

CITY OF DEKALB, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
June 30, 2004

Prepared by the Finance Services Division

Linda Wiggins
Administrative Services Director

Ted Kozinski
Comptroller/Treasurer



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INTRODUCTORY SECTION

CITY OF DEKALB, ILLINOIS

PRINCIPAL OFFICIALS

June 30, 2004

LEGISLATIVE

Greg Sparrow, Mayor

Karega Harris, Alderman

Kris Povlsen, Alderman

Steve Kapitan, Alderman

Michael Knowlton, Alderman

Patrick Conboy, Alderman

David Baker, Alderman

James Baar, Alderman

Donna Johnson, Clerk

ADMINISTRATIVE

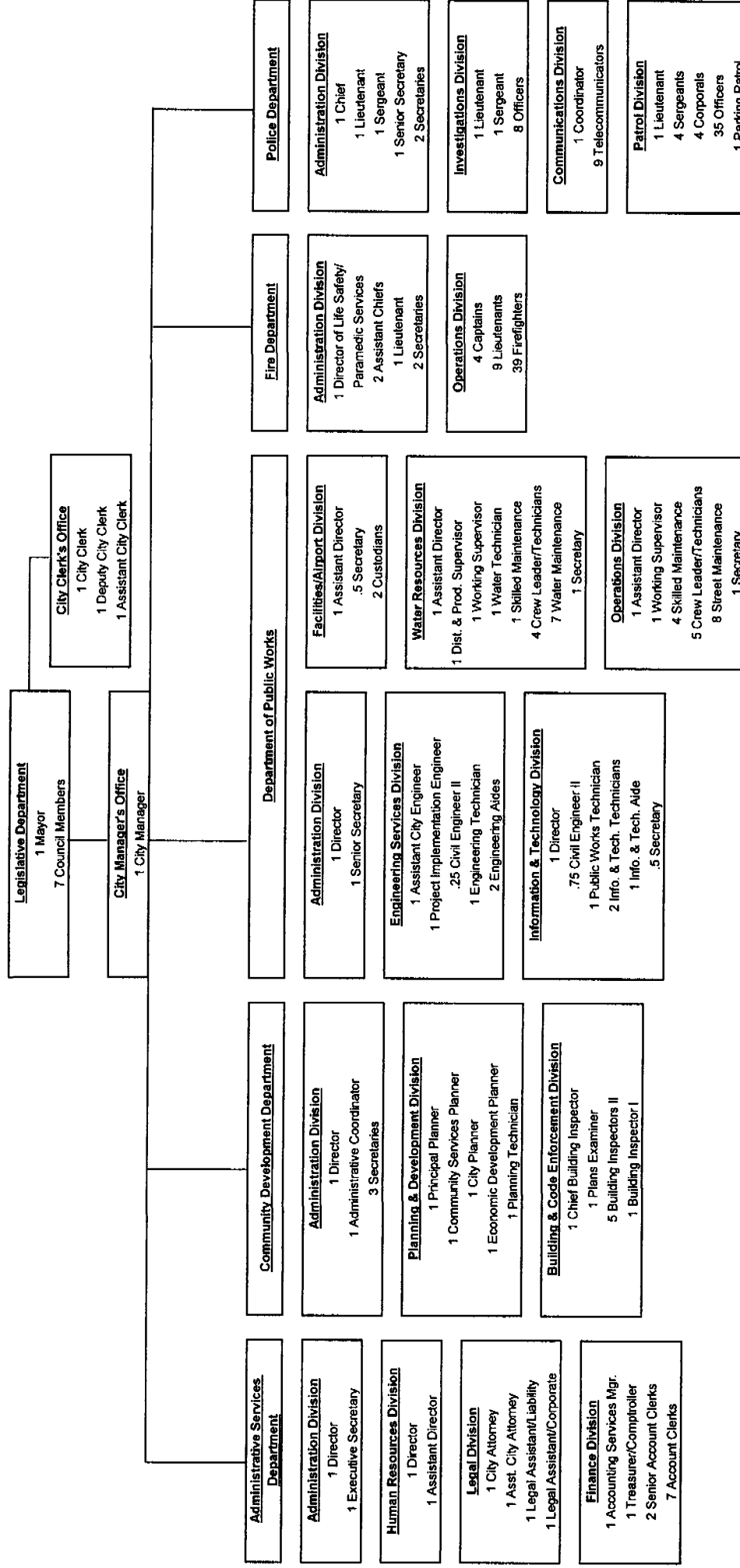
Mark Biernacki, City Manager

Linda Wiggins, Administrative Services Director

FINANCE SERVICES DIVISION

Ted Kozinski, Comptroller/Treasurer

City of DeKalb - Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeKalb,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelle

President

Jeffrey R. Enen

Executive Director

City of DEKALB

DEKALB MUNICIPAL BUILDING
200 SOUTH FOURTH STREET
DEKALB, ILLINOIS 60115
FAX (815) 748-2056
TDD (815) 748-2302
www.cityofdekab.com

December 22, 2004

Mayor Greg Sparrow & DeKalb City Council Members
Mr. Mark Biernacki, City Manager
Citizens of DeKalb

Ladies & Gentlemen:

We are pleased to forward for your consideration the City of DeKalb's FY 2004 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004. It has been done so in accordance with generally accepted governmental accounting principles and the Illinois Compiled Statutes.

The data presented herein is accurate in all material respects and fairly sets forth the financial position of the City of DeKalb and the results of its operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain full understanding of the City's financial affairs have been included. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation (including all disclosures) rests with this office.

This report consists of three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City of DeKalb's organizational chart in effect as of June 30, 2004 and a list of principal officials. The financial section includes the management's discussion and analysis, basic financial statements, and required supplementary information. Additionally, it contains the independent auditor's report on the basic financial statements, which is an unqualified opinion without exception. The third and final section provides statistical information including selected multi-year financial and demographic information.

The City has implemented GASB Statement No. 34, Basic Financial Statements - and Management Discussion and Analysis - for state and local governments, including general fixed asset and infrastructure asset reporting. The CAFR presents the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining statements for nonmajor funds. The MD&A provides an analytical overview of the Village's financial activity. Included in the basic financial statements are the government-wide

**CITY MANAGER'S
OFFICE**
815-748-2090

**FINANCE
DIVISION**
815-748-2080

**LEGAL
DIVISION**
815-748-2093

**HUMAN RESOURCES
DIVISION**
815-748-2094

**CITY CLERK'S
OFFICE**
815-748-2095



financial statements, fund financial statements and notes to the financial statements. The required supplementary information presents the budgetary comparison schedules and other schedules.

The City of DeKalb is required to undergo an annual single audit in conformity with the provisions of the Revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non Profit Organizations." Information related to this single audit, including the schedule of federal expenditures, findings and questioned costs, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued Single Audit Report.

This report includes all of the funds and account groups that existed for the full range of services offered by the City of DeKalb during FY 2004. These services were provided by the Legislative Department (including Mayor & Council, and the DeKalb Municipal Band); Office of the City Clerk; and the departments of Administrative Services (including Administration, Human Resources, Legal Services, Information & Technology, and Financial Services Divisions); Police; Fire; Community Development; Public Works (including Administration, Engineering Services, Street Operations and Water Resources Divisions). Collectively, these entities oversaw the construction and maintenance of highways, streets and infrastructure; maintenance and distribution of the community's municipal water supply; code enforcement; land use planning and zoning; economic development initiatives; public safety; oversight of the DeKalb Taylor Municipal Airport; community development initiatives including housing rehabilitation and neighborhood revitalization activities; and miscellaneous cultural and recreational events for the community.

It is further noted that, in addition to general municipal activities, the Police Pension Fund and the Firefighters Pension Fund have met the established criteria for inclusion in the reporting entity. The City has reported the DeKalb Public Library financial statements on a discrete basis. However, the DeKalb Park District, DeKalb School District, and the DeKalb Sanitary District have not met the established criteria for inclusion in the reporting entity, and are accordingly excluded from this report.

MAJOR INITIATIVES

During FY2004, the City was able to initiate and/or complete a variety of projects, programs and activities designed to meet identified community needs. These included:

Legislative Department

Provided \$204,000 of general revenues for the Human Services Program, benefiting numerous local social service agencies.

Sponsored 12 summer concerts by the DeKalb Municipal Band and participated with the DeKalb Park District in sponsoring the community's annual Fourth of July celebration.

Continued sponsoring the Senior Citizens Utility Assistance Program for local senior residents of limited income to receive reduced water rates, free refuse service and a rebate of all utility taxes they pay to the municipality.

Administrative Services Department

Established a 5 Year Financial Plan for the City's General Fund based upon adopted budgetary goals of the City Council.

Provided risk management training to municipal employees to reduce the City's exposure for worker's compensation and public liability claims.

Implemented all regulations regarding HIPAA Privacy & Security Regulations regarding personal health information.

Completed extensive improvements to the City's network computer system and GIS mapping and permitting systems.

Received the GFOA Certificate of Excellence in Financial Reporting for the ninth consecutive year.

Police Department

Expanded foot and bicycle patrols in residential neighborhoods.

Created a Domestic Violence Review Unit.

Developed protocol for missing children.

