Tuesday, August 6, 2019
6:30 PM
City Council Chamber

CITY COUNCIL AGENDA

I. Call to Order

1. Roll Call
2. Pledge of Allegiance

II. Study Session: Study Sessions are less formal meetings of the City Council called to discuss broad policy themes and obtain input from the governing body about proposals and initiatives that are still being developed. No formal votes are taken at Study Sessions, and no informal directions expressed at Study Sessions bind the City Council, or its individual members, to vote in a certain manner at a future City Council meeting. The Mayor will accept public comments at different times on the agenda topics below as council and staff discussions proceed. Members of the public should limit their remarks to three (3) minutes, unless granted additional time by the council.

FINANCIAL PLANNING

1. Budget Processes
   a. Transition to Budget Ordinance System
   b. Other Changes to Budget Presentation
   c. Proposed Budget Review Calendar
   d. Incorporation of Capital Plans into the 2020 Budget
2. Key Revenue and Expenditure Trends
3. Budget/Finance-Related City Council Directions
   a. Retreat and Other Council Goals/Objectives
   b. Measurable Performance Outcomes
4. Managing Current and Future Public Safety Pension Obligations
5. External Subsidies
6. Taxation and Revenue Policy Decisions
   a. Property Taxes
   b. Utility Taxes
   c. Special Category Taxes/Fees

III. Adjournment

SUBJECT: FINANCIAL PLANNING

ATTACHMENTS:

Description	Type
Memo	Cover Memo
Supporting Documents	Backup Material

DATE: August 2, 2019

TO: Mayor & City Council

FROM: Scot Wrighton, City Manager

RE: August 6 Council Study Session

The focus of next week's study session is to conduct a mid-year financial review, and to begin discussing some of the key financial planning policy decisions that will ultimately lead to adoption of the FY 2020 budget, tax levy, pension policies, updated capital plans and other finance-related issues. I have organized the study session as follows:

A. New Budget Presentation Processes & Budget Calendar
B. Key Revenue & Expenditure Trends
C. Budget/Finance-Related City Council Directions
D. Managing Current & Future Public Safety Pension Obligations
E. External Subsidies & External Agency Support
F. Policy Decisions related to Taxation & Revenue

NEW BUDGET PRESENTATION PROCESSES & BUDGET CALENDAR

It is recommended that the City Council make several revisions from the manner in which previous municipal budgets were presented, reviewed, adopted and managed in the past.

First, it is recommended that the City Council adopt, later this year, an ordinance implementing the Budget Ordinance procedure envisioned in the Illinois Municipal Code. In the past, the city has used an antiquated procedure referred to as Appropriation Ordinance. The appropriation ordinance process requires that the city adopt an ordinance no later than the end of the first quarter of the new fiscal period "appropriating" funds to be expended for public purposes. The authorization to spend funds is not fully complete until approval of the Appropriations Ordinance, even though it has been adopted in Decatur after the start of a new fiscal year. It is antiquated because when the city used a May 1st fiscal period, corresponding with municipal elections, it (theoretically) allowed newly elected officials to revise the budget after taking office. The advent of modern budgeting and financing of local governments, and the transition to a January 1st fiscal year, has given rise to an alternative budget process. It was folded into state law many years ago. The Budget Ordinance process requires the City Council to adopt an approved and balanced budget prior to the end of the previous fiscal year. It also allows the City Council to amend the budget from time-to-time, and during the course of the fiscal period, when the governing body believes it is necessary. It also names the city manager to serve as the city's "budget officer", and the manager is required to present a balanced budget to the council for their consideration and possible amendment (which is what the city of Decatur does anyway). It also requires that the budget be developed, adopted and amended in accordance with City Council-approved policies and procedures (the city needs to strengthen its budget policies anyway). A sample of a City Council budget policy is included in the back-up documentation.

Second, it is recommended that more narrative, and more detailed explanation of proposed revenues and expenditures, be included in the budget. In addition to the pages of numbers traditionally included in the budget in the past, I propose to insert departmental and activity area narratives describing the principal service delivery functions of each department or activity area, a summary of current and proposed staffing, a list of key highlights and major changes in each department or activity area, and a listing of measureable performance outcomes. And I propose to add selected line-item details especially where there are major variances from the previous year. This will focus council's review on the major areas of change in the budget, help explain the city's revenue and expenditure plans to the public and other external parties, provide valuable reminders for staff during the course of the fiscal year about what the City Council has authorized and directed, and generally improve transparency in budgeting. A copy of a sample department narrative and selected line-item descriptions are both included in the back-up documentation.

Third, it is recommended that the City Council review the proposed budget schedule, included in the back-up documentation. This schedule is not significantly different than schedules used in previous years EXCEPT it eliminates small group reviews of the budget by the council, to be replaced by two or three study sessions (as needed) by the entire council to walk through the recommended budget.

Fourth, it is recommended that abbreviated summaries of capital improvement plans for road, water, sewer, large rolling stock, building improvements and other large capital items be added to the budget and linked to the line-items that will fund each capital project. No capital improvement plans are included in the back-up documentation for the August 6 study session.

KEY REVENUE & EXPENDITURE TRENDS

During this segment of the study session, we will review the major revenue and expenditure trends in both the General Fund and other major funds. The summary of these trends is mixed. Some revenue categories show growth and strength, others are weaker, and some are declining. In the aggregate, this mix strongly suggests that the city needs to continue to "tighten its belt" wherever possible, look for opportunities to adopt efficiencies and explore new revenue possibilities.

GENERAL CITY COUNCIL DIRECTION & OUTCOMES MEASUREMENT

The summary of the June 21 City Council retreat and companion "revitalization roadmap" is not yet complete. But I have attached a summary of the key elements of each, along with an annotated version of the 2016 council goals statement. These documents set forth the Council's broad direction moving forward. To the fullest extent possible, the budget should reflect the goals, objectives, plans and strategies of the governing body. Also attached are proposed performance outcome measures developed by staff in every department to quantifiably measure progress and effectiveness of city service delivery in the years ahead. As staff begins to measure and track these outcomes they can and should be used to make budget decisions.

MANAGING CURRENT & FUTURE PUBLIC SAFETY PENSION OBLIGATIONS

The city of Decatur's required funding for police pensions went from $2,945,533 in 2009 to $4,732,230 in 2018—an increase of 61%. The city of Decatur's required funding for fire pensions went from $2,969,369 in 2009 to $5,632,884 in 2018—an increase of 90%. The city's public safety pension costs are expected to increase at a similar rate in the future. These costs are consuming a greater percentage of the city budget every year—forcing the city to spend less in every category of General Fund service delivery.

Wilshire Associates, an investment advisory firm, estimates the nationwide total of ***unfunded*** (total expected payouts minus expected assets) state and local government pension obligations at $1.26 TRILLION. Of that amount, about $200 billion is Illinois' ***unfunded*** state and local government pension obligations—or more than 15% of the 50-state national total. Generally, local pensions are better funded than state pensions; of the $200 billion Illinois total, roughly $150 billion is owed to state pensioners, and the remaining $50 billion in unfunded liabilities are owed to Illinois' local pensioners.[1]

People are leaving Illinois at alarming rates, in part because taxes are too high and the State has a comparatively unfriendly business climate. Home abandonment and vacancy rates are now visibly higher in many working class neighborhoods in Decatur as a result. The attached article from Governing magazine (July 2019) argues that homeownership is declining in states like Illinois with high public pension debt because Millennials do not want to take on local governments' retirement liabilities—which in Illinois are between $28,000 and $56,000 per household (among the highest in the nation).[2]

The current State budget deal does nothing to reverse these trends. Every statewide pension system in Illinois is broke, except for the Illinois Municipal Retirement Fund (IMRF). As a result, the State of Illinois is unlikely to give much attention to the 650+ local government police and fire pension systems—many of which are also in poor financial condition. Local police and fire pension systems receive no funding from the

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[1] Greg Hinz, Crain's Chicago Business, April 20, 2017; and Dave McKinney, Reuters, Nov. 16, 2016. Numbers are approximate, as there are different methods for calculating unfunded pension obligations.

[2] The U.S. Government Spending website, Truth In Accounting, LLC, and Illinois Policy (Institute) calculate this household debt differently; but all of their calculations fall into this range.

State, yet the State controls their benefit levels, the rules for early disability pensions, and other pension management issues that bear directly on the extent of pension payments local governments are obligated to pay.

Without radical increases in local property taxes (or other local taxes), these local public safety pension systems likely cannot assure their current and future retirees a reasonable pension under the current system. Where they do not participate in IMRF, public safety officers participating in local pension systems generally do not pay into Social Security (although they pay Medicare). So to make fair comparisons between local public safety employees and non-public safety local employees requires that these costs be considered together. Decatur's mandated pension costs for public safety and non-public safety employees include ***both*** Social Security and Illinois Municipal Retirement Fund (IMRF) payments (but not Medicare).

Decatur's policemen and firemen, past and present, are all honorable men and women who professionally serve their community. No criticism of hard working public servants is intended here. Nevertheless, their pension system is completely broken. Non-public safety public employees contribute more (in the aggregate) into Social Security and IMRF than public safety employees, and receive less in benefits. This is not sustainable. Under the current system, local taxpayers will be required to pay even more in property and other local taxes to meet ever-increasing pension contribution and benefit mandates.

Although Decatur has complied with past mandates to fund its pension obligations as required by law (some cities have not, allowing their political officials to "kick the can down the road" by deferring unfunded obligations to later years when it will be someone else's problem), changes in State law and governmental accounting rules now require a much greater degree of transparency about the scope of the problem. So how did the gap between the costs of servicing local public safety pensions and non-public safety pensions become so large? There are at least 4 reasons:

1. Real long-term interest rates have been declining for decades due to worldwide demographic and economic factors. Permanently low interest rates cause local pension fund deficits because with marginal returns it costs more to honor future pension promises. Nevertheless, State law allows pension actuaries to optimistically calculate expected returns from their pension assets at rates bearing no relation to actual market returns, and local pension boards have few options for obtaining better returns. Proposals to alter the calculation methods will drive up local property taxes, so no reforms of this type have been made.

2. Through collective bargaining, public safety unions have successfully "juiced-up" pension benefits by adding other forms of compensation to the pensionable base (like longevity pay, higher education stipends, etc.). These payroll enhancements distort the principles of actuarial analyses.

3. For decades employee special interest groups have lobbied the State legislature for benefit increases (e.g., full retirement pensions at age 50, larger spousal benefits, automatic 3% per year increases regardless of inflation, expanded benefits for disability retirees in addition to what employees receive from workers compensation settlements, etc.). So the goal line for proper pension funding is constantly moving, and public pension benefits in Illinois have come to exceed those provided in the private sector. The State legislature has been generous in granting increased local public safety pension benefits because ***they do not have to pay for any of them***—they are paid entirely by employees and local governments who have no say in the burgeoning benefit changes they must fund. Most Fortune 100 companies addressed this problem by converting their retirement systems to defined contribution plans, and freezing or slowing benefit levels going forward.[3] Illinois laws do not permit such changes to police and fire pensions, so the gross disparity between public and private pensions continues to grow.

4. Fire and Police pension funds are managed inefficiently. There are 650+ separate fire and police pension funds operating in Illinois (two of them in Decatur). By comparison, one agency administers all non-public safety local employee pensions for all Illinois cities and counties outside of Chicago. Their prudent and consolidated management has made IMRF one of the ten best-funded public employee retirement systems in the country (reflected in IMRF's lower costs, above). The 650+ local fire and police pension funds do not benefit from this kind of efficiency. Their comparative inefficiency adds to the costs of pension administration and can limit investment returns because large amounts of pension assets cannot be 'bundled.'

Illinois is headed for a fiscal cliff caused chiefly by its growing pension obligations, which are the highest in the nation. Some cities are closer to the edge of the precipice than others; but no city should wait to act until insolvency is banging at the door. No one disputes that public safety employees are entitled to a fair and reasonable pension for their years of service. The best way to responsibly meet these obligations is to address structural reforms now. Until the State acts, local governments are limited to trying to contain the amount of the pensionable base, and reducing the number of people who enter public safety positions in the first place. Additionally, it is recommended that the city participate more directly in

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[3] Matthew Rocco, Fox Business, June 27, 2017.

efforts to convince a reluctant State legislature to combine Downstate fire and police pension so that can achieve better returns, just as IMRF is currently able to do.

EXTERNAL SUBSIDIES

The back-up documentation includes a listing of external funding and agency support provided in the past by the Decatur budget, and which staff assumes the City Council will want to continue in the future.

TAXATION & REVENUE POLICY DECISIONS

Most of the revenue and expenditure decisions will be made by the City Council as a part of their budget study sessions later in the year—when they can properly be considered as part of an overall balanced budget proposal (i.e., when they can consider budget 'trade-offs'). However, a few of the revenue categories warrant special attention ahead of compilation of the City Manager's Recommended Budget.

First, what should be the city's property tax strategy? The back-up documentation includes a comparison of all-jurisdiction Decatur property taxes compared to those of the four municipalities that physically adjoin the city of Decatur. While the city's property taxes are between 15% and 17% of the total tax levy (Statewide municipal governments levy about 20% of the local property tax, according to the IML), the levies of adjoining municipalities are even lower. The total property tax rate exceeds 10 only in Decatur—but this is NOT caused by the city of Decatur's property tax levy. It is primarily the product of too many overlapping taxing jurisdictions in the first place (e.g., Park District and Sanitary District levies are not assessed countywide). The back-up documentation presents three different tax levy strategies for the City Council to consider: one based on a flat dollar amount, one based on a projected level rate for an individual taxpayer that incorporates changes to equalized assessed value and annexation, and one that incorporates a modest increase in the overall rate. Each option is detailed in the back-up documentation.

Second, it is recommended that the utility tax, set to expire at the end of 2019, be renewed *AT THE CURRENT RATE.* The City Council has the authority to increase the tax rate, but at this time staff believes it is possible to achieve a balanced budget without a rate increase. We do not believe it is possible to achieve a balanced budget if the tax is not renewed.

Third, council members may wish to provide additional direction concerning revenue from, and regulations regarding, video gaming machines. The city controls the number of video gaming sites, but it does not control the number of video gaming machines. The city controls the municipal fee for the privilege of having the machines, but it does not control the calculation of net terminal income. See attached back-up documentation.

1-A

City of Decatur
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

Subject: Budget Policy		**Number** x-xxx
Effective Date October 1, 2019	**Revision** 0	Page 1 of 1

1.0 POLICY STATEMENT: This policy is established in compliance with 65 ILCS 5/ Illinois Municipal Code and defines the procedures to be used in the preparation of the annual budget of the City and the administration of the budget during the fiscal period.

1.1 In compliance with 65 ILCS 5/8-2-9.1, the City has adopted such section and will operate as a budget city, with annual budget presentation to and adoption by the City Council before the end of the fiscal year preceding the budget fiscal year period.

1.2 The annual budget will be presented to the City Council in Ordinance form, for approval and adoption.

1.3 City Council approval of the annual budget will serve as appropriation authority and authorize spending in accordance with the adopted budget.

