cutler LLP
Attorneys at Law · Focused on Finance®

September 3, 2015

Assured Guaranty Municipal Corp.
New York, New York

Re: City of Decatur, Macon County, Illinois (the *"City"*)
$23,305,000 General Obligation Bonds, Series 2015
(the *"Bonds"*)

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 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,

Chapman and Cutler LLP

September 3, 2015

Raymond James & Associates, Inc.
Chicago, Illinois

Re: City of Decatur, Macon County, Illinois
General Obligation Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel to you in connection with your purchase of $23,305,000 aggregate principal amount of General Obligation Bonds, Series 2015 (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 Bond Purchase Agreement dated as of August 20, 2015 (the *"Purchase Contract"*).

Capitalized terms used herein without definition shall have the meanings specified in the Purchase Contract.

We have rendered legal advice and assistance to you as to the requirements of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the *"Rule"*), in connection with your review, for purposes of the Rule, of the Continuing Disclosure Agreement, dated as of September 3, 2015 (the *"Undertaking"*) of the Issuer. Based upon our examination of the Undertaking, the Rule and such other documents and matters of law as we have considered necessary, we are of the opinion that, under existing law, the Undertaking complies in all material respects with the applicable requirements of the Rule; *provided, however,* no view is expressed regarding the items comprising Annual Financial Information (as defined in the Undertaking).

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 referred to below, 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 Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended.

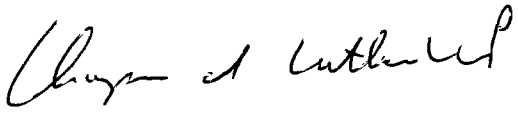
Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to

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

This opinion is furnished by us as counsel to the Underwriter and is solely for the benefit of the Underwriter. 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.

Respectfully submitted,

KWHarding



September 3, 2015

Raymond James & Associates, Inc.
Chicago, Illinois

Re: City of Decatur, Macon County, Illinois
General Obligation Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel to you in connection with your purchase of $23,305,000 aggregate principal amount of General Obligation Bonds, Series 2015 (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 Bond Purchase Agreement dated as of August 20, 2015 (the *"Purchase Contract"*) between the Issuer and Raymond James & Associates, Inc., Chicago, Illinois (the *"Underwriter"*). Capitalized terms used herein without definition shall have the meanings specified in the Purchase Contract.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement with respect to the Bonds dated August 20, 2015 (the *"Official Statement"*) and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain records, reports, documents, opinions and certificates of officers of the Issuer and other appropriate persons. 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.

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 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 Underwriter's counsel 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 Assured Guaranty Municipal Corp. or its bond insurance policy, (iv) the financial statements or other financial, operating, statistical, numerical or accounting data contained therein, and (v) the information describing the opinion of Chapman and Cutler LLP, Chicago, Illinois (*"Bond Counsel"*) in "TAX EXEMPTION" and the form of opinion of Bond Counsel in Appendix B to the Official Statement 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 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.

Respectfully submitted,

KWHarding

Chapman and Cutler LLP