Fire Department

Began development of a "Level A" Technical Rescue Team with funding received through the MABAS/Illinois Terrorism Task Force

Negotiated a new 3 year collective bargaining agreement with IAFF Local 1236.

Implemented the new International Fire Code.

Created a new full time Fire Training Officer's position

Public Works Department

Negotiated new multi-year solid waste contract.

Recipient of the Tree City USA award from the Illinois Department of Natural Resources for the sixth consecutive year.

Initiated improvements to the City's potable water supply system as recommended by the System Vulnerability Assessment.

Completed construction of a 2,200 lineal foot extension to Runway 2-20.

Community Development Department

Administered the City's Community Development Block Grant Program, providing assistance for first time homebuyers, rehabilitation grants, and funding assistance to local social service agencies.

Administered the newly created Metropolitan Planning Organization to conduct regional transportation planning activities for the area.

Facilitated the City's first Growth Summit with other local taxing districts concerning future growth levels and ideals for the community as a whole.

Capital Projects

Regarding capital improvements initiated and/or completed within the community during FY 2004, and in addition to those previously noted, the following projects may be cited:

Completed over \$400,000 of street maintenance activities; nearly \$300,000 of streetlighting upgrades; and nearly \$400,000 for signal and sign maintenance.

Initiated engineering and design work for the reconstruction of Annie Glidden Road between Route 38 and Fairview Drive.

Provided extensive financial assistance to the other local taxing districts for TIF-eligible capital improvements.

ECONOMIC CONDITION AND OUTLOOK

The City ended FY2004 with a sound local economy demonstrated through unemployment rates that remained at historically low levels; extensive commercial, industrial and residential construction; and healthy increases in local sales taxes. DeKalb continues to change and evolve, and it will remain the municipal government's challenge and obligation to likewise change and evolve to meet the needs of its residents.

FINANCIAL INFORMATION

The management staff of the City of DeKalb is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting information is available 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 the cost of a control should not exceed the benefits likely to be derived; and secondly, that the valuation of costs and benefits requires estimates and judgment by management.

Single Audit. As a recipient of federal assistance, the City of DeKalb also is responsible for ensuring compliance with applicable laws and regulations related to those programs. An internal control structure is in place and is evaluated periodically by the City's management. As part of the

City of DeKalb's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine if the City has complied with applicable laws and regulations.

Budgeting Controls. The City of DeKalb also maintains strict budgetary controls. These controls are intended to ensure that there is compliance with the legal provisions of the annual budget approved by the Mayor and City Council. Activities of the governmental and proprietary funds are included in the approved annual budget. The level of budgetary control is established at the fund, department, and divisional levels. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, encumbrances generally are rebudgeted as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City of DeKalb continues to meet its responsibility for sound financial management.

Cash Management. The City maintains a combined cash and investment portfolio that attempts to maximize security, meet daily cash flow needs, and attain a market rate of return. As part of this process, the City plans to continue moving cash from bank and money market accounts to higher yielding investments such as bank certificates of deposit (insured or collateralized only), U.S. Treasury bills and notes, and federal agency securities.

Risk Management. The City started self-funding for health insurance and property/liability insurance in FY1993 but maintained workers compensation coverage through the use of an external provider. In FY1994, the City began self-funding for workers compensation. The City has purchased policies for protection against major claims for health insurance, workers compensation, and property/liability insurance.

The benefits of self-funding the insurance programs have been two-fold: 1) the City has achieved substantial cost savings and 2) the City has been able to offer employees a better package of benefits by having the ability to control and target the components of the plan. A third party administrator (TPA) was selected to manage workers compensation, the health insurance plan, and claims processing. Aggregate reinsurance was provided by third party carriers to protect the City from claims which exceed the annual budgeted amount for self-insurance care while specific reinsurance caps the City's liability from individual catastrophic claims. The City has managed all claims internally since FY1993 for property/liability insurance.

OTHER INFORMATION

Independent Audit. State of Illinois statutes require an annual audit by independent certified public accountants. The City engaged Sikich, Gardner & Company, LLP for audit services in fiscal year 2003. In addition to meeting the requirements of the state statutes, and generally

accepted accounting principles, the audit was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133.

The auditor's report on the general purpose financial statements and the combining, individual fund, and account group financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separately issued Single Audit Report.

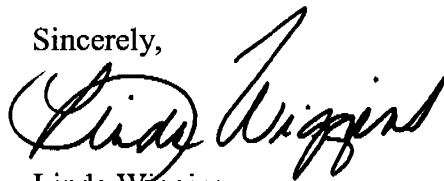
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of DeKalb, Illinois for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the eighth consecutive year that the City has received this prestigious award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of DeKalb, Illinois believes our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments. We wish to thank the auditing team headed by Brian LeFevre, of our independent outside auditing firm Sikich, Gardner & Company, LLP, for assisting the City of DeKalb in its goal of producing and retaining excellent financial reporting documents. We further wish to thank all the members of the Finance Division for their dedicated efforts throughout the year that culminate in this document. Most especially, we wish to express our appreciation to the Mayor, City Council, and City Manager for their continued support of all of our financial management efforts.

Sincerely,



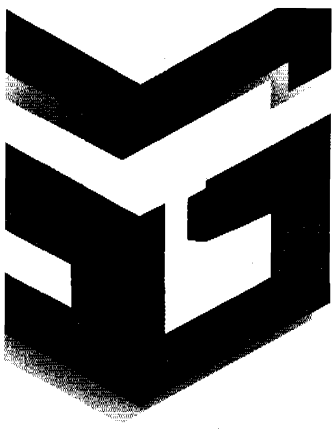
Linda Wiggins
Administrative Services Director



Ted Kozinski
Comptroller/Treasurer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORTS



Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of DeKalb, Illinois

We have audited the basic, combining and individual fund financial statements of the City of DeKalb, Illinois, as of and for the year ended June 30, 2004, as listed in the accompanying table of contents. These financial statements are the responsibility of the City of DeKalb, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of DeKalb, Illinois, as of June 30, 2004, and the results of its operations and cash flows of the proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the City of DeKalb, Illinois, as of June 30, 2004, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

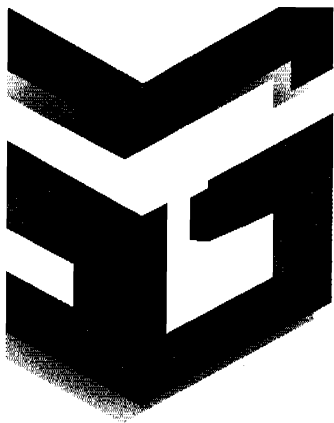
Our audit was made for the purpose of forming an opinion on the basic financial statements and on the combining and individual fund financial statements taken as a whole. The financial information listed as supplemental data and schedules in the accompanying table of contents are presented for purposes of additional analysis and is not a required part of the financial statements of the City of DeKalb, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic, combining and individual fund financial statements taken as a whole.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information in the introductory and statistical sections listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

Sehuk Gardner & Co LLP

Aurora, Illinois
November 22, 2004



Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

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MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor
Members of the City Council
City of DeKalb, Illinois

We have audited the basic financial statements and the combining and individual fund financial statements of the City of DeKalb, Illinois, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 22, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of DeKalb, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of DeKalb's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and the combining and individual fund financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic, combining and individual financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have communicated to the management of the City of DeKalb in a separate letter dated November 22, 2004.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sehuk Gardner, CMAA

Aurora, Illinois
November 22, 2004

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF DEKALB, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004

This section of the City of DeKalb's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the City's financial activities during the fiscal year ended June 30, 2004. This should be read in conjunction with the City's financial statements that follow this section.

| |
|-----------------------------|
| FINANCIAL HIGHLIGHTS |
|-----------------------------|

- Net Asset position and performance in total – The City's total net assets increased from \$84,618,109 at June 30, 2003 to \$104,778,443 at June 30, 2004.
- Governmental Activity summary – Net assets for governmental activities increased by \$13,062,184 during the year to \$68,663,949.
- Business-type Activity summary – Net assets for business-type activities increased by \$7,098,150 during the year to \$36,114,494.
- General Fund summary – The City's General Fund reported an increase of \$268,634 in restated fund balance for the year.
- Budget vs. Actual – The City's actual revenues for governmental funds were \$433,191 more than budgeted revenues while the actual expenditures were less than total budgeted expenditures by \$140,185.
- Capital - Capital and infrastructure assets increased by \$16,302,534.
- Debt Service– In order to reduce interest paid on debt service, the City issued \$6,020,000 million in general obligation bonds to refund older issuances.

| |
|---|
| OVERVIEW OF THE FINANCIAL STATEMENTS |
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This discussion and analysis is intended to serve as an introduction to the City of DeKalb's financial section of the CAFR. The financial section of the CAFR includes four components: 1) management's discussion and analysis, 2) the basic financial statements, 3) required supplementary information, and 4) additional supplementary information. The basic financial statements include two kinds of statements that present different views of the City: government-wide financial statements and fund financial statements.

- Government-wide financial statements provide both short and long-term information about the City's overall financial status.
- Fund financial statements focus on individual parts of the City government, reporting City operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required

supplementary information section that further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, we have provided sections for combining statements to provide detail on non-major funds, for additional supplementary information, and for statistical information.