2.0 PROCEDURES:

2.1 Budget Officer

The City Manager is hereby designated as the Budget Officer of the City.

2.2 Budget Officer Responsibilities

The Budget Officer is responsible to prepare the annual budget of the City and present the annual budget to the City Council for approval and adoption before December 1, in the year preceding the fiscal year budget.

The Budget Officer will work with the City Council to define and establish City Council goals and objectives prior to the preparation of the annual budget.

The Budget Officer will prepare the annual budget in accordance with defined goals and objectives as defined by the City Council.

The Budget Officer will present the annual budget to the City Council in sufficient detail defining Departmental and Fund goals and objectives, line item expenditures, and performance metrics for the same.

The Budget Officer will affect Council Study Sessions, as required, for City Council discussion and review of the budget, and to allow public discussion.

The Budget Officer will, 1) make the budget conveniently available for public inspection at least ten (10) days prior to the occurrence of at least one public hearing on the proposed budget ordinance, with notice of such public hearing published in one or more newspapers published in the municipality at least ten (10) days before the time of the public hearing, and 2) the annual budget appropriation ordinance may be adopted at the same meeting at which the public hearing is held or at any time after such public hearing.

2.3 Budget Officer Authority

The Budget Officer shall have the authority to affect expenditures in support of operations as defined in the annual budget as approved and adopted by the City Council.

The Budget Officer is required to request Ordinance approval of the City Council for expenditures not contemplated in the annual budget, prior to commitment to expend.

The Budget Officer shall have the authority to approve expenditures, if budget monies are available in the Council adopted budget, without Council approval, up to an expenditure level of $50,000.

Expenditures in excess of $50,000 will require the Budget Officer to request City Council approval of such expenditure in Resolution format.

3.0 RESPONSIBILITY: The City Manager is responsible for the administration of this policy, under the approval authority of the City Council.

3.1 This policy is subject to change at the authority of the City Council.

Approval:

Julie Moore Wolfe	Scot Wrighton
Mayor	City Manager

1-B

FIRE DEPARTMENT – GENERAL FUND

Program Description: The fire department's main activities are focused on public safety. They are funded through the General Fund. The Fire Department generates a small amount of revenue through false alarm charges and illegal burn citations. The revenue from those two sources is deposited in the General Fund. The department also receives some training reimbursement from the Mutual Aid Box Alarm System (MABAS) and the State of Illinois Office of the State Fire Marshal. The department is overwhelmingly a general tax supported municipal service.

Staffing: The Decatur Fire Department employs 110 firefighters and 1 civilian. The department's services include firefighting, Emergency Medical Service (EMS) at the Basic and Intermediate level, fire prevention, Hazardous Materials mitigation, Technical Rescue services, SCUBA rescue and community outreach programs.

Budget Highlights: The proposed programs, staffing, equipment and resources levels of the Fire Department in FY 2020 track with those of the previous fiscal year except for the following proposed highlights:

1. A traffic preemption program is being proposed that includes 51 intersections throughout the city. Traffic preemption devices would allow the department to achieve a performance outcome of lowering response times to incidents around the city. The program would be completed in yearly stages and it is recommended that the council begin by approving the funds to install the devices at fifteen (15) targeted intersections.

2. The purchase of one new fire apparatus. The average age of the department's fleet is 11 years. The replacement of the oldest vehicle reduces the fleet's average age to 9 years. Three of the apparatus are 19 years old.

3. It is recommended that the council continue to approve the fire station construction project. The construction of the replacement fire stations 3 & 7 should begin in FY2020.

Performance Outcomes: The use of quantifiable performance outcomes is being added to the budget because approval of the annual budget is an important mechanism for effecting change in service outcomes. Performance outcomes in part by the Fire Department's discretionary and differing management and service delivery decisions/actions include:

1) The number and percentage of fires contained to the room of origin and the structure of origin.

1-B

2) The percentage of time the initial responding unit arrives within 6 minutes of an emergency call. (Dispatch time + Turnout time + drive time) The target is 90% of all emergency calls answered within this time parameter.

3) The total dollar loss due to intentionally set fires as a percentage of the EAV year over year.

4) The total number of fires in structures set intentionally year over year.

5) The number and cost of employee on-the-job injuries.

6) Reduction in the number of non-emergency calls the department answers year over year.

7) Total property dollar amount saved as a % of the EAV year over year.

1-C

City of Decatur, Illinois
2020 Budget
Schedule of Events (Draft)

Date	Event	Comment
Jul 29	*Fleet budget due to finance*	*Public works responsible*
Aug 1	*Support budgets prepared by finance*	*Risk, Benefits, Fixed allocations, Debt*
Aug 1	*Instructions / Guidelines to Staff*	*Finance responsible*
Aug 1 to Aug 23	*Budget preparation by Staff*	
Aug 23	*General fund budget due to finance*	*Staff responsible*
Aug 23	*Water fund budgets due to finance*	*Public Works responsible*
Aug 30	*All remaining fund budgets due to finance*	*Staff responsible*
Sep 20	*Budget consolidation available*	*Finance responsible*
Sep 23 to Oct 4	*City Manager budget reviews*	
Oct 14	*Study session 2020 budget*	
Oct 21	*Unveil tax levy estimate to council*	*Must be at least 20 days prior to adoption and used to determine if Truth in Taxation Notice is required*
Oct 28	*Study session 2020 budget*	
Nov 4	*Public hearing on 2019 tax levy*	*Publish Oct 27 if Truth in Taxation Notice required; historically preferred even if not required*
Nov 18	*Council adopts 2019 tax levy*	*If 2nd notice required, publish prior*
Nov 18	*Public hearing on 2020 budget*	*Publication of budget online Nov 8 or sooner. Publish notice Nov 10*
Dec 2	*Council adoption of 2020 budget*	

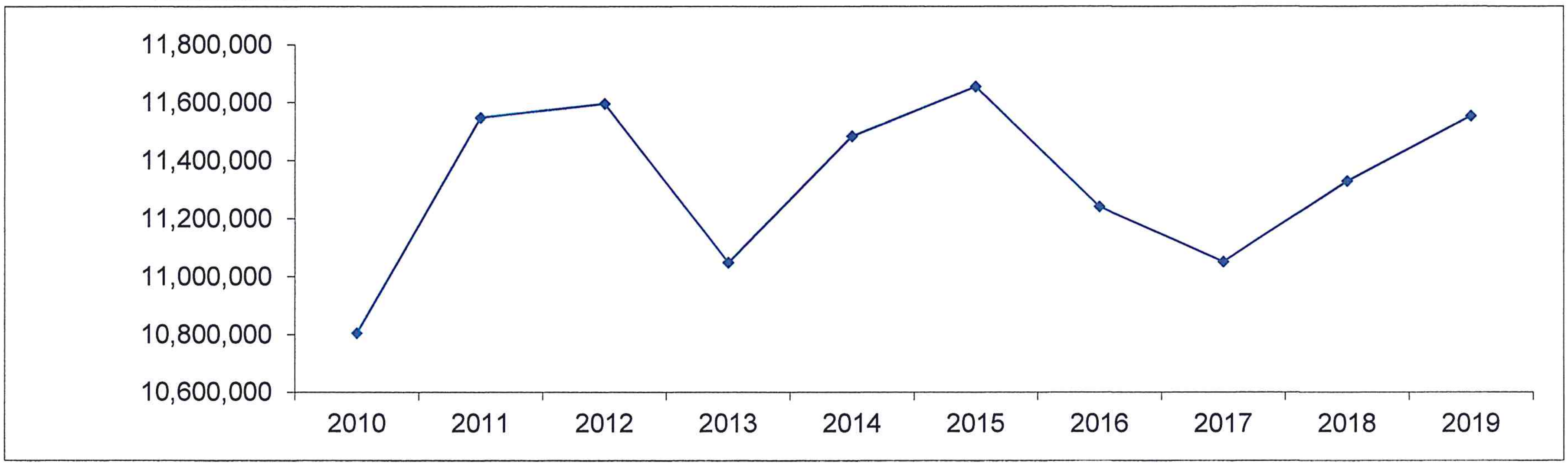
Prepared by: *Office of the City Treasurer*
Date: *July 8, 2019*

City of Decatur, Illinois
Key Revenue Trends

Revenue Item	2017 actual	2018 actual	2019 projected
State sales tax $	11,052,132	11,328,832	11,553,862
% change vs PY	-1.7%	2.5%	2.0%
Local sales tax $	9,950,270	10,024,104	10,292,053
% change vs PY	-1.1%	0.7%	2.7%
State income tax $	7,843,458	7,298,905	8,167,218
% change vs PY	5.0%	-6.9%	11.9%
PPRT tax $	1,397,658	1,268,855	1,403,553
% change vs PY	4.8%	-9.2%	10.6%
Local use tax $	1,922,796	2,130,355	2,494,417
% change vs PY	-1.0%	10.8%	17.1%
Food Beverage tax $	3,223,082	3,282,137	3,370,525
% change vs PY		1.8%	2.7%
Hotel use tax $	797,500	925,034	832,235
% change vs PY		16.0%	-10.0%
Local motor fuel tax $	1,818,235	1,806,397	1,911,599
% change vs PY		-0.7%	5.8%
State motor fuel tax $	1,953,992	1,951,262	1,901,182
% change vs PY		-0.1%	-2.5%
Video gaming tax $	1,273,944	1,431,687	1,568,559
% change vs PY		12.3%	9.6%

STATE SALES TAX

MONTH	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019	
JANUARY	832,060	916,053	939,211	918,325	938,684	963,009	946,811	902,833	882,653	984,872	A
FEBRUARY	882,512	1,104,610	935,641	880,247	914,587	941,678	904,631	899,838	917,921	935,303	A
MARCH	1,042,881	1,140,844	1,158,700	1,076,758	1,106,071	1,120,789	1,119,498	1,107,270	1,088,364	1,093,971	A
APRIL	771,162	844,138	871,624	856,724	825,291	857,417	824,458	789,769	840,607	801,923	A
MAY	845,828	851,665	986,897	884,323	868,465	877,404	867,538	837,972	819,180	845,440	A
JUNE	902,403	941,869	1,021,804	954,864	974,156	978,888	940,736	957,693	978,292	975,295	A
JULY	878,430	966,695	918,786	922,915	935,127	944,686	887,325	906,452	942,693	961,419	B
AUGUST	932,682	942,384	991,930	796,714	1,028,409	992,900	943,818	935,012	1,010,708	1,030,784	B
SEPTEMBER	956,479	976,252	951,845	948,422	979,712	1,006,626	994,684	953,644	978,357	997,791	B
OCTOBER	911,376	942,225	911,934	925,873	981,740	991,641	933,239	891,372	943,494	962,236	B
NOVEMBER	958,698	955,438	1,001,513	964,174	961,614	1,003,087	962,595	934,414	991,142	1,010,830	B
DECEMBER	890,326	965,215	906,055	919,141	969,684	976,633	916,175	935,863	935,419	954,000	B
TOTALS	**10,804,838**	**11,547,387**	**11,595,938**	**11,048,482**	**11,483,540**	**11,654,760**	**11,241,506**	**11,052,132**	**11,328,832**	**11,553,862**	
% Change		6.9%	0.4%	-4.7%	3.9%	1.5%	-3.5%	-1.7%	2.5%	2.0%	



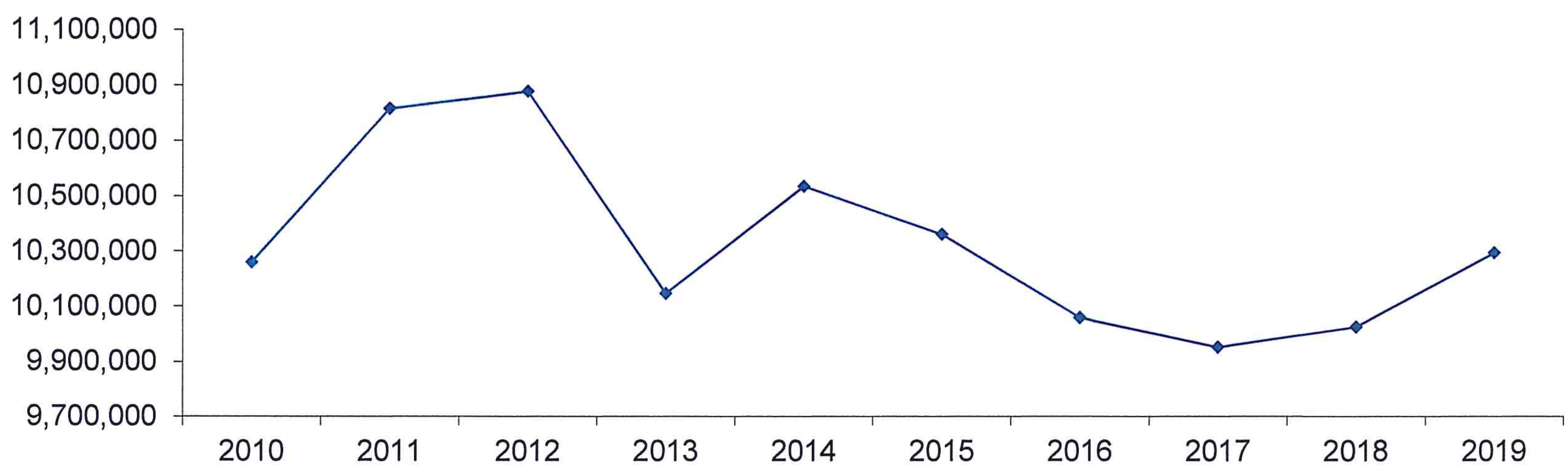
Funds split in General, Southeast TIF, Eastgate TIF, Pines TIF and Grand/Oakland TIF funds

2

SHADED AREA INDICATES MOST RECENT ACTUAL

LOCAL SALES TAX

MONTH	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
JANUARY	805,816	841,530	914,456	861,196	887,481	889,089	848,993	818,066	807,770	892,334	A
FEBRUARY	857,826	880,959	911,162	880,506	862,759	863,243	833,995	838,995	837,288	864,722	A
MARCH	1,020,668	1,105,939	1,088,443	1,012,286	1,022,997	1,000,115	1,036,321	995,383	959,353	963,236	A
APRIL	701,269	767,991	758,516	773,089	739,227	739,805	703,472	702,734	712,309	698,869	A
MAY	757,147	761,238	929,937	775,938	779,506	764,685	744,767	729,878	716,975	739,341	A
JUNE	847,234	863,436	942,726	853,033	865,335	832,374	840,488	855,602	852,317	858,115	A
JULY	859,117	925,802	864,230	846,702	864,489	833,551	791,839	814,658	807,532	829,118	B
AUGUST	868,171	959,067	927,747	619,512	957,423	906,467	867,107	877,154	909,719	934,037	B
SEPTEMBER	875,938	950,587	899,635	901,318	916,077	911,765	904,129	852,928	890,655	914,462	B
OCTOBER	871,193	898,365	838,868	860,182	882,079	875,986	822,711	779,788	836,215	858,567	B
NOVEMBER	930,915	916,686	902,358	897,029	884,609	882,605	854,078	835,747	866,834	890,005	B
DECEMBER	862,884	942,430	898,532	864,499	872,277	860,119	810,233	849,336	827,137	849,247	B
TOTALS	**10,258,179**	**10,814,030**	**10,876,609**	**10,145,292**	**10,534,258**	**10,359,805**	**10,058,133**	**9,950,270**	**10,024,104**	**10,292,053**	
% Change		5.4%	0.6%	-6.7%	3.8%	-1.7%	-2.9%	-1.1%	0.7%	2.7%	