The following table summarizes the major features of the City's financial statements.

| | Government-Wide Statements | Fund Statements | | |
|---------------------------------------|---|--|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire City government (except fiduciary funds) and the City's component unit | Activities of the City that are not proprietary or fiduciary such as public safety | Activities the City operates similar to private business such as the water and sewer system | Activities in which the City is trustee or agent of another's resources such as pension plans |
| Required financial statements | -Statement of net assets -Statement of activities | -Balance Sheet -Statement of revenues, expenditures, and changes in fund balances | -Statement of net assets -Statement of revenues, expenses, and changes in net assets -Statement of cash flows | -Statement of fiduciary net assets -Statement of changes in fiduciary net assets |
| Accounting basis | Accrual | Modified Accrual | Accrual | Accrual |
| Measurement focus | Economic resources | Current financial resources | Economic resources | Economic resources |
| Type of asset & liability information | All assets and liabilities; both financial and capital, short and long-term | Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets | All assets and liabilities; both financial and capital, short and long-term | All assets and liabilities; both short and long-term. Does not currently contain capital assets |
| Type of inflow & outflow information | All revenues and expenses during the year regardless of when cash is received or paid | Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter | All revenues and expenses during the year regardless of when cash is received or paid | All revenues and expenses during the year regardless of when cash is received or paid |

Government-Wide Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government.

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to disclose bottom line results for the City and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental fund's current financial resources

(short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (both governmental and business-type), which are supported by the government's general taxes and other resources. The Statement of Activities is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the City's basic services, including administration, financial services, police, fire, public works, and community development. Property taxes, sales taxes, local utility and telecommunications taxes, and state income tax distributions finance the majority of these services. The business-type activities reflect private sector type operations (water and airport), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

Governmental funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for City operations.

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

Fiduciary Funds are presented for certain activities where the City's role is that of trustee (i.e. Police and Fire Pensions) or agent. While Fiduciary Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Total column on the Business-type Fund Financial Statements is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds Total column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds, gains/losses on capital asset disposals, and interfund transfers as other financial sources as well as capital outlay expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-wide statements.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB 34 now requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) that periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset's original useful life or expand its capacity – the cost of the project will be expensed. For example, an "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

In accordance with GASB Statement No. 34, the City is not required to restate prior periods for the purpose of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of Government-wide information will be presented.

NET ASSETS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

Table 1
Statement of Net Assets
As of June 30, 2004

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total Primary Government</i> | |
|-----------------------------------|------------------------------------|----------------------|-------------------------------------|---------------------|-------------------------------------|----------------------|
| | <i>2003</i> | <i>2004</i> | <i>2003</i> | <i>2004</i> | <i>2003</i> | <i>2004</i> |
| <i>Current and Other Assets</i> | 16,453,437 | 16,042,206 | 3,948,391 | 3,449,699 | 20,401,828 | 19,491,905 |
| <i>Capital Assets</i> | 82,468,651 | 93,559,825 | 40,013,114 | 46,777,065 | 122,481,765 | 140,336,890 |
| <i>Total Assets</i> | \$98,922,088 | \$109,602,031 | \$43,961,505 | \$50,226,764 | \$142,883,593 | \$159,828,795 |
| <i>Other Liabilities</i> | 13,504,626 | 9,054,059 | 1,711,242 | 1,576,551 | 15,215,868 | 10,630,610 |
| <i>Long-Term Liabilities</i> | 29,838,593 | 31,884,023 | 13,233,919 | 12,535,719 | 43,072,512 | 44,419,742 |
| <i>Total Liabilities</i> | \$43,343,219 | \$40,938,082 | \$14,945,161 | \$14,112,270 | \$58,288,380 | \$55,050,352 |
| <i>Net Assets:</i> | | | | | | |
| <i>Invested in capital assets</i> | 67,783,452 | 79,281,779 | 26,779,195 | 34,483,474 | 94,562,647 | 113,765,253 |
| <i>Restricted</i> | 5,554,546 | 3,395,377 | 0 | 0 | 5,554,546 | 3,395,377 |
| <i>Unrestricted</i> | (17,759,129) | (14,013,207) | 2,237,149 | 1,631,020 | (15,521,980) | (12,382,187) |
| <i>Total Net Assets</i> | \$55,578,869 | \$68,663,949 | \$29,016,344 | \$36,114,494 | \$84,595,213 | \$104,778,443 |

Normal Impacts-Net Assets

There are six common (basic) types of transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – Impacts (increases/decreases) current assets and unrestricted net assets.

Borrowing for Capital – Increases current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – Reduces current assets and increases capital assets. Also, an increase in invested in capital assets and an increase in related net debt will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

Principal Payment on Debt – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – Reduces capital assets and invested in capital assets, net of debt.

Current Year Impacts-Net Assets

The City's combined net assets increased from \$84,595,213 to \$104,778,443.

Net assets of the City's governmental activities increased by \$13,062,184 during the year to \$68,663,949. The bulk of this increase occurred through the contributions of streets and right-of-way from developers.

The net assets of business-type activities increased by \$7,098,150 during the year to \$36,114,494 due largely to the completion of major airport infrastructure improvements. The City's business type activities include water, refuse, and airport services. Unrestricted net assets, available to finance the continuing operation of its business type activities, were \$1,631,020. The annual FY 2004 operating cost of these services (excluding all non-operating revenues and expenses) was \$5,350,927.

CHANGES IN NET ASSETS

Statement of Changes In Net Assets

The following chart reflects the condensed Statement of Changes In Net Assets.

Table 2
Changes in Net Assets
For the Fiscal Year Ended June 30, 2004

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total Primary Government</i> | |
|-----------------------------|------------------------------------|----------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | <i>2003</i> | <i>2004</i> | <i>2003</i> | <i>2004</i> | <i>2003</i> | <i>2004</i> |
| REVENUES | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for Services | \$2,859,710 | \$3,614,187 | \$5,580,831 | \$6,157,331 | \$8,440,541 | \$9,771,518 |
| Operating grants | 2,006,762 | 2,521,542 | 0 | 0 | 2,006,762 | 2,521,542 |
| Capital grants | 282,853 | 537,433 | 85,918 | 18,015 | 368,771 | 555,448 |
| <i>General Revenues:</i> | | | | | | |
| Property Taxes | 5,700,437 | 6,506,752 | 74,587 | 75,539 | 5,775,024 | 6,582,291 |
| Sales Taxes | 6,315,900 | 8,008,678 | 0 | 0 | 6,315,900 | 8,008,678 |
| Other Taxes | 7,690,720 | 7,576,308 | 0 | 0 | 7,690,720 | 7,576,308 |
| Investment Income | 247,457 | 106,229 | 119,957 | 30,607 | 367,414 | 136,836 |
| Contributions | 2,730,508 | 12,498,893 | 1,398,700 | 4,987,144 | 4,129,208 | 17,486,037 |
| Other | 306,060 | 485,971 | (18,375) | (165,913) | 287,685 | 320,058 |
| Total Revenues | <u>\$28,140,407</u> | <u>\$41,855,993</u> | <u>\$7,241,618</u> | <u>\$11,102,723</u> | <u>\$35,382,025</u> | <u>\$52,958,716</u> |
| EXPENSES | | | | | | |
| <i>General Government</i> | \$4,025,445 | \$3,800,583 | \$0 | \$0 | \$4,025,445 | \$3,800,583 |
| Public Safety | 11,921,125 | 13,161,608 | 0 | 0 | 11,921,125 | 13,161,608 |
| Community Improvement | 6,675,918 | 5,880,017 | 0 | 0 | 6,675,918 | 5,880,017 |
| Highways And Streets | 8,232,178 | 4,872,446 | 0 | 0 | 8,232,178 | 4,872,446 |
| Interest | 902,598 | 1,049,120 | 0 | 0 | 902,598 | 1,049,120 |
| Water | 0 | 0 | 3,758,743 | 3,830,129 | 3,758,743 | 3,830,129 |
| Refuse | 0 | 0 | 1,194,973 | 1,256,963 | 1,194,973 | 1,256,963 |
| Airport | 0 | 0 | 466,286 | 692,739 | 466,286 | 692,739 |
| Total Expenses | <u>\$31,757,264</u> | <u>\$28,763,774</u> | <u>\$5,420,002</u> | <u>\$5,779,831</u> | <u>\$37,177,266</u> | <u>\$34,543,605</u> |
| Change in Net Assets | <u>(\$3,616,857)</u> | <u>\$13,092,219</u> | <u>\$1,821,616</u> | <u>\$5,322,892</u> | <u>(\$1,795,241)</u> | <u>\$18,415,111</u> |

Normal Impacts-Changes In Net Assets

Reflected below are eight common (basic) impacts on revenues and expenses.

Revenues:

Economic Condition – Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

Increase/Decrease in City approved rates – While certain tax rates are set by statute, the City Council has authority to impose and periodically increase/decrease rates (water, sales tax, property tax, building permit fees, etc).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment income – The City's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to two years for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

Expenses:

Changes In Programs – Within the functional expense categories (General Government, Public Safety, Community Improvement, etc.) individual programs may be added, deleted or expanded to meet changing community needs.

Changes in Authorized Personnel – Changes in service demand may cause the City Council to increase/decrease authorized staffing.