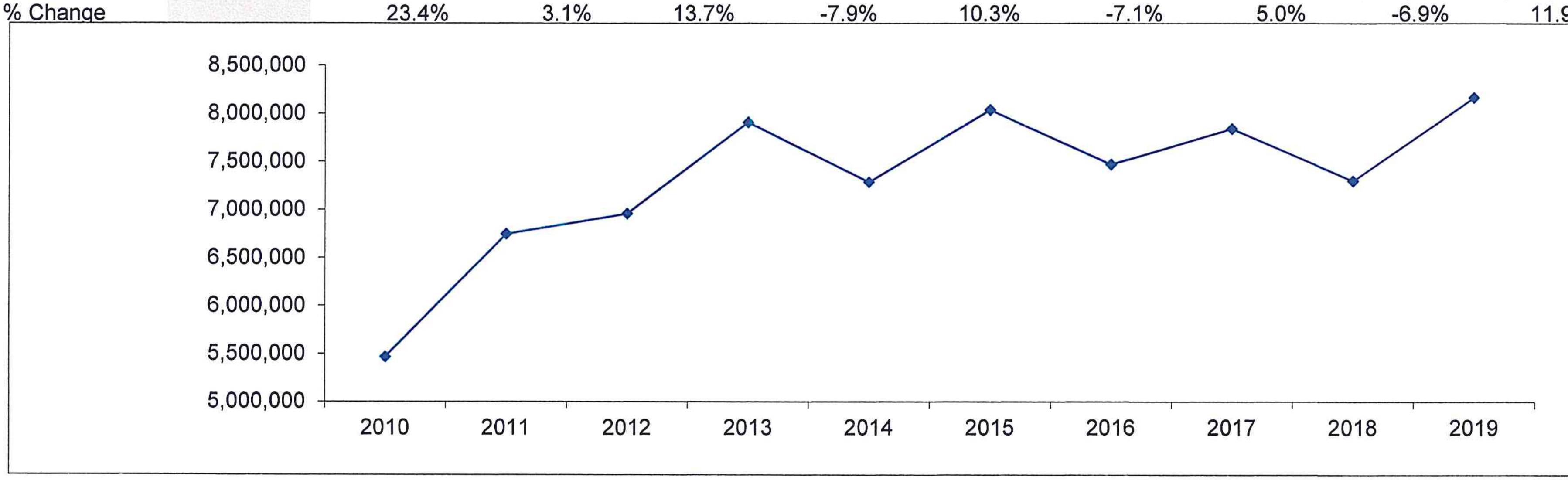
Funds split in General, Southeast TIF, Eastgate TIF, Pines TIF and Grand & Oakland TIF funds.

State imposed 2% administrative fee for SFY18 began with September 2017 distribution; decreased to 1.5% for SFY19 and continued at 1.5% for SFY20.

2

STATE INCOME TAX

MONTH	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019	
JANUARY	580,540	805,061	761,050	632,905	850,845	852,700	912,628	851,716	578,461	631,574	A
FEBRUARY	0	1,038,247	0	478,227	0	0	0	0	837,319	759,834	A
MARCH	437,402	493,074	619,124	394,663	699,395	620,094	751,474	1,411,585	420,941	457,518	A
APRIL	343,824	562,140	394,295	1,333,938	742,236	925,184	822,346	0	646,373	734,870	A
MAY	0	0	1,187,505	404,944	423,934	403,609	476,082	396,235	1,044,019	1,528,635	A
JUNE	604,370	694,679	424,269	703,157	741,339	824,784	1,774,951	764,129	482,298	477,387	A
JULY	1,036,869	942,538	658,753	1,298,806	1,150,541	1,364,531	0	1,547,903	652,113	709,188	B
AUGUST	618,324	761,549	956,491	441,258	428,542	566,667	496,310	698,009	478,694	520,590	B
SEPTEMBER	1,240,367	454,403	502,880	675,812	709,251	1,263,519	1,120,799	727,037	476,186	517,863	B
OCTOBER	0	0	645,769	419,882	818,347	0	0	599,068	726,093	789,643	B
NOVEMBER	0	588,653	405,227	409,627	0	441,918	450,551	450,852	522,953	568,724	B
DECEMBER	606,245	404,975	401,952	714,661	721,926	776,691	665,793	396,923	433,456	471,393	B
	10 ct-5 mo delay	13 ct-4 mo delay	13 ct-3 mo delay	13 ct-2 mo delay	12 ct-2 mo delay	12 ct-2 mo delay	12 ct-2 mo delay	14 ct-no delay			
TOTALS	**5,467,941**	**6,745,318**	**6,957,316**	**7,907,881**	**7,286,357**	**8,039,696**	**7,470,934**	**7,843,458**	**7,298,905**	**8,167,218**	
% Change		23.4%	3.1%	13.7%	-7.9%	10.3%	-7.1%	5.0%	-6.9%	11.9%	



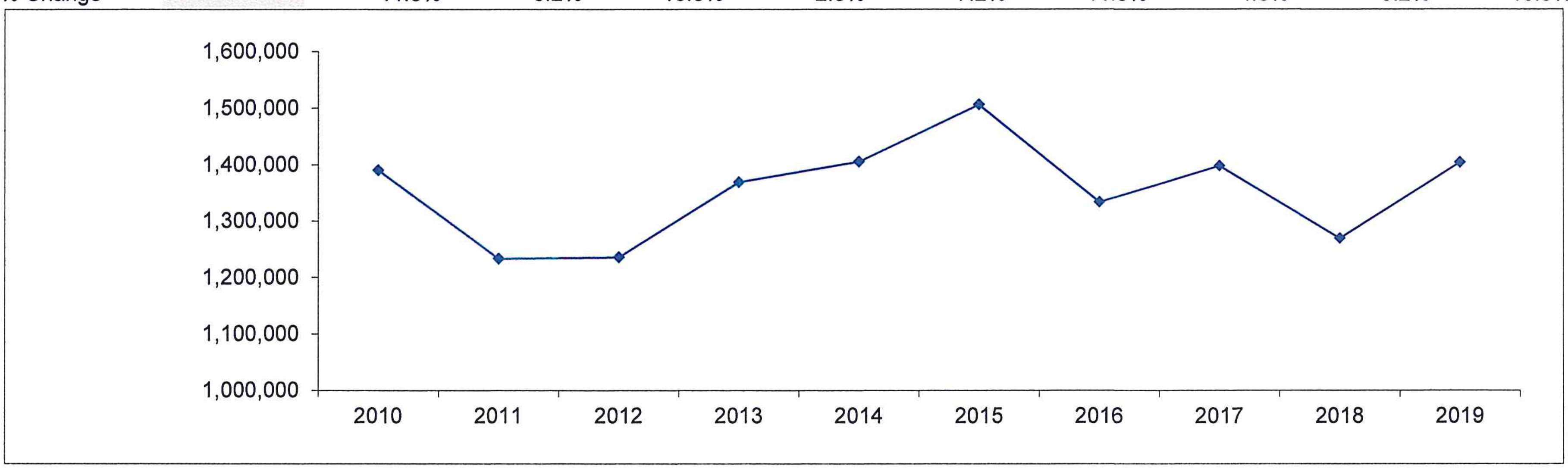
State's 10% reduction for SFY18 began with August 2017 distribution; reduction of 5% for SFY19; retained 5% reduction for SFY20.

2

SHADED AREA INDICATES MOST RECENT ACTUAL

PERSONAL PROPERTY REPLACEMENT TAX

MONTH	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
JANUARY	162,537	134,079	180,082	185,383	233,315	202,878	195,051	217,463	143,616	153,006	A
FEBRUARY	1,947	7,154	1,565	1,605	2,024	717	0	0	0	0	A
MARCH	68,150	78,877	61,281	62,898	80,778	70,137	83,788	147,880	132,622	67,368	A
APRIL	232,641	262,367	276,320	303,821	309,261	364,335	271,921	352,780	260,085	301,619	A
MAY	163,009	188,640	187,031	265,561	227,806	293,618	219,695	227,189	269,213	365,884	A
JUNE	0	3,923	5,417	937	0	2,501	12,343	0	0	3,173	A
JULY	165,572	176,542	238,582	260,211	229,514	238,695	239,680	239,384	206,222	228,113	B
AUGUST	21,743	43,808	28,828	29,295	24,688	32,169	27,902	10,712	20,842	23,055	B
SEPTEMBER	486	381	3,931	0	6,877	2,356	4,554	0	0	0	B
OCTOBER	316,230	292,298	181,562	188,719	227,489	239,950	218,004	160,071	190,221	210,415	B
NOVEMBER	2,750	2,542	1,579	0	0	0	1,876	0	0	0	B
DECEMBER	255,086	42,441	69,220	70,395	63,058	58,604	58,514	42,179	46,033	50,920	B
TOTALS	**1,390,151**	**1,233,053**	**1,235,400**	**1,368,825**	**1,404,809**	**1,505,959**	**1,333,328**	**1,397,658**	**1,268,855**	**1,403,553**	
% Change		-11.3%	0.2%	10.8%	2.6%	7.2%	-11.5%	4.8%	-9.2%	10.6%	

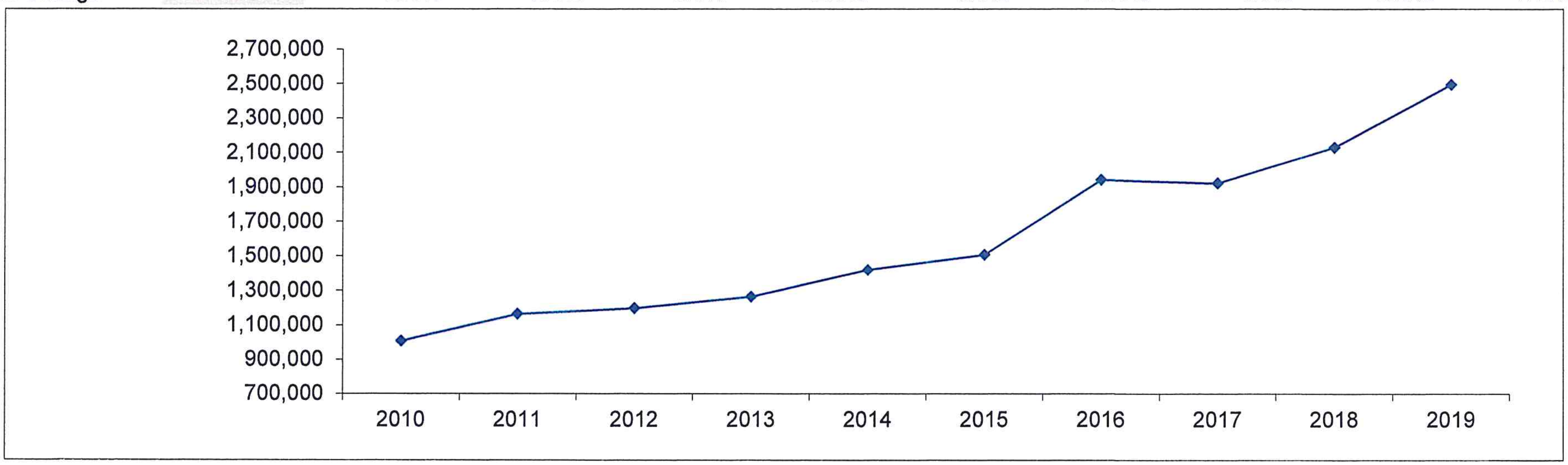


Funds split in General and Library funds

SHADED AREA INDICATES MOST RECENT ACTUAL

LOCAL USE TAX

MONTH	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019	
JANUARY	74,655	118,641	89,854	98,119	115,740	136,569	295,435	159,854	166,257	205,607	A
FEBRUARY	66,683	92,228	90,475	103,364	108,961	129,837	146,086	155,199	192,590	227,498	A
MARCH	114,627	145,191	138,269	147,635	171,437	196,801	208,903	241,170	243,593	275,101	A
APRIL	68,212	88,796	88,358	102,769	90,904	69,628	128,350	139,319	145,000	159,583	A
MAY	54,250	95,460	98,119	76,976	89,241	135,902	130,832	131,114	149,116	183,842	A
JUNE	108,264	98,268	103,364	96,618	117,824	143,287	153,738	170,503	180,080	208,996	A
JULY	82,393	91,809	91,336	106,037	108,621	140,649	149,743	146,418	157,169	184,028	B
AUGUST	78,102	89,450	102,769	93,637	115,406	133,971	145,710	147,521	171,381	200,669	B
SEPTEMBER	100,770	98,836	86,379	124,363	128,816	0	164,340	156,033	183,541	214,907	B
OCTOBER	83,770	79,105	106,791	106,986	109,843	0	130,791	149,381	178,049	208,476	B
NOVEMBER	81,167	94,213	98,487	99,965	118,956	0	142,584	158,864	169,331	198,269	B
DECEMBER	94,304	71,453	102,979	107,849	144,341	419,237	146,571	167,420	194,248	227,444	B
TOTALS	**1,007,197**	**1,163,451**	**1,197,181**	**1,264,318**	**1,420,091**	**1,505,880**	**1,943,083**	**1,922,796**	**2,130,355**	**2,494,417**	
% Change		15.5%	2.9%	5.6%	12.3%	6.0%	29.0%	-1.0%	10.8%	17.1%	



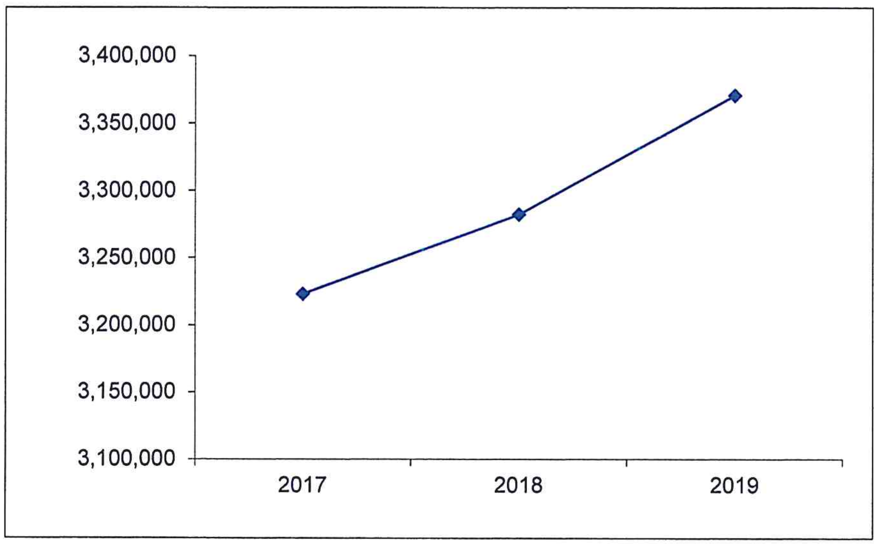
2015 Delays in Distribution of State Use Tax due to State budget.