Salary Increases (annual adjustments and step increases) – The City strives to maintain a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be modest (CPI was slightly over 3% at June 30, 2004), the City is a major consumer of certain commodities and services that typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include insurance, fuel, electricity and operating supplies.

Current Year Impacts-Changes In Net Assets

Governmental Activities

Revenue:

Revenues from governmental activities totaled \$41,855,993. Sales taxes continue to be the City's largest source of tax revenues. The \$8,008,678 sales tax revenue received in FY 2004 was enhanced due to a 1/2% rate increase in the City's Home Rule Sales tax effectuated January 1st, 2004.

Although most revenue categories increased from the prior fiscal year due to the general improvement in the overall local economy, the City also suffered an 8.7% decrease in State income tax distributions and 57.1% decline in interest income.

The largest dollar-change from FY 2003 came from the developer contributions of a large number of streets and right-of-way in the community.

Expenses:

Expenses for governmental activities totaled \$28,763,774. Although expenses were negatively impacted by rising pension costs, they were more than offset by reductions in street maintenance expenses and developer project reimbursements.

Business Type Activities

Revenue:

Revenue from business-type activities totaled \$11,102,723. The highlight of FY 2004 was the Airport Fund's receipt of \$4.2 million in Federal and State grants for projects primarily related to the completion of a runway extension.

Expenses:

Expenses for business-type activities totaled \$5,779,831. Although there were no major changes from last year for the Water and Refuse funds, the Airport fund did see a significant increase in depreciation expense due to the addition of various assets.

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| FINANCIAL ANALYSIS OF THE CITY'S FUNDS |
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For the fiscal year ended June 30, 2004, the governmental funds reflect a combined fund balance of \$5,115,072. This amount represents a decrease of \$635,393 primarily due to additional debt service and health insurance costs.

The General Fund FY 2004 ending fund balance of \$3,260,821 equals about 7 weeks of FY 2005 expenditures. Unlike the past several years, the City does not plan to draw down FY 2005 fund balance to purchase various capital items.

Effective January 1, 2004, the City did successfully raise its Home Rule (local) sales tax rate .50% in order to improve future reserves for unforeseen events.

General Fund Budgetary Highlights

| <i>General Fund</i> | <i>FY 2004 Original Budget</i> | <i>FY 2004 Amended Budget</i> | <i>FY 2004 Actual</i> | <i>Prior Year FY 2003 Actual</i> |
|---|--|---------------------------------------|---------------------------|--|
| <i>Revenues</i> | | | | |
| <i>Taxes</i> | \$17,506,869 | \$17,506,869 | \$17,061,812 | \$16,278,974 |
| <i>Licenses & Permits</i> | 469,000 | 469,000 | 846,571 | 487,590 |
| <i>Charges for Services</i> | 1,178,000 | 1,178,000 | 1,471,140 | 1,402,274 |
| <i>Fines & Forfeits</i> | 550,000 | 550,000 | 638,815 | 468,009 |
| <i>Other</i> | 252,000 | 252,000 | 370,722 | 406,591 |
| <i>Total</i> | \$19,955,869 | \$19,955,869 | \$20,389,060 | \$19,043,438 |
| <i>Expenditures and Transfers</i> | | | | |
| <i>General Government</i> | \$2,588,187 | \$2,588,187 | \$2,510,222 | \$2,530,336 |
| <i>Public Safety</i> | 12,085,578 | 12,106,203 | 12,407,621 | 11,367,293 |
| <i>Community Improvement</i> | 4,291,678 | 4,291,678 | 3,928,040 | 4,406,307 |
| <i>Proceeds on Sale of Capital Assets</i> | (15,000) | 0 | (7,744) | 0 |
| <i>Transfers In</i> | (570,000) | (570,000) | (392,600) | (301,000) |
| <i>Transfers Out</i> | 1,687,467 | 1,687,467 | 1,674,887 | 1,529,792 |
| <i>Total</i> | \$20,067,910 | \$20,103,535 | \$20,120,426 | \$19,532,728 |
| | | | | |
| Change in Fund Balance | (\$112,041) | (\$147,666) | \$268,634 | (\$489,290) |

During fiscal year 2004, the City Council made no significant revenue or expenditure budget amendments. Actual General Fund revenues were more than original budgeted revenues by \$431,191 during FY 2004. This is attributable to sales tax revenue items not achieving budgeted revenues while Police Fines, Circuit Court Fines, Ambulance Services, and Building Permit revenues all significantly exceeded budget expectations.

Actual General Fund expenditures and transfers were more than the original budget by \$52,516 and were more than the amended budget by \$16,891.

Like FY 2003, the Council continued the use of motor fuel tax money normally reserved for specific MFT eligible road projects to pay for street lighting, road salt, and other street-related maintenance activities budgeted in the general fund. In the future, the Council plans to direct motor fuel tax money back to the MFT Fund.

In looking at other Major Governmental Funds, Tax Increment Funds #1 and #2 had FY 2004 ending fund balances of \$1,498,085 and (\$1,460,336) respectively as compared to FY 2003 balances of \$2,282,704 and (\$1,647,941).

Although TIF #1 had an influx of a little over \$1,000,000 in new taxes this year, there still was a planned drawdown of fund balance to finance various community improvements within the targeted TIF district. Like FY 2003, TIF #2 continued to reduce its fund balance deficit.

Water Fund Budgetary Highlights

| <i>Water Fund</i> | <i>FY 2004 Original Budget</i> | <i>FY 2004 Amended Budget</i> | <i>FY 2004 Actual</i> | <i>Prior Year FY 2003 Actual</i> |
|---|--|---------------------------------------|---------------------------|--|
| <i>Revenues</i> | | | | |
| <i>Charges for Services</i> | | | | |
| <i>Water Sales</i> | \$3,764,000 | \$3,764,000 | \$3,725,387 | \$3,700,616 |
| <i>Permits</i> | 100,500 | 100,500 | 909,125 | 388,039 |
| <i>Miscellaneous</i> | 55,000 | 55,000 | 31,649 | 86,578 |
| <i>Total</i> | \$3,919,500 | \$3,919,500 | \$4,666,161 | \$4,175,233 |
| <i>Expenses, Transfers, and Contributions</i> | | | | |
| <i>Operating Expenses</i> | (\$4,376,603) | (\$4,376,603) | (\$2,468,583) | (\$2,369,558) |
| <i>Depreciation & Amortization</i> | 0 | 0 | (965,314) | (906,146) |
| <i>Non-Operating Expenses</i> | (1,387,295) | (1,387,295) | (351,802) | (363,082) |
| <i>Transfers In</i> | 0 | 0 | 0 | 0 |
| <i>Transfers Out</i> | (540,000) | (540,000) | (392,600) | (301,000) |
| <i>Developer Contributions</i> | 0 | 0 | 791,875 | 1,398,700 |
| <i>Total</i> | (\$6,303,898) | (\$6,303,898) | (\$3,386,424) | (\$2,541,086) |
| <i>Change in Net Assets</i> | (\$2,384,398) | (\$2,384,398) | \$1,279,737 | \$1,634,147 |

The FY 2004 ending net assets of the Water Fund stands at \$18,638,403. The revenues from ongoing housing and retail development water permit activity and water impact fees was the main source of the FY 2004 Fund Balance increase.

CAPITAL ASSETS

At the end of fiscal year 2004, the City's Governmental Funds had invested \$93,559,825 in a variety of capital assets and infrastructure, as reflected in the following schedule.

Table 3
Governmental Funds
Change in Net Capital Assets

| | <i>Restated Balance June 30, 2003</i> | <i>Net Additions/ Deletions</i> | <i>Balance June 30, 2004</i> |
|---|---|---|----------------------------------|
| <i>Non-Depreciable Assets</i> | | | |
| <i>Land</i> | \$24,464,045 | \$2,754,346 | \$27,218,391 |
| <i>Depreciable Capital Assets</i> | | | |
| <i>Buildings and Improvements</i> | 5,664,893 | 126,716 | 5,791,609 |
| <i>Equipment and Vehicles</i> | 6,219,153 | 377,436 | 6,596,589 |
| <i>Infrastructure</i> | 83,454,383 | 10,233,618 | 93,688,001 |
| <i>Accumulated Depreciation on Capital Assets</i> | (37,556,490) | (2,178,275) | (39,734,765) |
| <i>Totals</i> | \$82,245,984 | \$11,313,841 | \$93,559,825 |

The major additions to capital assets during the year included substantial street and right-of-way donations from housing developers.

At the end of fiscal year 2004, the City's Business-Type Funds had invested \$46,777,065 in capital assets as reflected in the following schedule.

Table 4
Business-Type Funds
Change in Net Capital Assets

| | <i>Restated Balance June 30, 2003</i> | <i>Net Additions/ Deletions</i> | <i>Balance June 30, 2004</i> |
|---|---|---|----------------------------------|
| <i>Non-Depreciable Assets</i> | | | |
| <i>Land</i> | \$11,465,692 | \$66,700 | \$11,532,392 |
| <i>Depreciable Capital Assets</i> | | | |
| <i>Buildings and Improvements</i> | 4,652,317 | 99,133 | 4,751,450 |
| <i>Water Distribution System</i> | 31,399,217 | 1,365,191 | 32,764,408 |
| <i>Equipment and Vehicles</i> | 959,407 | 42,602 | 1,002,009 |
| <i>Airport Infrastructure</i> | 1,866,786 | 4,546,848 | 6,413,634 |
| <i>Accumulated Depreciation on Capital Assets</i> | (8,555,047) | (1,131,781) | (31,501,339) |
| <i>Totals</i> | \$41,788,372 | \$4,988,693 | \$46,777,065 |

The major addition to capital assets during the year included the completion of the Airport runway extension.