SHADED AREA INDICATES MOST RECENT ACTUAL

2

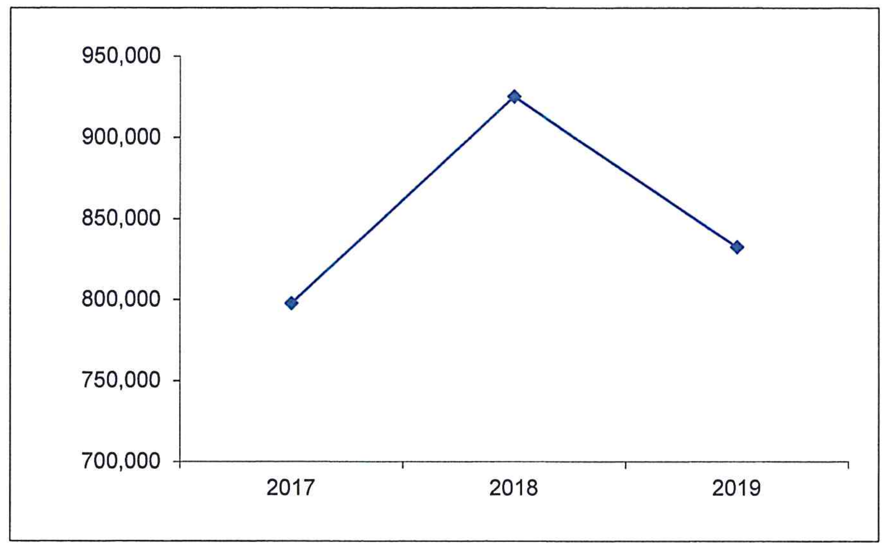
FOOD & BEVERAGE TAX

MONTH	2017 Actual	2018 Actual	2019	
JANUARY	286,400.20	286,060.40	294,706.90	A
FEBRUARY	250,160.28	240,877.75	240,384.13	A
MARCH	243,551.14	238,794.28	252,281.45	A
APRIL	275,567.55	293,459.52	288,754.51	A
MAY	268,821.52	267,164.91	284,579.72	A
JUNE	286,842.30	289,225.82	298,383.41	A
JULY	279,817.29	280,926.34	288,491.65	B
AUGUST	271,403.37	279,641.19	287,171.89	B
SEPTEMBER	281,947.48	291,559.59	299,411.25	B
OCTOBER	266,573.93	263,629.18	270,728.68	B
NOVEMBER	261,202.21	280,238.16	287,784.94	B
DECEMBER	250,794.75	270,560.22	277,846.37	B
TOTALS	**3,223,082.02**	**3,282,137.36**	**3,370,524.91**	
		Current Budget	**3,243,500.00**	
		Projected Amt Over (Under)	**127,024.91**	



HOTEL & MOTEL TAX

MONTH	2017 Actual	2018 Actual	2019	
JANUARY	35,251.30	43,682.49	64,313.97	A
FEBRUARY	36,364.73	52,237.60	61,319.56	A
MARCH	51,466.99	58,641.79	63,485.47	A
APRIL	54,146.46	73,099.04	74,250.77	A
MAY	58,327.36	85,446.49	8,314.95	A
JUNE	84,744.05	87,171.79	79,405.50	A
JULY	72,804.56	90,273.57	79,180.15	B
AUGUST	76,860.26	89,609.64	78,597.81	B
SEPTEMBER	121,765.56	97,965.63	106,802.20	B
OCTOBER	74,289.53	82,857.49	72,675.41	B
NOVEMBER	71,406.04	90,311.56	79,213.47	B
DECEMBER	60,072.92	73,736.68	64,675.43	B
TOTALS	**797,499.76**	**925,033.77**	**832,234.69**	
		Current Budget	**979,000.00**	
		Projected Amt Over (Under)	**-146,765.31**	



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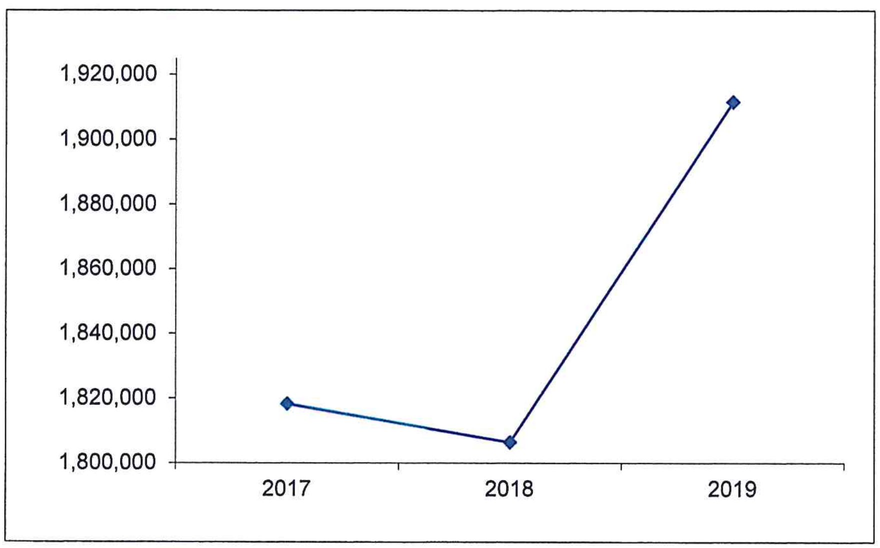
SHADED AREA INDICATES MOST RECENT ACTUAL

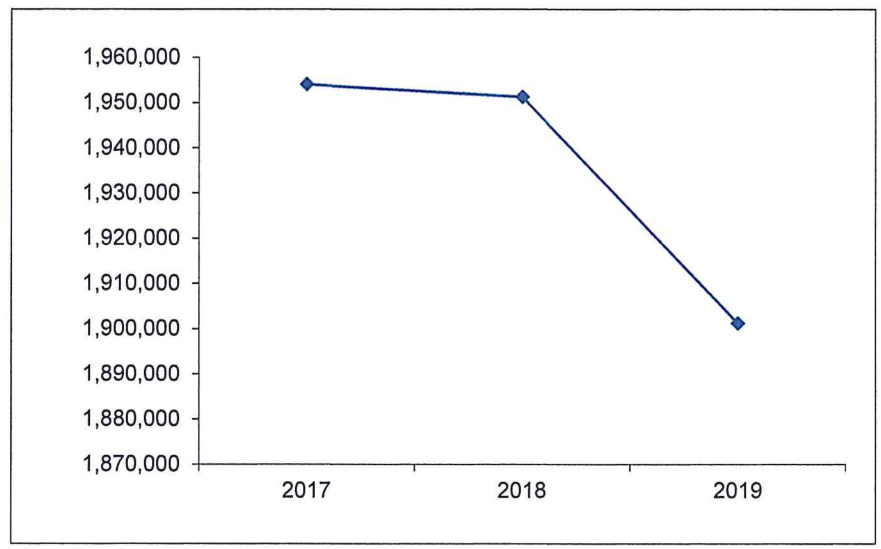
10 - LOCAL MOTOR FUEL TAX

MONTH	2017 Actual	2018 Actual	2019	
JANUARY	150,936.34	149,553.75	159,147.06	A
FEBRUARY	146,142.38	137,640.35	152,188.41	A
MARCH	135,305.95	136,597.89	138,319.82	A
APRIL	151,248.96	150,285.42	151,298.12	A
MAY	129,212.75	148,104.17	157,917.70	A
JUNE	179,659.76	154,254.29	168,607.04	A
JULY	164,090.47	153,748.88	162,702.98	B
AUGUST	151,522.30	153,476.52	162,414.76	B
SEPTEMBER	154,447.56	159,427.41	168,712.22	B
OCTOBER	158,731.65	146,477.86	155,008.51	B
NOVEMBER	150,265.36	162,946.06	172,435.79	B
DECEMBER	146,671.67	153,884.42	162,846.41	B
TOTALS	**1,818,235.15**	**1,806,397.02**	**1,911,598.81**	
		Current Budget	**1,781,000.00**	
		Projected Amt Over (Under)	**130,598.81**	



46 - STATE MOTOR FUEL TAX

MONTH	2017 Actual	2018 Actual	2019	
JANUARY	180,582.18	168,202.81	165,334.41	A
FEBRUARY	171,662.87	172,208.28	165,152.12	A
MARCH	163,670.32	149,193.94	150,206.84	A
APRIL	139,550.39	147,896.35	143,644.07	A
MAY	166,666.87	174,263.56	168,492.75	A
JUNE	168,983.84	160,430.31	154,413.09	A
JULY	134,194.40	147,026.88	143,253.35	B
AUGUST	175,956.02	172,563.52	168,134.57	B
SEPTEMBER	166,198.96	166,400.46	162,129.69	B
OCTOBER	146,908.04	139,001.37	135,433.82	B
NOVEMBER	168,198.50	182,371.66	177,690.98	B
DECEMBER	171,419.34	171,702.76	167,295.91	B
TOTALS	**1,953,991.73**	**1,951,261.90**	**1,901,181.60**	
		Current Budget	**1,940,000.00**	
		Projected Amt Over (Under)	**-38,818.40**	



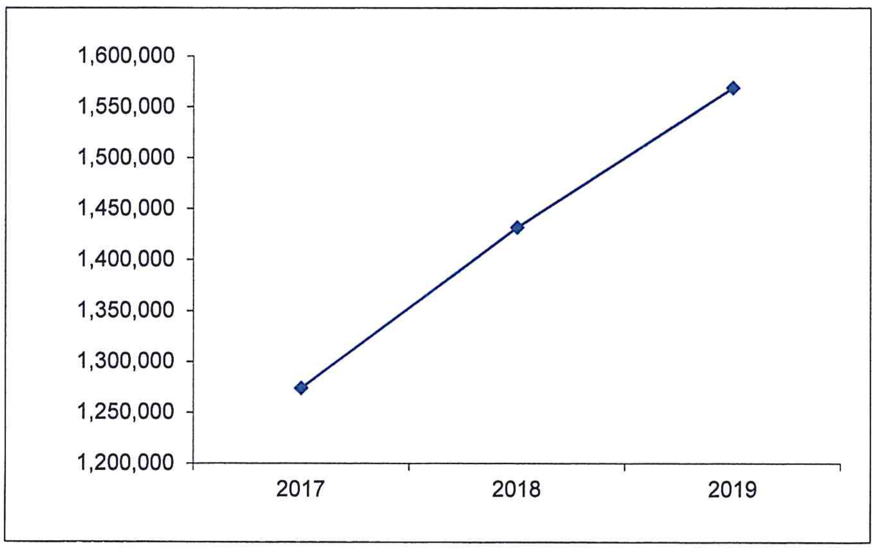
2015 & 2016 Delays in Distribution of MFT Tax due to State budget.

2

SHADED AREA INDICATES MOST RECENT ACTUAL

VIDEO GAMING TAX

MONTH	2017 Actual	2018 Actual	2019	
JANUARY	94,954.28	110,674.81	121,069.82	A
FEBRUARY	100,623.42	112,057.54	129,642.72	A
MARCH	99,845.65	106,182.77	116,228.18	A
APRIL	105,585.44	123,418.04	130,548.27	A
MAY	126,789.50	146,340.22	157,988.48	A
JUNE	110,489.13	123,295.17	135,512.70	A
JULY	107,626.31	120,942.14	132,504.45	B
AUGUST	101,091.12	116,396.36	127,524.08	B
SEPTEMBER	100,252.19	117,722.43	128,976.93	B
OCTOBER	108,743.85	121,370.11	132,973.33	B
NOVEMBER	108,003.48	113,870.50	124,756.74	B
DECEMBER	109,939.69	119,417.04	130,833.54	B
TOTALS	**1,273,944.06**	**1,431,687.13**	**1,568,559.25**	
		Current Budget	**1,448,000.00**	
		Projected Amt Over (Under)	**120,559.25**	



2015 & 2016 Delays in Distribution of Video Gaming Tax due to State budget.

SHADED AREA INDICATES MOST RECENT ACTUAL

2

City of Decatur, Illinois
Key Expense Trends

2019 General Fund Budget	**$ 68,000,000**
Personnel expense	**$ 52,460,000** **77%**
Operating expense	**$ 15,540,000** **23%**

Wage increases

Already committed

AFSCME per CBA January 1, 2020	**2.0%**

Recent History

Police union	
January 1, 2017	**2.25%**
January 1, 2018	**2.25%**
January 1, 2019	**2.50%**
Firefighter union	
January 1, 2017	**2.75%**
January 1, 2018	**2.25%**
January 1, 2019	**2.25%**
Non bargaining management	
January 1, 2017	**2.64%**
January 1, 2018	**2.25%**
January 1, 2019	**2.50%**

Compounded Wage increase since 2008

AFSCME union	**35.4%**
Police union	**40.9%**
Firefighter union	**37.9%**
Management	**34.4%**

2

Proforma 2020 General Fund Expense

Personnel expense	**+2.0%**	**$ 53,510**
Operating expense	**+2.0% inflation**	**$ 15,850**
Total General Fund expense		**$ 69,660**

3-B

DEPARTMENT PERFORMANCE OUTCOME MEASURES

PUBLIC WORKS:

1. Meet or exceed the federal and state drinking water standard for turbidity, chlorine, and nitrate. These will be tracked daily by testing the drinking water as it leaves the SWTP.

2. Monitor safety on Lake Decatur by recording the number of boat accidents and boat OUIs on the lake annually. These will be tracked monthly and compared to the same month in the previous year.

3. Reduce the amount of sediment accumulating in the lake annually. Measure the amount of sediment accumulating in the lake every year and compare with the IL State Water Survey's Sangamon River sediment load at Monticello annual report.

4. Measure the percentage of unaccounted water loss by compiling monthly data for treated water pumped verses water billed and maintenance conditions that impact water accountability.

5. Track the number of water utility customer service requests assigned to the Water Services Division staff that require additional service requests to complete.

6. Monitor fleet availability by tracking time from start to finish for repairs and maintenance.

7. Track cost to perform major tasks performed by the Municipal Services Division.

8. Monitor the City's sanitary sewer system by:
   a. Monitor system maintenance by tracking system caused dry weather backups.
   b. Monitor I&I intrusion by tracking system caused wet weather backups.

9. Track the incremental changes to the pavement condition index against the capital funds spent and project costs.

10. Monitor construction contracts by:
    a. Tracking the percentage of contracts awarded with at least 2 bidders.
    b. Tracking the percentage of contracts meeting the City's minority goals.
    c. Tracking the percentage of completed contracts that met their approved minority goals.