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| CONTACTING THE CITY'S FINANCIAL MANAGEMENT |
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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Finance Department, City of DeKalb, 200 South 4th Street, DeKalb, Illinois 60115.

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS

June 30, 2004

| | Governmental Activities | Business-Type Activities | Total | Component Unit Library |
|--|----------------------------|-----------------------------|-----------------------|---------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 6,762,333 | \$ 2,162,493 | \$ 8,924,826 | \$ 1,217,610 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | | |
| Property Taxes | 3,472,449 | 37,768 | 3,510,217 | 467,070 |
| Accounts | - | 1,219,843 | 1,219,843 | - |
| Accrued Interest | 5,151 | 12,509 | 17,660 | 6,287 |
| Other | 1,460,328 | - | 1,460,328 | - |
| Prepaid Expenses | 135,633 | 14,871 | 150,504 | 5,863 |
| Due from Other Governments | 2,840,681 | 36,085 | 2,876,766 | 2,400 |
| Due from (to) Other Funds | 99,209 | (99,209) | - | - |
| Due from Component Unit | 2,000 | - | 2,000 | - |
| Long-Term Receivables - Revolving Loan | 122,054 | - | 122,054 | - |
| Restricted Assets | | | | |
| Restricted Cash and Investments | 627,244 | - | 627,244 | - |
| Deferred Charges | 317,313 | 65,339 | 382,652 | - |
| Net Pension Asset | 197,811 | - | 197,811 | - |
| Capital Assets | | | | |
| Not Depreciated | 27,218,391 | 11,532,392 | 38,750,783 | 10,000 |
| Depreciated (Net of Accumulated Depreciation) | 66,341,434 | 35,244,673 | 101,586,107 | 63,269 |
| Total Assets | 109,602,031 | 50,226,764 | 159,828,795 | 1,772,499 |
| LIABILITIES | | | | |
| Accounts Payable | 1,104,898 | 405,523 | 1,510,421 | 2,171 |
| Claims Payable | 1,079,068 | - | 1,079,068 | - |
| Accrued Payroll | 403,990 | 33,034 | 437,024 | 16,763 |
| Accrued Interest Payable | 366,456 | 163,394 | 529,850 | - |
| Contracts Payable | 5,438 | - | 5,438 | - |
| Other Payables | 27,361 | 21,327 | 48,688 | - |
| Deferred Property Taxes | 6,036,810 | 75,040 | 6,111,850 | 928,024 |
| Other Deferred Revenue | 30,038 | 155,103 | 185,141 | - |
| Due to Other Governments | - | 723,130 | 723,130 | - |
| Due to Primary Government | - | - | - | 2,000 |
| Long-Term Liabilities | | | | |
| Due Within One Year | 2,895,574 | 1,026,687 | 3,922,261 | 1,630 |
| Due in More than One Year | 28,901,911 | 11,501,325 | 40,403,236 | 14,674 |
| Unamortized Premium | 86,538 | 7,707 | 94,245 | - |
| Total Liabilities | 40,938,082 | 14,112,270 | 55,050,352 | 965,262 |
| NET ASSETS | | | | |
| Investment in Capital Assets, Net of Related Debt Restricted for | 79,281,779 | 34,483,474 | 113,765,253 | 73,269 |
| Public Safety | 7,248 | - | 7,248 | - |
| Economic Development | 1,498,085 | - | 1,498,085 | - |
| Maintenance of Roadways | 1,151,243 | - | 1,151,243 | - |
| Specific Purpose | 111,073 | - | 111,073 | - |
| Debt Service | 627,728 | - | 627,728 | - |
| Unrestricted (Deficit) | (14,013,207) | 1,631,020 | (12,382,187) | 733,968 |
| TOTAL NET ASSETS | \$ 68,663,949 | \$ 36,114,494 | \$ 104,778,443 | \$ 807,237 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|--------------------------------|---------------|-------------------------|---------------------|-------------------|
| | | Charges for Services | Operating Grants | Capital Grants |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General Government | \$ 3,800,583 | \$ 248,199 | \$ 1,373,892 | \$ 71,983 |
| Public Safety | 13,161,608 | 2,021,775 | - | 456,800 |
| Community Improvement | 5,880,017 | 1,147,291 | - | - |
| Highways and Streets | 4,872,446 | 196,922 | 1,147,650 | 8,650 |
| Interest | 1,049,120 | - | - | - |
| Total Governmental Activities | 28,763,774 | 3,614,187 | 2,521,542 | 537,433 |
| Business-Type Activities | | | | |
| Water | 3,830,129 | 4,634,512 | - | - |
| Airport | 692,739 | 245,688 | - | 18,015 |
| Refuse | 1,256,963 | 1,277,131 | - | - |
| Total Business-Type Activities | 5,779,831 | 6,157,331 | - | 18,015 |
| TOTAL PRIMARY GOVERNMENT | \$ 34,543,605 | \$ 9,771,518 | \$ 2,521,542 | \$ 555,448 |
| COMPONENT UNIT | | | | |
| Library | \$ 1,269,783 | \$ 33,624 | \$ 128,959 | \$ - |

| | Net (Expense) Revenue and Change in Net Assets | | | |
|---------------------------------------|--|-----------------------------|----------------|-------------|
| | Primary Government | | Component Unit | |
| | Governmental Activities | Business-Type Activities | Total | Library |
| | \$ (2,106,509) | \$ - | \$ (2,106,509) | \$ - |
| | (10,683,033) | - | (10,683,033) | - |
| | (4,732,726) | - | (4,732,726) | - |
| | (3,519,224) | - | (3,519,224) | - |
| | (1,049,120) | - | (1,049,120) | - |
| | (22,090,612) | - | (22,090,612) | - |
| | - | 804,383 | 804,383 | - |
| | - | (429,036) | (429,036) | - |
| | - | 20,168 | 20,168 | - |
| | - | 395,515 | 395,515 | - |
| | (22,090,612) | 395,515 | (21,695,097) | - |
| | - | - | - | (1,107,200) |
| General Revenues | | | | |
| Taxes | | | | |
| Property | 6,506,752 | 75,539 | 6,582,291 | 888,769 |
| City Sales | 3,968,456 | - | 3,968,456 | - |
| Utility | 3,426,971 | - | 3,426,971 | - |
| Income | 2,322,932 | - | 2,322,932 | - |
| State Sales | 4,040,222 | - | 4,040,222 | - |
| Restaurant/Bar | 1,231,736 | - | 1,231,736 | - |
| Other | 594,669 | - | 594,669 | 22,879 |
| Investment Income | 106,229 | 30,607 | 136,836 | 3,589 |
| Miscellaneous | 263,369 | 47,864 | 311,233 | 14,690 |
| Gain (Loss) on Sale of Capital Assets | (4,998) | 13,823 | 8,825 | - |
| Contributions | 12,498,893 | 4,987,144 | 17,486,037 | - |
| Transfers In (Out) | 227,600 | (227,600) | - | - |
| Total | 35,182,831 | 4,927,377 | 40,110,208 | 929,927 |
| CHANGE IN NET ASSETS | 13,092,219 | 5,322,892 | 18,415,111 | (177,273) |
| NET ASSETS, JULY 1 | 55,601,765 | 29,016,344 | 84,618,109 | 984,510 |
| Restatement | (30,035) | 1,775,258 | 1,745,223 | - |
| NET ASSETS, JULY 1, RESTATED | 55,571,730 | 30,791,602 | 86,363,332 | 984,510 |
| NET ASSETS, JUNE 30 | \$ 68,663,949 | \$ 36,114,494 | \$ 104,778,443 | \$ 807,237 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2004