ECONOMIC & COMMUNITY DEVELOPMENT:

1. Percentage of vacant structures vs percentage of occupied/productive structures, year-over-year
2. Gross retail sales, year-over-year
3. Percentage of floor space in the CBD that is vacant and those for storage/inactive productive use, year-over-year
4. Changes in EAV, year-over-year
5. Annual local employment, unemployment, poverty, and underemployment rates, year-over-year
6. Annual changes in ridership on taxi, public transit buses, trolleys, and regulated ride-shares
7. Annual total building permit construction value, by residential and non-residential projects
8. Estimated population, year-over-year
9. Comparative condition of housing stock in the Urban Core, based on survey every 3 years e.g. 2019-2022
10. Percentage of residences in the City and the Urban Core that are owner-occupied, year-over-year (based on Township's homestead information)
11. Change in score, year-by-year, for "ease of doing business" by outside rating agency

LEGAL:

1. Percentage of administrative cases decided in favor of City.
2. Cost per case of those filed in administrative court.
3. Per Department costs of legal expenses
4. Rate of final case disposition for revitalization litigations initiated by City.

POLICE:

1. Year over Year changes in Response Time efficiency on calls for service, by category, from the time of initial public safety notification.
2. Improvements in Citizen satisfaction of the Decatur Public Department as a professional department as measured by objectives surveys.
3. Increase the number of Minority and Female police officers and police support staff applicants as tracked by Human Resources on a year over year basis.
4. Increase successful clearance rate of assigned investigative cases on a year over year basis.
5. Reduce the number of burglaries measured from year to year.
6. Reduce the number of shootings measured from year to year.
7. Remain under the national average in fatal crash rate every year.
8. Reduce the number of reported traffic accidents in the City year over year.
9. Measure citizens' perception of local safety and improve year over year by objective surveys.

Information Technology:

1. Total IT cost per City employee.
2. % reduction in IT Help Desk tickets year over year.
3. %reduction of unplanned IT System's downtime year over year.
4. % increase of hits on City Website year over year.
5. % of projects leveraging City Fiber in support of city and neighborhood revitalization year over year.
6. Increase growth of citizen engagement with the City by measuring hits through a new Citizen Portal or App.

FIRE:

1. The number and percentage of fires contained to the room of origin and the structure of origin.

2. The percentage of time the initial responding unit arrives within 6 minutes of an emergency call. (Dispatch time + Turnout time + drive time) The target is 90% of all emergency calls answered within this time parameter.

3. The total dollar loss due to intentionally set fires as a percentage of the EAV year over year.

4. The total number of fires in structures set intentionally year over year.

5. The number and cost of employee on-the-job injuries.

6. Reduction in the number of non-emergencies calls the department answers year over year.

7. Total property dollar amount saved as a % of the EAV year over year.

Finance:

1. Build General fund cash reserve (measurable)

2. Secure an unqualified opinion on the annual auditor's financial report (measurable)

3. Limit number of annual audits adjusting journal entries (measurable)

4. Quick turn-around from application submission to license approval (measurable)

5. Timely order processing (measurable with new activity)

6. Purchasing the required quality at the most affordable price.

7. Timely and accurate payroll processing (measurable)

8. Reduce healthcare expense as a percent of payroll (measurable)

9. Reduce workplace injury and lost time accidents (measurable)

10. Reduce property and liability claims (measurable)

11. Quality customer service (timely/accurate invoicing, customer service-failures/complaints)

12. Average telephone call wait time and abandoned calls (measurable with enhanced activity).

Human Resources:

1. Calculate the average cost, per position, to transition from new employee to successful completion of the probationary period (on-boarding ***(Pre-employment physical, background check, drug screen)***, training, and coaching). Including cost related to individuals who fail to complete the probationary period.

2. Develop a succession plan for every Department Head by December 31, 2020.

3. Track the percentage of employees receiving complete annual performance reviews and work plans (goals).

4. Track the annual employee turn-over rate by department.

5. Complete Investigations within 30 days of receipt.

6. Respond to all Freedom of information request within 2 days of receipt from the City Clerk's Office.

BY NICOLE GELINAS

4

Homeownership's Hidden Debt

Buying property also means taking on a jurisdiction's retirement liabilities.

It's no secret that younger Americans are not buying homes in the numbers previous generations did. These days, only 35 percent of households headed by people under the age of 35 own their houses or apartments, compared to 40 percent just 20 years ago. It's easy (and valid) to say that younger people are put off by their lack of accumulated wealth. But even if the under-40s were flush with cash, they would have another good reason to avoid buying property in some of the country's most densely populated areas: They also would be purchasing decades' worth of pension and other long-term liabilities related to government workers.

Millennials face obvious financial hurdles in making six-figure purchases. They are less wealthy than their baby-boomer counterparts were at the same age. According to the Pew Research Center, millennials' median net household worth in 2016 was $12,500—40 percent less, in inflation-adjusted dollars, than the $20,700 that represented boomers' wealth in the early 1980s.

But even if millennials had ample earnings to save and invest, they still would have to pause before making investments in the nation's highest-valued property markets. Consider the broadly defined New York City area, including Connecticut and New Jersey. According to Zillow, the median listing price for a home in Connecticut as of this May was $329,900. In New Jersey, it was $339,000. In Westchester County, N.Y., a popular bedroom community just north of New York City, it was $699,000.

Those are serious investments, even if the purchase price were the only cost of homeownership. But in buying a house and the land it sits on, the purchaser is also taking on a share of the jurisdiction's future liabilities.

Let's consider Connecticut first. Ranked by household income, it's the fifth-richest state. Yet Connecticut's wealth has not helped it come close to adequately funding its future liability for public-employee pensions. Connecticut owes $37.5 billion on that score, plus another $22 billion for public-sector retiree health care. That works out to $42,500 for each of the state's 1.4 million households. That's not money for future investments that return value, such as infrastructure; it's money that should have been collected from past taxpayers. Instead, the debt has been pushed to the future. It should by rights be deducted from today's home values.

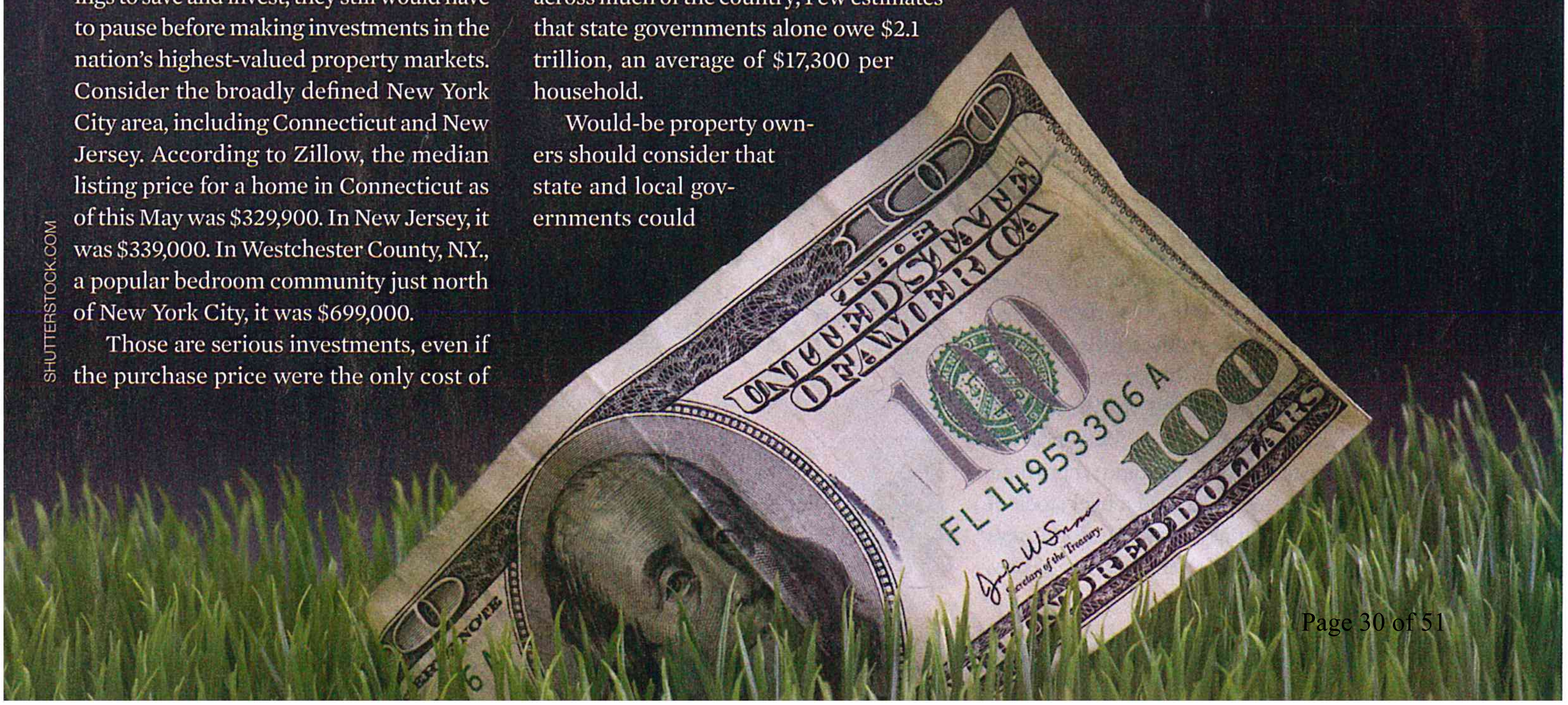
New Jersey's households are looking at an even bigger bill for that state's unfunded public-sector retirement liabilities: $52,500. And it's by no means an East Coast-only phenomenon: Californians are on the hook for $19,100 per household. Unfunded retirement obligations exist across much of the country; Pew estimates that state governments alone owe $2.1 trillion, an average of $17,300 per household.

Would-be property owners should consider that state and local governments could levy a combination of higher property, income and sales taxes sufficient to attempt to make good on these obligations. But renters subject to crushing income and sales taxes could simply move away—leaving property owners with the bill, or with lower property values reflecting the clearer understanding of that liability.

Alternatively, states and localities could begin to pare back current spending to fund these obligations, or in extreme cases even begin to default on them. That would precipitate far inferior government services, such as education and health care, and infrastructure, such as transit and roads. And it would likely produce public-employee unrest in the form of protests and lawsuits against benefit cuts.

In any event, it's hard to blame millennials from holding back on purchasing property. After all, they would not just be buying saleable, appreciating assets, as the baby boomers once did. Rather, they'd be buying the massive liabilities that the boomers are leaving behind. G

Email nicolegeli@hotmail.com



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City of Decatur home

Tax Levy

2019 Tax Levy & Assessed Value Pay Tax 2020

GASB 67/68 Required Contributions to the Police and Firefighter Pension Funds

Budget Date Updated	7/24/2019
	gz pending

"ARC" Annual Required Contribution
"RAC" Required Annual Contribution

Police Pension Fund

Cash Basis	Fiscal Year 2009 end Apr 30 actual	Fiscal Year 2010 end Apr 30 actual	Fiscal Year 2011 end Apr 30 actual	Fiscal Year 2012 end Apr 30 actual	Fiscal Year 2013 end Apr 30 actual	Fiscal Year 2013 stub end Dec 31 actual	Fiscal Year 2014 end Dec 31 actual	Fiscal Year 2015 end Dec 31 actual	Fiscal Year 2016 end Dec 31 actual	Fiscal Year 2017 end Dec 31 actual	Fiscal Year 2018 end Dec 31 actual note 1/2
GASB 25 ARC	3,777,600	3,080,287	3,982,535	3,845,178	3,767,058	2,743,052	4,087,876	4,026,184	4,163,299		
GASB 67/68 RAC Public Act									3,505,877	3,838,618	4,272,983
GASB 67/68 RAC Normal Entry Age									4,167,919	4,353,985	4,727,864
	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok
City Contributions											
Tax Levy	2,698,448	2,969,052	2,796,847	3,534,950	3,469,625	3,457,492	3,697,805	3,639,455	3,533,586	3,936,586	4,059,152
PPRT	245,000	245,000	245,000	400,000	368,971	-	369,000	300,000	300,000	50,000	100,000
Mobile Home Priveledge Tax	2,085	2,302	1,849	2,256	2,615	-	2,372	-	-	-	-
PILOT	-	-	-	-	-	209,087	208,044	289,696	379,535	454,129	573,078
xxx	-	-	-	-	-	-	-	-	-		
Total City Contribution	2,945,533	3,216,354	3,043,696	3,937,206	3,841,211	3,666,579	4,277,221	4,229,151	4,213,121	4,440,715	4,732,230
City Contribution of Public Act									120.2%	115.7%	110.7%
City Contribution % of Entry Age	78.0%	104.4%	76.4%	102.4%	102.0%	133.7%	104.6%	105.0%	101.1%	102.0%	100.1%
	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok

Note(s)

1. GASB 67/68 RAC data source Milliman, Inc. January 1, 2018 Actuarial Valuation report dated April 10, 2018 - Public Act 096-1495 RAC and Normal Entry Age actuarial calculation
2. City funding Tax Levy, PPRT and PILOT contributions as per 2018 budget - Tax Levy at 98% collection rate
3. City contribution % is calculated based on Actuarial Valuation and GASB 67/68 RAC Normal Entry Age (GASB 25 ARC in years before 2016)
4. xxxx

Firefighter Pension Fund

Cash Basis	Fiscal Year 2009 end Apr 30 actual	Fiscal Year 2010 end Apr 30 actual	Fiscal Year 2011 end Apr 30 actual	Fiscal Year 2012 end Apr 30 actual	Fiscal Year 2013 end Apr 30 actual	Fiscal Year 2013 stub end Dec 31 actual	Fiscal Year 2014 end Dec 31 actual	Fiscal Year 2015 end Dec 31 actual	Fiscal Year 2016 end Dec 31 actual	Fiscal Year 2017 end Dec 31 actual	Fiscal Year 2018 end Dec 31 actual note 1/2
GASB 25 ARC	3,434,550	3,277,075	3,951,668	3,826,058	4,073,462	2,780,844	4,174,530	4,878,282	4,963,733		
GASB 67/68 RAC Public Act									4,141,989	4,517,584	4,613,697
GASB 67/68 RAC Normal Entry Age									4,875,173	5,229,880	5,348,824
	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok
City Contributions											
Tax Levy	2,767,231	3,044,710	3,043,609	3,551,441	3,503,768	3,595,617	3,746,805	3,688,626	4,339,123	4,535,695	4,872,590
PPRT	200,000	200,000	200,000	355,000	301,201	-	267,000	300,000	300,000	50,000	100,000
Mobile Home Priveledge Tax	2,138	2,360	2,011	2,266	2,640	-	2,659	-	-		
PILOT	-	-	-	-	-	211,145	216,360	276,812	384,662	557,654	660,294
xxx	-	-	-	-	-	-	-	-	-		
Total City Contribution	2,969,369	3,247,070	3,245,620	3,908,707	3,807,609	3,806,762	4,232,824	4,265,438	5,023,785	5,143,349	5,632,884
City Contribution of Public Act									121.3%	113.9%	122.1%
City Contribution % of Entry Age	86.5%	99.1%	82.1%	102.2%	93.5%	136.9%	101.4%	87.4%	103.0%	98.3%	105.3%
	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok

Note(s)

1. GASB 67/68 RAC data source Milliman, Inc. January 1, 2018 Actuarial Valuation report dated March 15, 2018 - Public Act 096-1495 RAC and Normal Entry Age actuarial calculation
2. City funding Tax Levy, PPRT and PILOT contributions as per 2018 budget - Tax Levy at 98% collection rate
3. City contribution % is calculated based on Actuarial Valuation and GASB 67/68 RAC Normal Entry Age (GASB 25 ARC in years before 2016)
4. Original GASB 25 ARC determined by Actuary was $4,207,512 - increase in ARC due to change in investment return assumption % from 7.5% to 7.0%

4

City of Decatur, Illinois
Briefing Document
Operational Funding Subsidies

The City Council has approved through prior action certain operational funding to various entities within the City of Decatur.