| | General | TIF #1 | TIF #2 | Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------|---|--------------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 1,754,852 | \$ 728,782 | \$ 149,092 | \$ 2,576,398 | \$ 5,209,124 |
| Restricted Cash and Investments | - | - | - | 627,244 | 627,244 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | | | |
| Property Taxes | 1,322,843 | 1,726,476 | 316,986 | 106,144 | 3,472,449 |
| Accrued Interest | 467 | - | - | 1,267 | 1,734 |
| Other | 1,031,102 | - | - | 347,976 | 1,379,078 |
| Prepaid Items | 105,452 | 3,495 | - | 6,268 | 115,215 |
| Due from Other Governments | 2,466,257 | 134,628 | - | 239,796 | 2,840,681 |
| Due from Other Funds | 309,282 | - | - | 27,955 | 337,237 |
| Advances to Other Funds | - | 2,295,000 | - | - | 2,295,000 |
| Long-Term Receivables - Revolving Loans | - | 122,054 | - | - | 122,054 |
| TOTAL ASSETS | \$ 6,990,255 | \$ 5,010,435 | \$ 466,078 | \$ 3,933,048 | \$ 16,399,816 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 669,337 | \$ 93,455 | \$ 36,389 | \$ 177,783 | \$ 976,964 |
| Accrued Payroll | 402,671 | - | - | 1,319 | 403,990 |
| Contracts Payable | - | - | - | 5,438 | 5,438 |
| Other Payables | 27,361 | - | - | - | 27,361 |
| Deferred Property Taxes | 1,775,685 | 3,418,895 | 630,025 | 212,205 | 6,036,810 |
| Other Deferred Revenue | 854,380 | - | - | 347,564 | 1,201,944 |
| Due to Other Funds | - | - | - | 337,237 | 337,237 |
| Advances from Other Funds | - | - | 1,260,000 | 1,035,000 | 2,295,000 |
| Total Liabilities | 3,729,434 | 3,512,350 | 1,926,414 | 2,116,546 | 11,284,744 |
| FUND BALANCES | | | | | |
| Reserved for Prepaid Items | 105,452 | 3,495 | - | 6,268 | 115,215 |
| Reserved for Long-Term Receivables | - | 122,054 | - | - | 122,054 |
| Reserved for Public Safety | - | - | - | 6,763 | 6,763 |
| Reserved for Maintenance of Roadways | - | - | - | 1,151,243 | 1,151,243 |
| Reserved for Specific Purpose | - | - | - | 110,943 | 110,943 |
| Reserved for Advances to Other Funds | - | 2,295,000 | - | - | 2,295,000 |
| Reserved for Debt Service | - | - | - | 627,728 | 627,728 |
| Unreserved | | | | | |
| Undesignated - General Fund | 3,155,369 | - | - | - | 3,155,369 |
| Undesignated (Deficit) - Special Revenue Funds | - | - | - | (22,476) | (22,476) |
| Undesignated (Deficit) - Capital Projects Funds | - | (922,464) | (1,460,336) | (63,967) | (2,446,767) |
| Total Fund Balances | 3,260,821 | 1,498,085 | (1,460,336) | 1,816,502 | 5,115,072 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 6,990,255 | \$ 5,010,435 | \$ 466,078 | \$ 3,933,048 | \$ 16,399,816 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

June 30, 2004

| | |
|---|----------------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 5,115,072 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 93,559,825 |
| Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds | (32,163,941) |
| Bond premiums are other financing sources in governmental funds in the year of issuance but are capitalized and amortized on the statement of net assets | (86,538) |
| Issuance costs and losses on refundings are expenditures in governmental funds but are capitalized and amortized on the statement of net assets | 317,313 |
| Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities | 1,049,154 |
| The net assets of the internal service fund are included in the governmental activities in the statement of net assets | 675,253 |
| The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds | <u>197,811</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 68,663,949</u> |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

| | General | TIF #1 | TIF #2 | Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------|---|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 17,061,812 | \$ 4,248,880 | \$ 522,551 | \$ 199,157 | \$ 22,032,400 |
| Licenses and Permits | 846,571 | - | - | - | 846,571 |
| Intergovernmental | 37,273 | - | - | 3,024,701 | 3,061,974 |
| Charges for Services | 1,471,140 | - | - | 369,355 | 1,840,495 |
| Fines and Forfeits | 638,815 | - | - | - | 638,815 |
| Investment Income | 47,551 | 9,681 | - | 48,997 | 106,229 |
| Miscellaneous | 285,898 | 9,870 | 5,000 | 50,986 | 351,754 |
| Total Revenues | 20,389,060 | 4,268,431 | 527,551 | 3,693,196 | 28,878,238 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | 2,510,222 | - | - | 1,578,753 | 4,088,975 |
| Public Safety | 12,407,621 | - | - | 25,248 | 12,432,869 |
| Community Improvement | 3,928,040 | - | - | - | 3,928,040 |
| Highways and Streets | - | - | - | 763,579 | 763,579 |
| Capital Outlay | - | 3,712,607 | 339,946 | 2,379,664 | 6,432,217 |
| Debt Service | | | | | |
| Principal Retirement | - | - | - | 1,545,000 | 1,545,000 |
| Interest and Fiscal Charges | - | - | - | 1,071,575 | 1,071,575 |
| Total Expenditures | 18,845,883 | 3,712,607 | 339,946 | 7,363,819 | 30,262,255 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,543,177 | 555,824 | 187,605 | (3,670,623) | (1,384,017) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds on Sale of Capital Assets | 7,744 | - | - | - | 7,744 |
| Transfers In | 392,600 | - | - | 2,850,330 | 3,242,930 |
| Transfers (Out) | (1,674,887) | (1,340,443) | - | - | (3,015,330) |
| Bonds Issued | - | - | - | 4,890,000 | 4,890,000 |
| Premium on Bonds Issued | - | - | - | 46,962 | 46,962 |
| Payment to Bond Escrow Agent | - | - | - | (4,871,180) | (4,871,180) |
| Capital Lease Issued | - | - | - | 447,498 | 447,498 |
| Total Other Financing Sources (Uses) | (1,274,543) | (1,340,443) | - | 3,363,610 | 748,624 |
| NET CHANGE IN FUND BALANCES | 268,634 | (784,619) | 187,605 | (307,013) | (635,393) |
| FUND BALANCES (DEFICIT), JULY 1 | 2,608,861 | 2,282,704 | (1,647,941) | 2,055,713 | 5,299,337 |
| Prior Period Adjustment | 383,326 | - | - | 67,802 | 451,128 |
| FUND BALANCES (DEFICIT), JULY 1, RESTATED | 2,992,187 | 2,282,704 | (1,647,941) | 2,123,515 | 5,750,465 |
| FUND BALANCES (DEFICIT), JUNE 30 | \$ 3,260,821 | \$ 1,498,085 | \$ (1,460,336) | \$ 1,816,502 | \$ 5,115,072 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

| | |
|---|--------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ (635,393) |
|---|--------------|

Amounts reported for governmental activities in the statement
activities are different because:

| | |
|---|-----------|
| Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities | 1,221,013 |
|---|-----------|

| | |
|--|------------|
| Contributions of capital assets are reported only in the statement of activities | 12,498,893 |
|--|------------|

The issuance of long-term debt is reported as an other financing source in
governmental funds but as an increase of principal outstanding in the
statement of activities:

| | |
|-------------------------|-------------|
| Bonds issued at par | (4,890,000) |
| Premium on bonds issued | (46,962) |
| Capital lease issued | (447,498) |
| Payment to escrow agent | 4,871,180 |

| | |
|--|---------|
| Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities | 256,260 |
|--|---------|

| | |
|---|----------|
| Gains (losses) on the disposal of capital assets are reported in the governmental activities | (12,742) |
|---|----------|

| | |
|---|-----------|
| The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities | 2,288,293 |
|---|-----------|

Some expenses in the statement of activities do not
require the use of current financial resources and, therefore, are not
reported as expenditures in governmental funds:

| | |
|----------------------|-------------|
| Depreciation | (2,393,324) |
| Interest | 22,455 |
| Compensated absences | (212,036) |

| | |
|---|---------|
| The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds | 555,804 |
|---|---------|

| | |
|--|---------------|
| The change in net pension asset is not a current financial resource and therefore is not reported in the governmental funds | <u>16,276</u> |
|--|---------------|

| | |
|--|----------------------|
| CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 13,092,219</u> |
|--|----------------------|

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2004

| | Business-Type Activities | | | | Governmental Activities |
|----------------------------------|---------------------------------|-------------------|----------------|-------------------|-------------------------|
| | Other Nonmajor Enterprise Funds | | | Total | Internal Service Funds |
| | Water | Airport | | | |
| CURRENT ASSETS | | | | | |
| Cash and Investments | \$ 1,880,734 | \$ 1,451 | \$ 280,308 | \$ 2,162,493 | \$ 1,553,209 |
| Receivables | | | | | |
| Property Taxes | - | 37,768 | - | 37,768 | - |
| Accounts | 1,064,740 | - | 155,103 | 1,219,843 | - |
| Accrued Interest | 12,509 | - | - | 12,509 | 3,417 |
| Other | - | - | - | - | 81,250 |
| Prepaid Expenses | 13,862 | 1,009 | - | 14,871 | 20,418 |
| Due from Other Funds | - | - | - | - | 99,209 |
| Due from Component Unit | - | - | - | - | 2,000 |
| Due from Other Governments | - | 36,085 | - | 36,085 | - |
| Total Current Assets | 2,971,845 | 76,313 | 435,411 | 3,483,569 | 1,759,503 |
| NONCURRENT ASSETS | | | | | |
| Advance to Other Funds | 630,000 | - | - | 630,000 | - |
| Deferred Charges | 65,339 | - | - | 65,339 | - |
| Total Noncurrent Assets | 695,339 | - | - | 695,339 | - |
| CAPITAL ASSETS | | | | | |
| Nondepreciable | 528,648 | 11,003,744 | - | 11,532,392 | - |
| Depreciable | 36,053,279 | 8,878,222 | - | 44,931,501 | - |
| Accumulated Depreciation | (8,764,751) | (922,077) | - | (9,686,828) | - |
| Net Capital Assets | 27,817,176 | 18,959,889 | - | 46,777,065 | - |
| Total Assets | 31,484,360 | 19,036,202 | 435,411 | 50,955,973 | 1,759,503 |
| CURRENT LIABILITIES | | | | | |
| Accounts Payable | 163,142 | 25,004 | 217,377 | 405,523 | 5,182 |
| Accrued Payroll | 28,760 | 4,274 | - | 33,034 | - |
| Accrued Interest Payable | 150,665 | 12,729 | - | 163,394 | - |
| Other Payables | 8,790 | 12,537 | - | 21,327 | - |
| Deferred Property Taxes | - | 75,040 | - | 75,040 | - |
| Deferred Revenue | - | - | 155,103 | 155,103 | - |
| Due to Other Funds | 99,209 | - | - | 99,209 | - |
| Due to Other Governments | 723,130 | - | - | 723,130 | - |
| Claims Payable | - | - | - | - | 1,079,068 |
| Compensated Absences Payable | 22,096 | 1,346 | - | 23,442 | - |
| General Obligation Bonds Payable | 685,000 | - | - | 685,000 | - |
| IEPA Loans Payable | 318,245 | - | - | 318,245 | - |
| Total Current Liabilities | 2,199,037 | 130,930 | 372,480 | 2,702,447 | 1,084,250 |

(This statement is continued on the following page.)