This document will serve in providing Council Members with the current status of operational funding to the various entities.

Community Investment Corporation of Decatur ("CICD") – original agreement dated January 7, 1997, for a one year period, with annual evergreens unless terminated by either party with 90 day notice period. This agreement remains in effect. Per the agreement, CICD is responsible for the *"administration of the Decatur Industry and Technology Center ("DITC")"*, and CICD is responsible for the *"administration of current and future HOME funds for the purpose of selection of the participating Community Housing Development Organization ("CHDO") and for providing technical assistance to the CHDO's"*. Per the agreement, the City would provide annual funding in the amount of $84,000. The current funding level provided by the City to the CICD is $70,000. The amount was reduced from the original agreement amount sometime under the administration of City Manager Garman.

Decatur Area Convention and Visitors Bureau ("CVB") – original agreement dated August 19, 1981, for an original term ending April 30, 1982. Subsequent one year agreements (with gaps) were entered into between the parties through the period ending April 30, 2000, thus being the last agreement of record on file with either party. Per the agreement, the *"City will provide operational funding to the CVB in exchange for CVB efforts in the promotion of conventions and tourism in the Decatur, Illinois area and to acquaint and inform the public as to these objectives by providing information and other civic and educational features as will foster, encourage and stimulate these purposes"*. City funding levels have increased over the period from an original annual funding of $118,000 to the present 2019 annual funding level of $240,000. The City has provided annual funding of $20,000 for City sponsorship of the Decatur/Forsyth LPGA Semetra Golf Classic and $10,000 for City sponsorship of the Farm Progress Show exhibitor dinner. In 2019, the City will provide funding to the CVB in the amount of $240,000 and fund an additional $10,000 for the Farm Progress dinner event sponsorship for a total of $250,000.

Decatur/Macon County Senior Center – original agreement dated September 21, 1988 when the City transferred responsibility for the City former Office on Aging to the Decatur/Macon County Senior Center. Agreement stipulated that the Senior Center shall act as an independent contractor whereas the City has no rights or obligations in the management of Senior Center operations. The term of the original agreement expired August 31, 1999, with two automatic one year renewals to August 31, 2001. This is the last agreement on file with the City of Decatur. Over the years since 1998 the City has provided a variety of funding support to the Senior Center, including annual operational subsidy payments, circa 2003 purchase of the Senior Center property located at 355 N. Water Street for $250,000, circa 2003 parking lot construction payment of $37,224 at the current 22nd Street location, and circa 2006 payment of $20,000 for general maintenance and upkeep of the 22nd Street facility. Per the 1998 agreement, the City would provide an annual funding payment in the amount of $71,000. The current annual funding provided by the City of Decatur is $67,000. The amount was reduced from the original agreement amount sometime under the administration of City Manager Garman.

Decatur Economic Development Corporation ("EDC") – City provides an annual funding payment to the EDC in the amount of $60,000.

Civic Center Authority ("Authority") – original agreement dated December 20, 1976, as amended on March 14, 1977, and as amended November 24, 1980. Agreements defined the Authority acquisition of a site for construction of a Civic Center to include an arena, municipal offices, theater, meeting rooms, mall and parking at a project cost of $11.244 million funded by State of Illinois contribution in the amount of $8.433 million and City of Decatur contribution in the amount of $2.811 million; and the agreements defined the duties and obligations of the Authority and the City in the operation of the Civic Center. *Agreement stipulates that the City is entitled to possession of office space in the facility for a period ending June 30, 2079, rent free, and in consideration the City shall be responsible to pay the cost of maintenance of space, including all utilities, janitorial services and non-structural repairs within the municipal office space; City shall maintain an operating reserve of $100,000 and if said operating reserve fund is exhausted, the City shall pay any deficit in operating expense incurred by the Authority in operation of the Civic Center; Authority is not obligated to repay the City for any funds contributed to the Authority, and the Authority is obligated to pass any operating surplus beyond the $100,000 operating fund reserve to the City to aid in the retirement of any debt service cost of the City investment of $2.811 million that constructed the Civic Center.* In 1998 and 1999, the City entered into agreement(s) with the Authority to participate in the funding of certain HVAC and facility repair and maintenance costs of $640,000, whereby the agreements stipulated the City would fund the projects and the Authority would repay the City for Authority share of the cost of $377,000 over a period of time defined in the agreements. The Authority was only able to repay the City $73,000 of the $377,000 agreement obligation to the City in the period from 1998 and 1999. In December 2013, the City forgave the remaining outstanding Authority obligation to the City in the amount of $304,000, with consideration of City equity in the Civic Center enterprise, whereby, the City shall be reimbursed upon dissolution of the Authority if and only if the Authority, upon dissolution, has sufficient assets and equity to reimburse the City. At present, the City makes an annual operational subsidy payment to the Civic Center at the beginning of the fiscal year to finance the Authority operation. In 2019, the annual subsidy payment is $428,923.

Sister City Program – The City has funded the Sister City Program in the amount of $7,500 in recent years. The 2019 funding level is $7,500.

CONO Program – The City has funded the program in the amount of $5,000 to $9,000 in recent years. The 2019 funding level is $5,000.

Prepared by: Office of the City Treasurer
Date: July 7, 2019

City of Decatur, Illinois
2019 Budget / 2020 Projection
City Funded Operating Subsidies

	2019 Subsidy $ Amount Actual Note 1	$ Amount Funded in 2018 Note 1	2020 Subsidy $ Amount Projected	City Fund Impacted	Comment
City Funded Operating Subsidies					
Community Investment Development Corporation (CICD)	$ 70,000	$ -	$ 70,000	General	Consistent funding level
Convention & Visitors Bureau (CVB)	$ 240,000	$ 240,000	$ 240,000	General	Consistent funding level
CVB Farm Progress Show dinner sponsorship	$ 10,000	$ -	$ -	General	Consistent funding level every 2 years
Civic Center Authority	$ 428,923	$ 428,923	$ 440,000	General	Subsidy to cover net loss in lieu of rent
Community Neighborhood Organization (CONO)	$ 5,000	$ -	$ 5,000	General	Consistent funding level
Decatur Macon County Senior Center	$ 71,000	$ 71,000	$ 71,000	General	Consistent funding level
Economic Development Corporation (EDC)	$ 60,000	$ -	$ 60,000	General	Consistent funding level
Sister City Program	$ 7,500	$ 7,500	$ 7,500	General	Consistent funding level
xxxx					
xxxx					
xxxx					
Sub Total	$ 892,423	$ 747,423	$ 893,500		
City Contractual Service Agreements					
Macon County Animal Control	$ 611,016	$ -	$ 627,000	General	Limit the charge city is willing to pay the county
xxxx					
xxxx					
Sub Total	$ 611,016	$ -	$ 627,000		
Indirect Operating Subsidies					
Celebration security and clean up	$ 70,000	$ -	$ 70,000	General	
County Fair security	$ 12,000	$ -	$ 12,000	General	

Note(s)
1 Certain 2019 funding subsidies were funded by the City with susbidy payment in December 2018

Prepared by:
Office of the City Treasurer
Date:
July 7, 2019

5

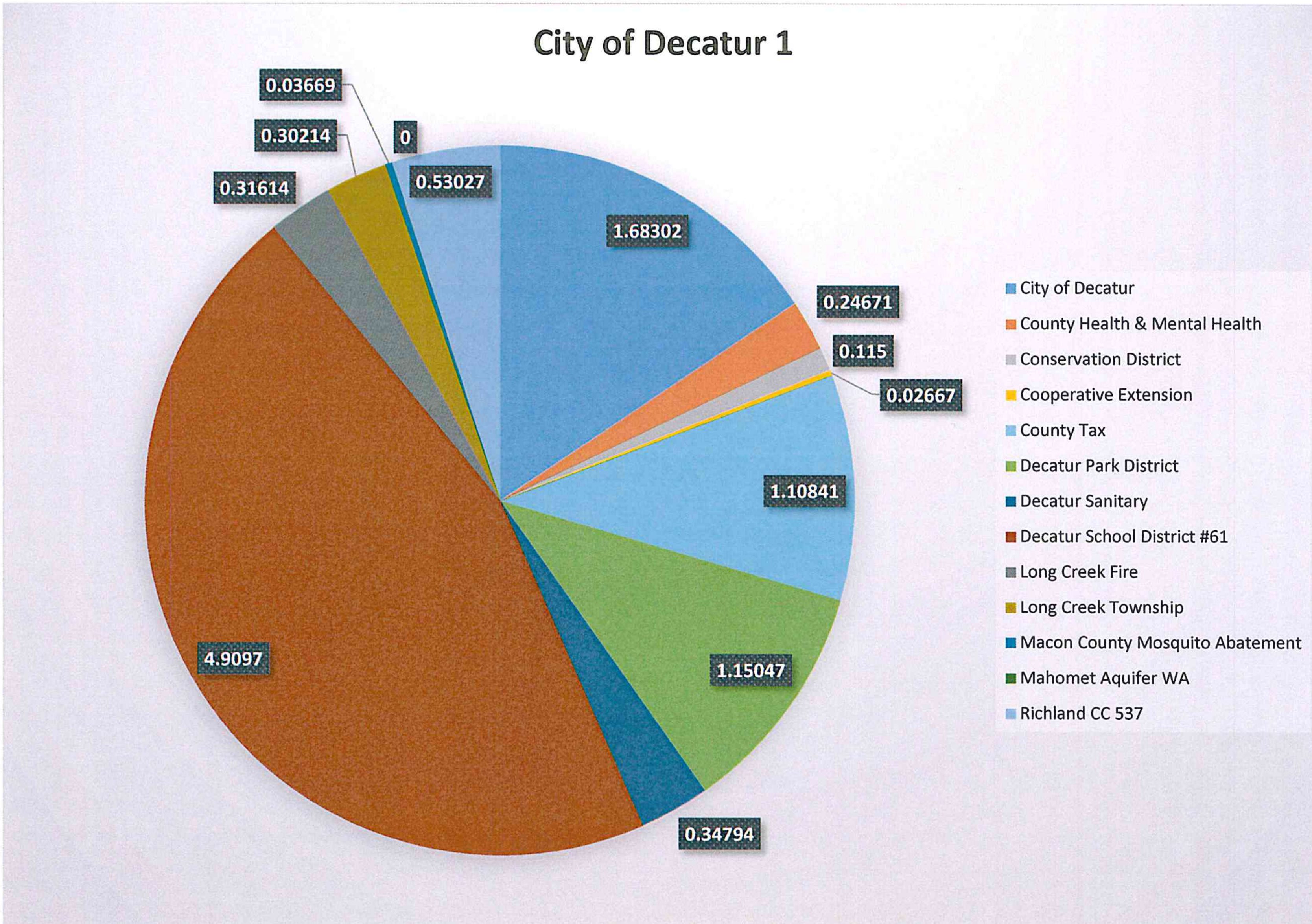
6-A

TAXING DISTRICTS

CITY OF DECATUR 1

DISTRICT NAME	TAX RATE
City of Decatur	1.68302
County Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Decatur Park District	1.15047
Decatur Sanitary	0.34794
Decatur School District #61	4.90970
Long Creek Fire	0.31614
Long Creek Township	0.30214
Macon County Mosquito Abatement	0.03669
Mahomet Aquifer WA	0.00000
Richland CC 537	0.53027
TOTAL	**10.77316**

6-A

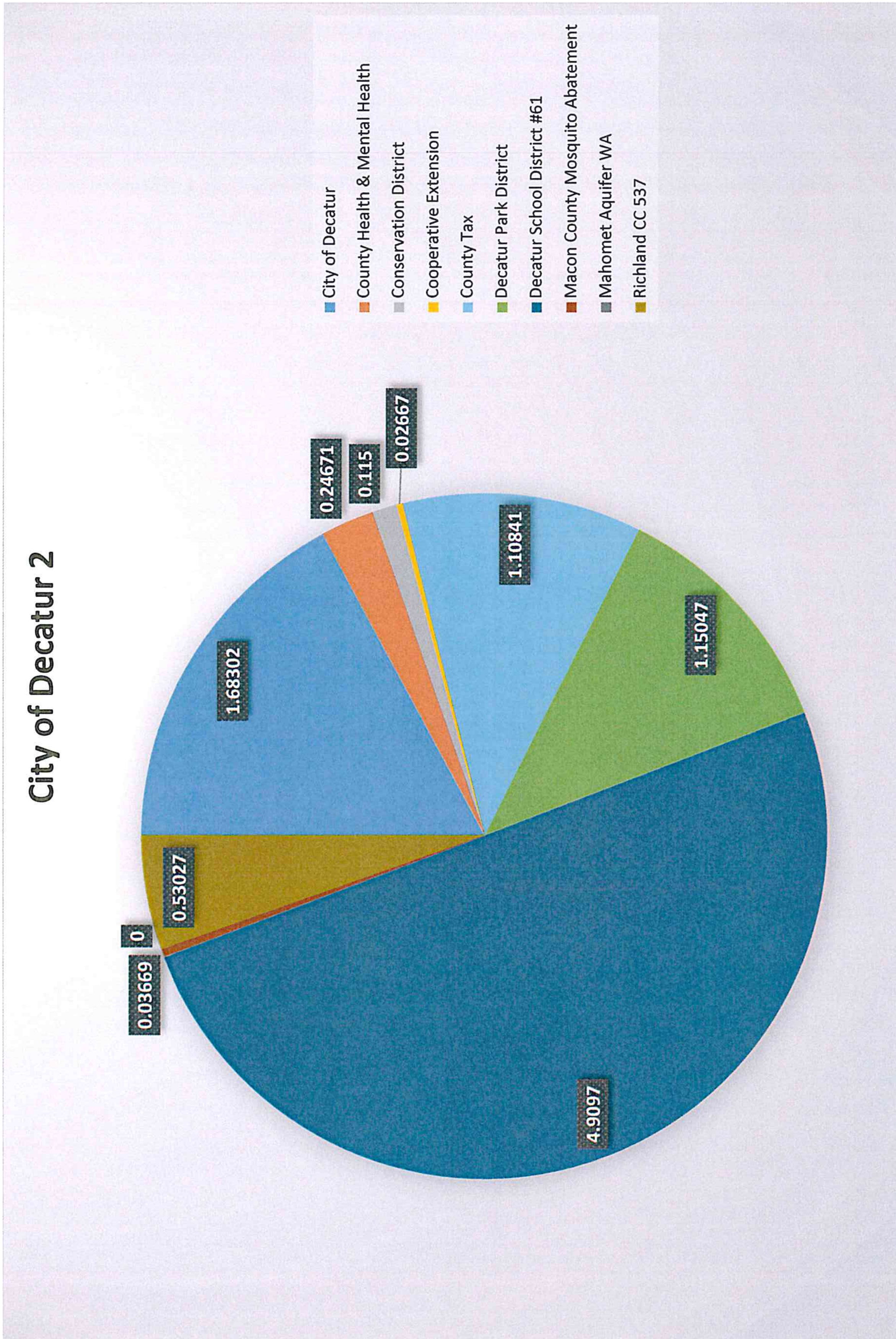

City of Decatur 1
0.03669
0.30214
0
0.31614
0.53027
1.68302
0.24671
0.115
0.02667
1.10841
1.15047
0.34794
4.9097
City of Decatur
County Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Decatur Park District
Decatur Sanitary
Decatur School District #61
Long Creek Fire
Long Creek Township
Macon County Mosquito Abatement
Mahomet Aquifer WA
Richland CC 537