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS

June 30, 2004

| | Business-Type Activities | | | | Governmental |
|---|--------------------------|---------------|----------------|---------------|--------------|
| | | | Other Nonmajor | | Activities |
| | | | Enterprise | | Internal |
| | Water | Airport | Funds | Total | Service |
| | | | | | Funds |
| LONG-TERM LIABILITIES | | | | | |
| Notes Payable | \$ - | \$ 400,000 | \$ - | \$ 400,000 | \$ - |
| General Obligation Bonds Payable | 4,090,000 | 450,000 | - | 4,540,000 | - |
| IEPA Loans Payable | 6,350,346 | - | - | 6,350,346 | - |
| Advance from Other Funds | - | 630,000 | - | 630,000 | - |
| Compensated Absences Payable | 198,867 | 12,112 | - | 210,979 | - |
| Unamortized Premium | 7,707 | - | - | 7,707 | - |
| Total Long-Term Liabilities | 10,646,920 | 1,492,112 | - | 12,139,032 | - |
| Total Liabilities | 12,845,957 | 1,623,042 | 372,480 | 14,841,479 | 1,084,250 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 16,373,585 | 18,109,889 | - | 34,483,474 | - |
| Unrestricted (Deficit) | 2,264,818 | (696,729) | 62,931 | 1,631,020 | 675,253 |
| TOTAL NET ASSETS | \$ 18,638,403 | \$ 17,413,160 | \$ 62,931 | \$ 36,114,494 | \$ 675,253 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2004

| | Business-Type Activities | | | | Governmental Activities |
|--|---------------------------------|---------------|--------------|---------------|-------------------------|
| | Other Nonmajor Enterprise Funds | | | Total | Internal Service Funds |
| | Water | Airport | | | |
| OPERATING REVENUES | | | | | |
| Charges for Services | \$ 4,634,512 | \$ 245,688 | \$ 1,277,131 | \$ 6,157,331 | \$ 3,652,128 |
| Miscellaneous | 31,649 | 9,049 | - | 40,698 | 12,070 |
| Total Operating Revenues | 4,666,161 | 254,737 | 1,277,131 | 6,198,029 | 3,664,198 |
| OPERATING EXPENSES | | | | | |
| Administration | - | - | - | - | 3,118,224 |
| Operations | 2,468,583 | 455,388 | 1,256,963 | 4,180,934 | - |
| Depreciation and Amortization | 965,314 | 204,679 | - | 1,169,993 | - |
| Total Operating Expenses | 3,433,897 | 660,067 | 1,256,963 | 5,350,927 | 3,118,224 |
| OPERATING INCOME (LOSS) | 1,232,264 | (405,330) | 20,168 | 847,102 | 545,974 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Property Taxes | - | 75,539 | - | 75,539 | - |
| Investment Income | 30,607 | - | - | 30,607 | 9,830 |
| Gain on Disposal of Assets | 13,823 | - | - | 13,823 | - |
| Refunds/Reimbursements | - | 7,166 | - | 7,166 | - |
| Interest Expense | (396,232) | (32,672) | - | (428,904) | - |
| Total Nonoperating Revenues (Expenses) | (351,802) | 50,033 | - | (301,769) | 9,830 |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS | 880,462 | (355,297) | 20,168 | 545,333 | 555,804 |
| TRANSFERS | | | | | |
| Transfers In | - | 165,000 | - | 165,000 | - |
| Transfers (Out) | (392,600) | - | - | (392,600) | - |
| Total Transfers | (392,600) | 165,000 | - | (227,600) | - |
| CONTRIBUTIONS | | | | | |
| Developer Contributions | 791,875 | - | - | 791,875 | - |
| Federal Government | - | 3,976,333 | - | 3,976,333 | - |
| State Government | - | 236,951 | - | 236,951 | - |
| Total Contributions | 791,875 | 4,213,284 | - | 5,005,159 | - |
| CHANGE IN NET ASSETS | 1,279,737 | 4,022,987 | 20,168 | 5,322,892 | 555,804 |
| NET ASSETS, JULY 1 | 17,358,666 | 11,614,915 | 42,763 | 29,016,344 | 119,449 |
| Prior Period Adjustment | - | 1,775,258 | - | 1,775,258 | - |
| NET ASSETS, JULY 1, RESTATED | 17,358,666 | 13,390,173 | 42,763 | 30,791,602 | 119,449 |
| NET ASSETS, JUNE 30 | \$ 18,638,403 | \$ 17,413,160 | \$ 62,931 | \$ 36,114,494 | \$ 675,253 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2004

| | Business-Type Activities | | | | Governmental Activities |
|---|---------------------------------------|------------|--------------|--------------|------------------------------|
| | Other Nonmajor Enterprise Funds | | | Total | Internal Service Funds |
| | Water | Airport | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers and Users | \$ 4,818,885 | \$ 245,688 | \$ 1,277,131 | \$ 6,341,704 | \$ - |
| Receipts from Interfund Services Transactions | - | - | - | - | 3,652,128 |
| Receipts from Miscellaneous Revenues | 31,649 | 9,049 | - | 40,698 | 12,070 |
| Payments to Suppliers | (1,191,924) | (131,352) | (1,238,475) | (2,561,751) | (3,262,242) |
| Payments to Employees | (1,241,080) | (164,303) | - | (1,405,383) | - |
| Net Cash from Operating Activities | 2,417,530 | (40,918) | 38,656 | 2,415,268 | 401,956 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Property Taxes | - | 98,546 | - | 98,546 | - |
| Grants | - | (18,070) | - | (18,070) | - |
| Reimbursements/Refunds | - | 7,166 | - | 7,166 | - |
| Due from Component Unit | - | - | - | - | (2,000) |
| Interfund Receivables | 636,679 | 185,550 | - | 822,229 | 10,227 |
| Interfund Payables | (530,791) | (5,449) | - | (536,240) | (109,436) |
| Transfers In | - | 165,000 | - | 165,000 | - |
| Transfers (Out) | (392,600) | - | - | (392,600) | - |
| Net Cash from Noncapital Financing Activities | (286,712) | 432,743 | - | 146,031 | (101,209) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital Assets Purchased | (829,491) | (357,632) | - | (1,187,123) | - |
| Principal Payments on Long-Term Debt | (940,328) | - | - | (940,328) | - |
| Interest Payments on Long-Term Debt | (429,258) | (32,742) | - | (462,000) | - |
| Net Cash from Capital and Related Financing Activities | (2,199,077) | (390,374) | - | (2,589,451) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of Investments | (403,471) | - | - | (403,471) | (594,415) |
| Interest Received on Investments | 30,419 | - | - | 30,419 | 7,308 |
| Net Cash from Investing Activities | (373,052) | - | - | (373,052) | (587,107) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (441,311) | 1,451 | 38,656 | (401,204) | (286,360) |
| CASH AND CASH EQUIVALENTS, JULY 1 | 546,473 | - | 241,652 | 788,125 | 948,211 |
| CASH AND CASH EQUIVALENTS, JUNE 30 | \$ 105,162 | \$ 1,451 | \$ 280,308 | \$ 386,921 | \$ 661,851 |

(This statement is continued on the following page.)