6-A

CITY OF DECATUR 2

DISTRICT NAME	TAX RATE
City of Decatur	1.68302
County Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Decatur Park District	1.15047
Decatur School District #61	4.90970
Macon County Mosquito Abatement	0.03669
Mahomet Aquifer WA	0.00000
Richland CC 537	0.53027
TOTAL	**9.80694**

6-A



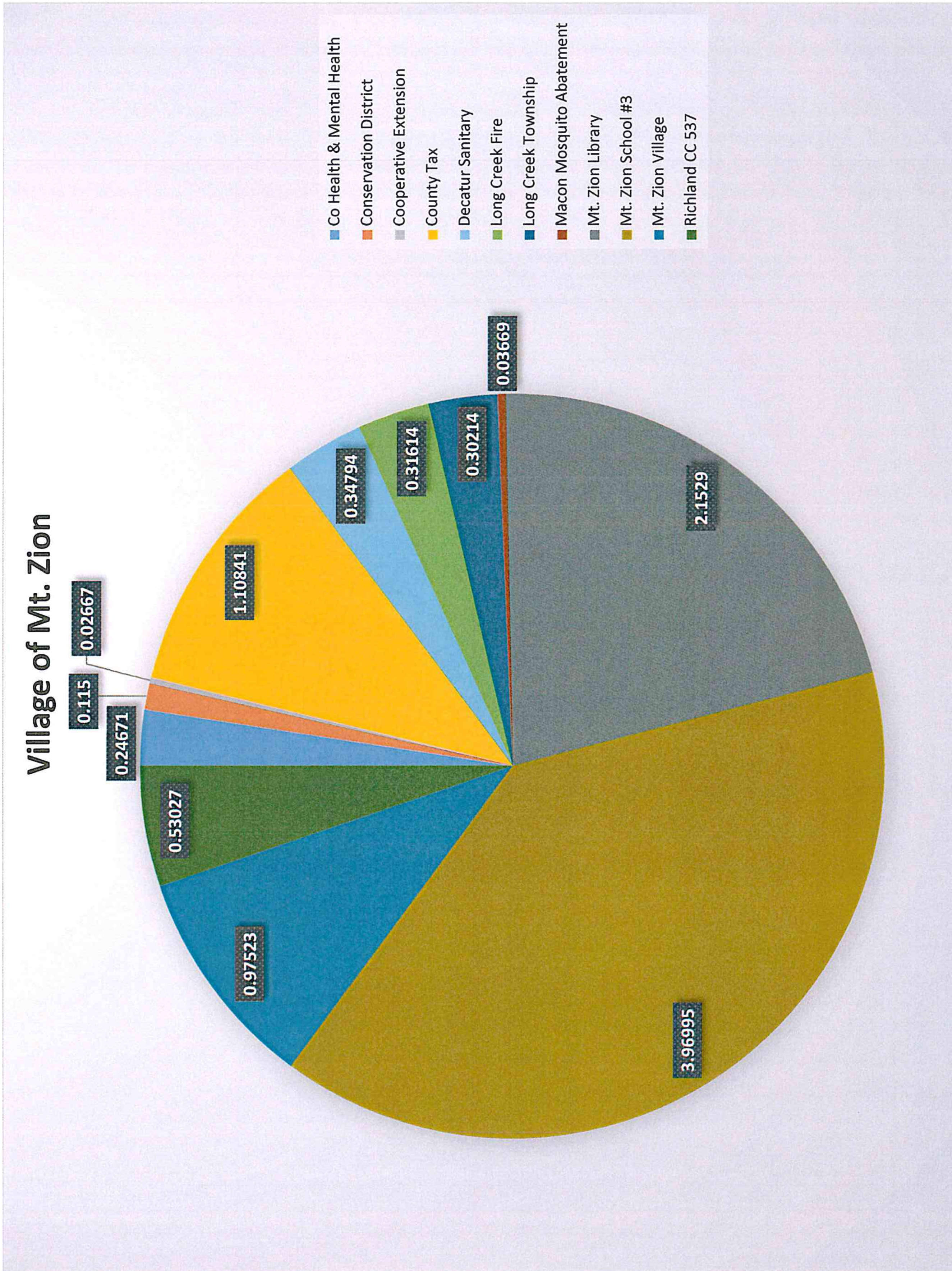
City of Decatur 2
1.68302
0.24671
0.115
0.02667
1.10841
1.15047
4.9097
0.03669
0
0.53027
City of Decatur
County Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Decatur Park District
Decatur School District #61
Macon County Mosquito Abatement
Mahomet Aquifer WA
Richland CC 537

6-A

VILLAGE OF MT. ZION

DISTRICT NAME	TAX RATE
Co Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Decatur Sanitary	0.34794
Long Creek Fire	0.31614
Long Creek Township	0.30214
Macon Mosquito Abatement	0.03669
Mt. Zion Library	0.21529
Mt. Zion School #3	3.96995
Mt. Zion Village	0.97523
Richland CC 537	0.53027
TOTAL	**8.19044**

6-A



Village of Mt. Zion
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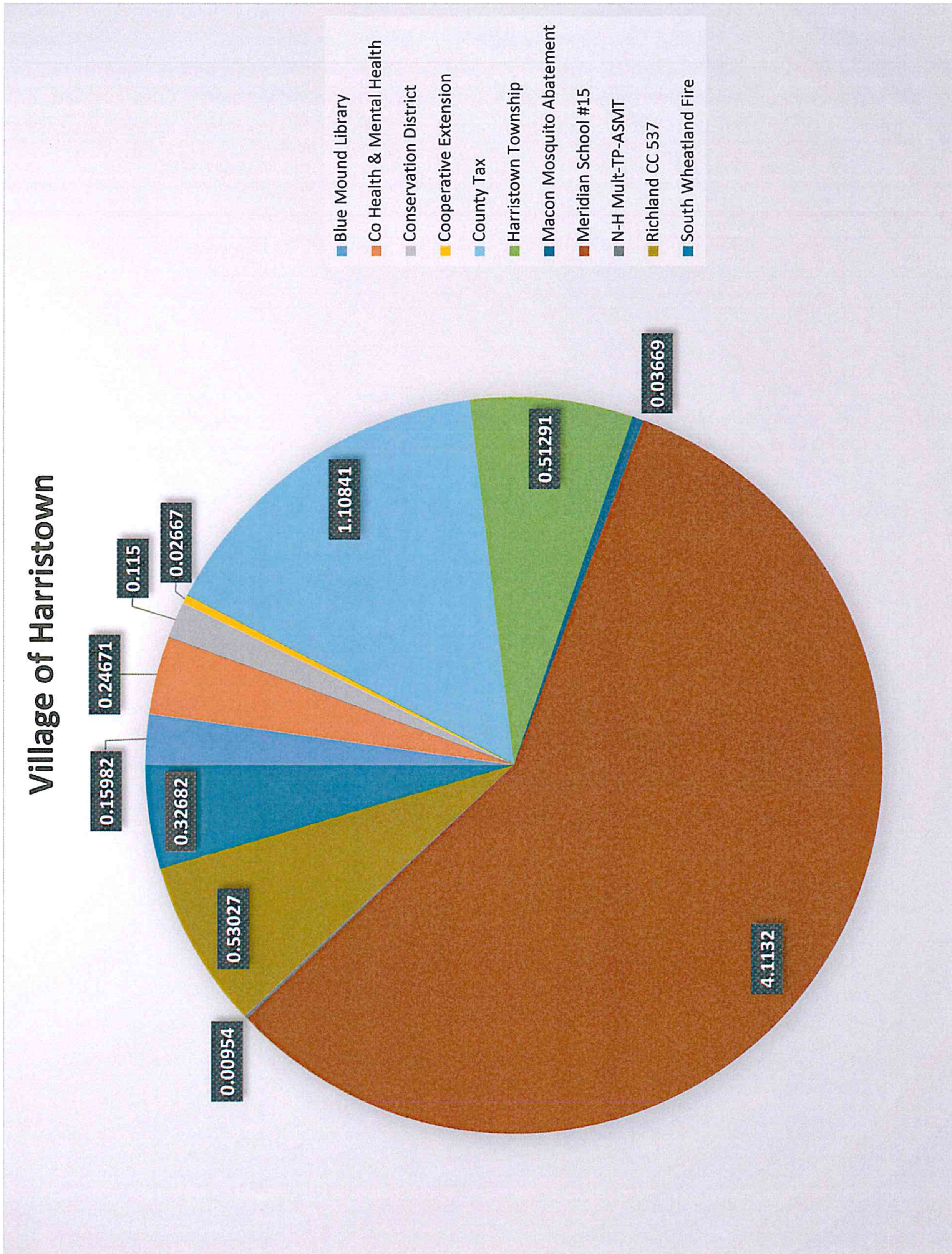
0.115
0.02667
1.10841
0.34794
0.31614
0.30214
0.03669
2.1529
3.96995
0.97523
Co Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Decatur Sanitary
Long Creek Fire
Long Creek Township
Macon Mosquito Abatement
Mt. Zion Library
Mt. Zion School #3
Mt. Zion Village
Richland CC 537

VILLAGE OF HARRISTOWN

DISTRICT NAME	TAX RATE
Blue Mound Library	0.15982
Co Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Harristown Township	0.51291
Macon Mosquito Abatement	0.03669
Meridian School #15	4.11320
N-H Mult-TP-ASMT	0.00954
Richland CC 537	0.53027
South Wheatland Fire	0.32682
TOTAL	**7.18604**

6A

6-A


Village of Harristown
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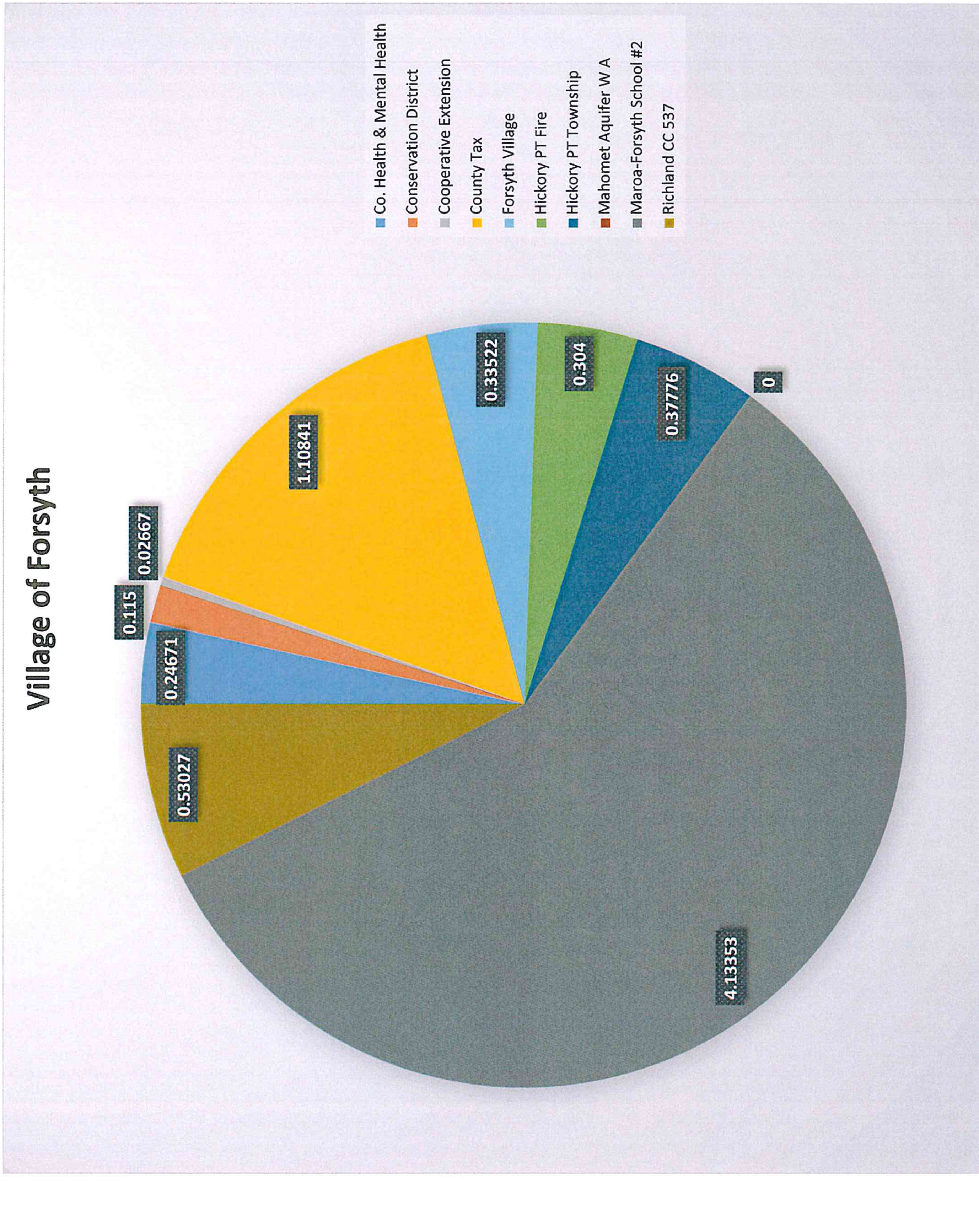
0.115
0.02667
1.10841
0.51291
0.03669
0.32682
0.53027
0.00954
4.1132
Blue Mound Library
Co Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Harristown Township
Macon Mosquito Abatement
Meridian School #15
N-H Mult-TP-ASMT
Richland CC 537
South Wheatland Fire

6-A

VILLAGE OF FORSYTH

DISTRICT NAME	TAX RATE
Co. Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Forsyth Village	0.33522
Hickory PT Fire	0.30400
Hickory PT Township	0.37776
Mahomet Aquifer W A	0.00000
Maroa-Forsyth School #2	4.13353
Richland CC 537	0.53027
TOTAL	**7.17741**

6A



Village of Forsyth
0.53027
0.24671
0.115
0.02667
1.10841
0.33522
0.304
0.37776
0
4.13353
Co. Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Forsyth Village
Hickory PT Fire
Hickory PT Township
Mahomet Aquifer W A
Maroa-Forsyth School #2
Richland CC 537

6A

LONG CREEK TOWNSHIP

DISTRICT NAME	TAX RATE
Co. Health & Mental Health	0.24671
Conservation District	0.11500
Cooperative Extension	0.02667
County Tax	1.10841
Long Creek Fire	0.31614
Long Creek Township	0.30214
Long Creek Village	0.00000
Macon Mosquito Abate	0.03669
Mt. Zion Library	0.21529
Mt. Zion School #3	3.96995
Richland CC 537	0.53027
TOTAL	**6.86727**

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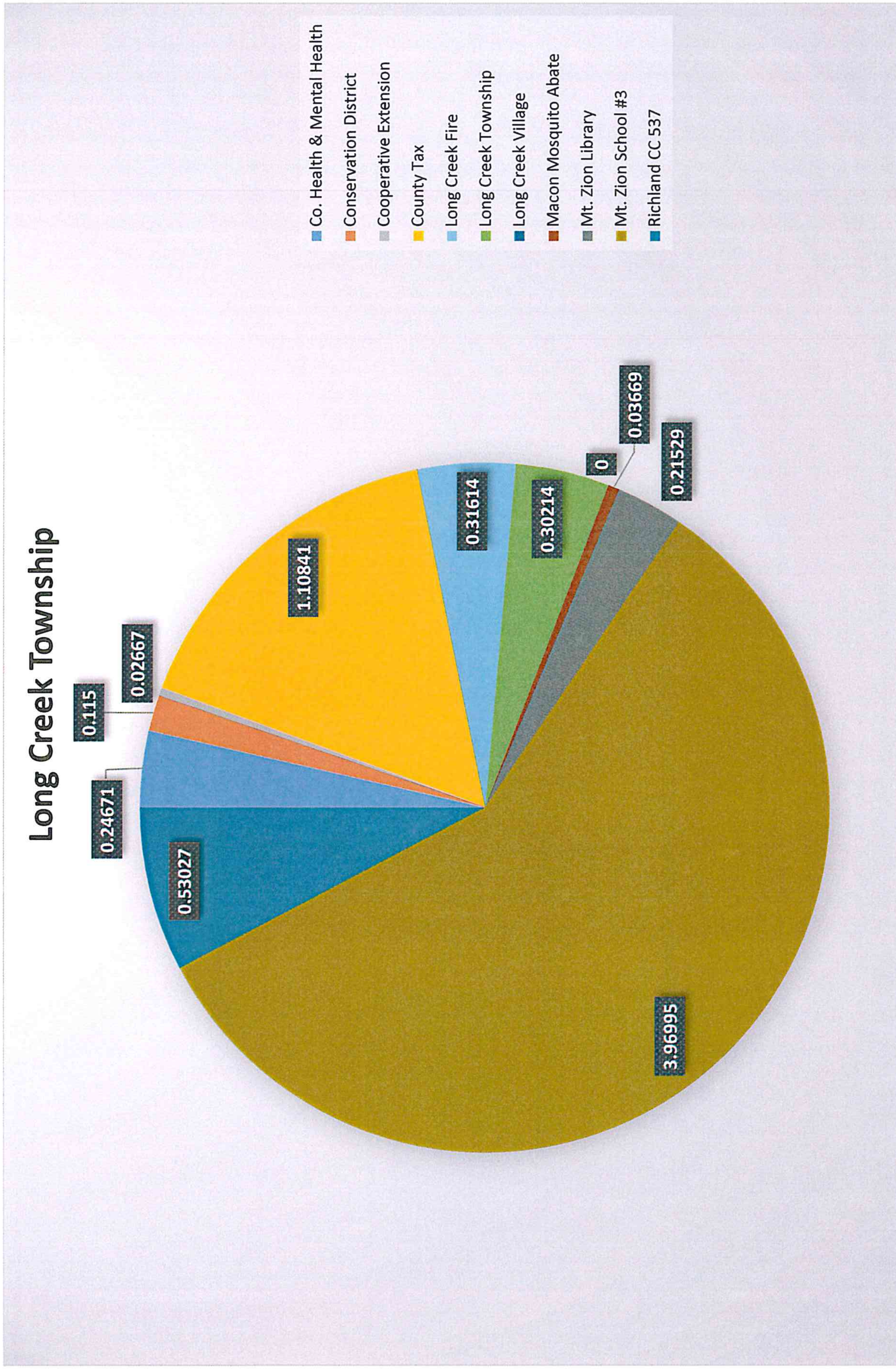

Long Creek Township
0.24671
0.115
0.02667
1.10841
0.31614
0.30214
0
0.03669
0.21529
3.96995
0.53027
Co. Health & Mental Health
Conservation District
Cooperative Extension
County Tax
Long Creek Fire
Long Creek Township
Long Creek Village
Macon Mosquito Abate
Mt. Zion Library
Mt. Zion School #3
Richland CC 537

6-A

City of Decatur, Illinois
2019 Property Tax Levy
Tax Levy Options
for Council Consideration

Background	**City property tax levy provides funding for:**		
	1 Non self supporting General Obligation debt service obligations		
	2 Public Safety (police and firefighter) pension obligations		
	3 Public Library funding		
	4 Municipal Band funding		

2020 Funding Requirements	**Decision required on "How and From Where to Fund"**		
	Debt service due underperforming Olde Towne TIF	$	587,011
	Debt service change on existing debt issues	$	(1,274)
	Public Safety pension obligations	$	105,866
	Library / Municipal Band	$	(63)
	Total funding requirement	$	691,540

Options

Option 1	**Flat tax levy dollars**		
	Assessed value status quo - no expectation for increase		
	Assessed value increase due to annexations	$	13,300,000
	Tax rate will decrease	$	1.65630
	Individual property owner tax will remain the same (theoretically)		
	Unrealized tax revenue increase from annexations	$	223,842
Option 1 Issue	General Fund is obligated to fund	$	691,540

Option 2	**Annexation model - Tax Rate remains the same**		
	Assessed value status quo - no expectation for increase		
	Assessed value increase due to annexations	$	13,300,000
	Tax rate remains at current level	$	1.68302
	Individual property owner tax will remain the same (theoretically)		
	Increased tax revenue result from annexations	$	223,842
Option 2 Issue	General Fund is obligated to fund	$	467,698

Option 3	**Tax levy increase required to meet funding comittments**		
	Assessed value status quo - no expectation for increase		
	Assessed value increase due to annexations	$	13,300,000
	Individual property owner tax will increase (theoretically)		
	Tax rate will increase	$	1.73884
	Increased tax revenue result from annexations	$	223,842
Option 3 Result	Increased funding requirement covered by tax levy		

6-A

City of Decatur, Illinois
2019 Property Tax Levy
Tax Levy Options
for Council Consideration

Dollars (whole)	2018 Current Tax Levy	2019 Proposed Tax Levy Option 1	2019 Proposed Tax Levy Option 2	2019 Proposed Tax Levy Option 3
Assessed Value $	824,544,671	837,844,671	837,844,671	837,844,671
General Obligation Bond Debt	1,918,055.94	1,918,056.00	2,036,095.00	2,503,792.00
Police Pension	4,247,064.96	4,000,000.00	4,000,000.00	4,000,000.00
Firefighter Pension	4,747,068.88	4,994,197.00	5,100,000.00	5,100,000.00
Library	2,900,006.25	2,900,000.00	2,900,000.00	2,900,000.00
Municipal Band	65,056.58	65,000.00	65,000.00	65,000.00
Tax Levy	13,877,252.61	13,877,253.00	14,101,095.00	14,568,792.00
City Tax Rate	1.68302	1.65630	1.68302	1.73884
Tax levy increase vs. current		0.39	223,842.39	691,539.39

6-B

City of Decatur, Illinois
Electricity and Natural Gas Utility Tax

Background

The City of Decatur imposes a utility tax for natural gas and electricity distribution, sale and consumption within the corporate limits of the City of Decatur in accordance with 65ILCS 5/8-11-2 of the Illinois Municipal Code.

The utility tax was first introduced in the City of Decatur in 2002. The utility tax was established at 1.25% of the gross receipts of natural gas and a sliding scale of tax per kWh usage for consumption of electricity, equivalent to a 1.25% tax.

In 2015, with adoption of Ordinance 2015-66 on December 15, 2015, the City Council increased the utility tax to 4.25%.

Ordinance 2015-66 set a sunset on the utility tax increase at December 31, 2019, whereby the utility tax would revert to 1.25%, effective January 1, 2020.

Utility Tax Revenue Process

Natural gas and electricity utility tax revenue is derived from the tax imposed on consumption, whereby tax revenues to the City are dependent upon utility customer and consumer natural gas and electricity usage.

More consumption, higher tax revenues to the city; conversely, less consumption, lower tax revenues to the city.

Of course, weather and seasonal temperatures affect the tax revenue dynamic as these conditions impact natural gas and electricity consumption. As well, commercial and industrial consumption of natural gas and electricity has impact on the utility tax revenues of the city.

Utility providers (Ameren) include the utility tax as a line item on the natural gas and electric bill to utility customers, collect the tax and remit the collected tax revenue to the city on a monthly basis.

6-B

Utility Tax Revenue History

Year	Tax Revenue $		% Revenue Change
2014 actual	1,641,634	1.25% tax rate	
2015 actual	1,483,186	1.25% tax rate	
2016 actual	4,205,747	4.25% tax rate	
2017 actual	4,587,334	4.25% tax rate	9.0% vs prior year
2018 actual	4,911,827	4.25% tax rate	7.0% vs prior year
2019 projected	5,000,000	4.25% tax rate	2.0% vs prior year

Utility tax revenue accrues to the City General Fund and provides revenues to defray General Fund operating expense.

Projected Utility Tax Revenue

Year	Tax Revenue $	
2020 projected	5,000,000	4.25% tax rate
2020 projected	1,500,000	1.25% tax rate
Change	(3,500,000)	Revenue loss should 4.25% tax not be renewed

In the event the utility tax is not renewed at the 4.25% tax rate, City General Fund revenues will be negatively impact by $3.5 million in fiscal 2020.

Council Action Required to Renew the Utility Tax

Adopt Ordinance extending the 4.25% utility tax

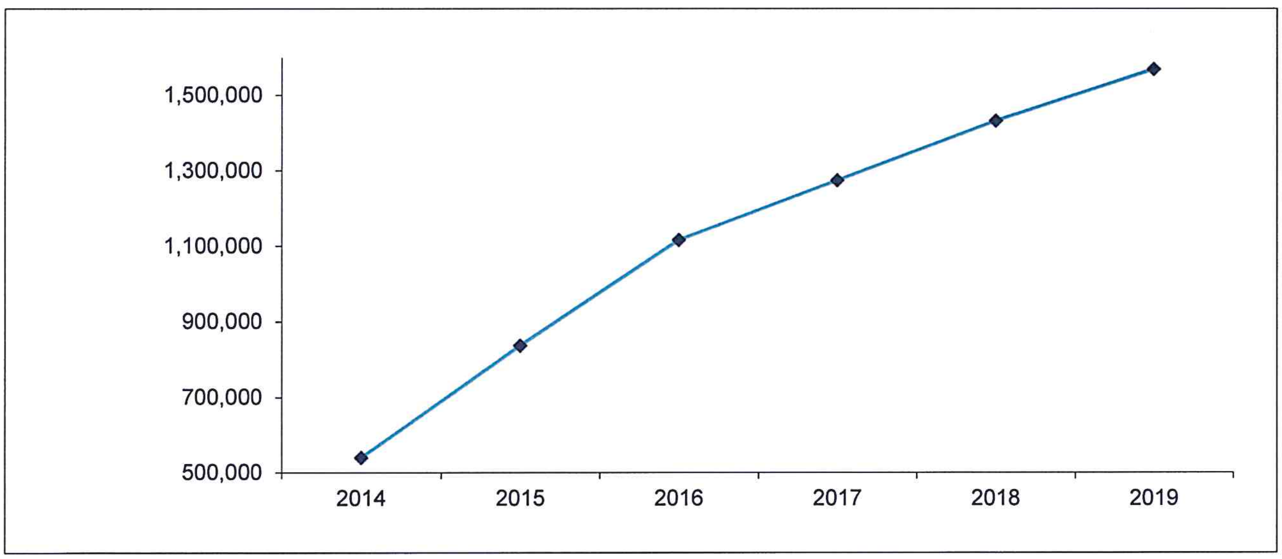
Adopt Ordinance before November 1, 2019, providing Ameren with sufficient timeline notification to affect continuation of the 4.25% tax rate beyond December 31, 2019.

6C

Video Gaming Tax Monthly Revenue

MONTH	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019	
JANUARY	31,647.10	57,515.27	80,288.26	94,954.28	110,674.81	121,069.82	A
FEBRUARY	33,731.87	47,673.50	85,507.02	100,623.42	112,057.54	129,642.72	A
MARCH	31,397.88	59,308.56	84,607.67	99,845.65	106,182.77	116,228.18	A
APRIL	39,471.64	71,744.13	97,888.83	105,585.44	123,418.04	130,548.27	A
MAY	52,081.38	75,292.69	107,431.04	126,789.50	146,340.22	157,988.48	A
JUNE	48,020.09	74,431.99	0.00	110,489.13	123,295.17	135,512.70	A
JULY	47,887.74	0.00	196,669.31	107,626.31	120,942.14	132,504.45	P
AUGUST	43,756.69	0.00	88,019.04	101,091.12	116,396.36	127,524.08	P
SEPTEMBER	51,918.92	0.00	93,234.26	100,252.19	117,722.43	128,976.93	P
OCTOBER	51,900.59	0.00	92,743.01	108,743.85	121,370.11	132,973.33	P
NOVEMBER	49,502.86	0.00	96,076.34	108,003.48	113,870.50	124,756.74	P
DECEMBER	58,230.87	450,245.43	93,615.92	109,939.69	119,417.04	130,833.54	P
TOTALS	**539,547.63**	**836,211.57**	**1,116,080.70**	**1,273,944.06**	**1,431,687.13**	**1,568,559.25**	

2015 & 2016 include delays in distribution of Video Gaming Tax due to State budget.



April	2014	2015	2016	2017	2018	2019
# of Sites / # of Terminals	41 / 185	48 / 227	71 / 330	80 / 380	79 / 380	80 / 390
NTI	960,396	1,488,635	1,991,217	2,209,774	2,465,892	2,710,244
Owner Shares each	336,139	521,022	696,926	773,421	863,062	948,585

One sample month used for comparative data; City tax received in June for timely distributions from state

NTI - Net Terminal Income is defined as "money put into gaming terminal minus credits paid out to players"

Owner Shares - Business site owner share **and** gaming terminal owner share