CITY OF DEKALB, ILLINOIS
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

| | Business-Type Activities | | | | Governmental Activities |
|---|--------------------------|--------------|------------------------------|--------------|------------------------------|
| | Water | Airport | Other Enterprise Funds | Total | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ 1,232,264 | \$ (405,330) | \$ 20,168 | \$ 847,102 | \$ 545,974 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities | | | | | |
| Depreciation and Amortization | 965,314 | 204,679 | - | 1,169,993 | - |
| Changes in Assets and Liabilities | | | | | |
| Accounts Receivable | 60,685 | - | (8,659) | 52,026 | - |
| Other Receivables | - | - | - | - | (81,250) |
| Prepaid Expenses | 6,137 | 199,622 | - | 205,759 | (4,538) |
| Accounts Payable | 34,671 | (38,689) | 18,488 | 14,470 | (27,944) |
| Accrued Payroll | 9,156 | 1,718 | - | 10,874 | - |
| Claims Payable | - | - | - | - | (30,286) |
| Other Payables | 125,488 | (945) | - | 124,543 | - |
| Deferred Revenue | - | - | 8,659 | 8,659 | - |
| Compensated Absences | (16,185) | (1,973) | - | (18,158) | - |
| NET CASH FROM OPERATING ACTIVITIES | \$ 2,417,530 | \$ (40,918) | \$ 38,656 | \$ 2,415,268 | \$ 401,956 |
| CASH AND INVESTMENTS | | | | | |
| Cash and Cash Equivalents | \$ 105,162 | \$ 1,451 | \$ 280,308 | \$ 386,921 | \$ 661,851 |
| Investments | 1,775,572 | - | - | 1,775,572 | 891,358 |
| TOTAL CASH AND INVESTMENTS | \$ 1,880,734 | \$ 1,451 | \$ 280,308 | \$ 2,162,493 | \$ 1,553,209 |
| NONCASH TRANSACTIONS | | | | | |
| Developer Contributed Mains | \$ 791,875 | \$ - | \$ - | \$ 791,875 | \$ - |
| State Contributed Capital Assets | - | 218,936 | - | 218,936 | - |
| Federal Contributed Capital Assets | - | 3,976,333 | - | 3,976,333 | - |
| TOTAL NONCASH TRANSACTIONS | \$ 791,875 | \$ 4,195,269 | \$ - | \$ 4,987,144 | \$ - |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

June 30, 2004

ASSETS

| | |
|---------------------------------|-----------------------|
| Cash and Short-Term Investments | \$ 1,497,352 |
| Investments, at Fair Value | |
| Certificates of Deposit | 772,473 |
| Mutual Funds | 13,935,026 |
| U.S. Treasury Securities | 3,490,475 |
| U.S. Agency Securities | 12,671,983 |
| Receivables | |
| Accrued Interest | <u>165,889</u> |
| Total Assets | <u>32,533,198</u> |

LIABILITIES

| | |
|-----------------------|--------------------|
| Accounts Payable | 9,211 |
| Deferred Revenue | <u>855,666</u> |
| Total Liabilities | <u>864,877</u> |

NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS

\$ 31,668,321

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended June 30, 2004

ADDITIONS

Contributions

| | |
|------------------------|---------------|
| Employer Contributions | \$ 1,561,605 |
| Employee Contributions | 602,941 |
| Other Contributions | <u>17,348</u> |

| | |
|---------------------|------------------|
| Total Contributions | <u>2,181,894</u> |
|---------------------|------------------|

Investment Income

| | |
|---|----------------|
| Net Appreciation (Depreciation) in Fair Value of Investments | 1,988,653 |
| Interest | <u>860,722</u> |

| | |
|-------------------------|-----------------|
| Total Investment Income | 2,849,375 |
| Less Investment Expense | <u>(59,665)</u> |

| | |
|-----------------------|------------------|
| Net Investment Income | <u>2,789,710</u> |
|-----------------------|------------------|

| | |
|-----------------|------------------|
| Total Additions | <u>4,971,604</u> |
|-----------------|------------------|

DEDUCTIONS

| | |
|-------------------------|---------------|
| Retirement Benefits | 1,828,946 |
| Disability Benefits | 320,415 |
| Refunds | 46,754 |
| Administrative Expenses | <u>63,343</u> |

| | |
|------------------|------------------|
| Total Deductions | <u>2,259,458</u> |
|------------------|------------------|

| | |
|--------------|-----------|
| NET INCREASE | 2,712,146 |
|--------------|-----------|

NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS

| | |
|--------|-------------------|
| July 1 | <u>28,956,175</u> |
|--------|-------------------|

| | |
|---------|-----------------------------|
| June 30 | <u><u>\$ 31,668,321</u></u> |
|---------|-----------------------------|

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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CITY OF DEKALB, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of DeKalb, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government.

Discretely Presented Component Unit

The component unit column in the basic financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

The DeKalb Public Library

The DeKalb Public Library (the Library) operates and maintains the City's public library facilities. The Library's board is appointed by the Mayor with the consent of the City Council. The Library may not issue bonded debt, and its annual budget and property tax levy requests are subject to the City Council's approval. Separate financial statements for the Library are not available.

B. Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds which are generally used to account for assets that the City holds in a fiduciary capacity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Tax Increment Financing #1 Fund accounts for redevelopment activities within a defined area of the community in order to eliminate blighted conditions in that area.

The Tax Increment Financing #2 Fund accounts for redevelopment activities within another defined area of the community in order to eliminate blighted conditions in that area.

The City reports the following major proprietary funds:

The Water Fund accounts for the provision of water service to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The Airport Fund is used to account for the operation of the Taylor Municipal Airport. Financing is provided by annual property taxes and user fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Additionally, the City reports the following proprietary fund type:

Internal service funds account for the City's self-insured property, casualty, worker's compensation and health insurance programs provided to other departments or agencies of the City on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the City's governmental funds/activities.

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighter's Pension Fund.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating revenues and expenses.

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. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes collected by the state at year end, franchise taxes, licenses, charges for services, restaurant and bar taxes and interest revenue associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary fund types consider their equity in pooled cash and all highly liquid investments, including restricted cash and investments, with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of one year or greater at the time of purchase and all investments of the pension funds are stated at fair value except for non-negotiable certificates of deposit which are recorded at cost. Fair value has been based on quoted market prices at June 30 for debt and equity securities and contract values for insurance contracts. Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the City's fair value of the pool.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Receivables/Payables

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 fund” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

The cost of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

H. Restricted Assets

Restricted assets in governmental activities/funds include cash and investments in the debt service funds restricted for tax increment financing debt repayment.

I. Deferred Charges

Deferred charges in the proprietary funds and the governmental activities in the government-wide financial statements represents bond discounts, bond issuance costs and accounting losses on advance refundings of bonds which are being amortized over the life of the bonds.

J. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

| Asset Class | Capitalization Threshold |
|---|-----------------------------|
| Building Improvements, Land Improvements | \$ 10,000 |
| Bridges, Streets, Stormsewers and Traffic Signals | 25,000 |
| Vehicles, Machinery and Equipment | 10,000 |

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

| | Years |
|-------------------------------------|-------|
| Buildings and Building Improvements | 40-50 |
| Water System | 40-65 |
| Machinery and Equipment | 10-20 |
| Vehicles | 3-20 |
| Infrastructure | 40-50 |

L. Compensated Absences

Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements, and the remainder is reported in governmental activities. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

N. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

O. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets of Individual Funds

The following funds had a deficit fund balances/net assets as of June 30, 2004:

| <u>Fund</u> | <u>Deficit Balance</u> |
|--|----------------------------|
| Knolls Special Service Area #4 | \$ 21,926 |
| Tax Increment Financing #2 | 1,460,336 |
| County Home Tax Increment Financing District | 1,136,710 |
| Workers' Compensation | 537,619 |

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, deposits and investments are separately held by several of the City's funds. Cash on hand of \$1,215 has been excluded from the amounts shown below.

Permitted Deposits and Investments - Statutes authorize the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds. 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 subdivisions, Illinois insurance company general and separate accounts, mutual funds and equity securities.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

At year-end the carrying amount of the primary government's deposits totaled \$6,983,128 and the bank balances totaled \$7,499,422. The bank balance can be categorized as follows:

| | <u>Bank Balance</u> |
|--|----------------------------|
| Category 1 Deposits covered by federal depository insurance, or by collateral held by the City, or its agent, in the City's name. | \$ 7,499,422 |
| Category 2 Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the City's name. | - |
| Category 3 Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the City's name, and deposits which are uninsured and uncollateralized. | <u>-</u> |
| TOTAL DEPOSITS | <u><u>\$ 7,499,422</u></u> |

B. Investments

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the City's name or held by any third party but not in the City's name.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

| | Fair Value | | | |
|----------------------------|---------------------|-------------|-------------|----------------------|
| | Category | | | Totals |
| | 1 | 2 | 3 | |
| U.S. Treasury Securities | \$ 3,393,190 | \$ - | \$ - | \$ 3,393,190 |
| U.S. Agency Securities | 12,769,268 | - | - | 12,769,268 |
| Negotiable CD's | 78,473 | - | - | 78,473 |
| | <u>\$16,240,931</u> | <u>\$ -</u> | <u>\$ -</u> | <u>16,240,931</u> |
| *Illinois Funds | | | | 3,781,480 |
| *Mutual Funds | | | | 13,935,026 |
| *Money Market Mutual Funds | | | | <u>977,599</u> |
| TOTAL INVESTMENTS | | | | <u>\$ 34,935,036</u> |

* Not subject to custodial credit risk disclosures.

4. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2003 levy year attach as an enforceable lien on January 1, 2003, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2004, and August 1, 2004, and are payable in two installments, on or about June 1, 2004, and September 1, 2004. The County collects such taxes and remits them periodically.

The City has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2003 tax levy has been recorded as deferred revenue on the financial statements. The 2004 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2004, the taxes will not be levied by the City or extended by the County until December 2004, and therefore, the amount is not measurable at June 30, 2004.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS

A. Capital asset activity for the year ended June 30, 2004 was as follows:

| | Beginning Balance Restated | Increases | Decreases | Ending Balance |
|---|----------------------------------|--------------|------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 6,054,764 | \$ - | \$ - | \$ 6,054,764 |
| Land Right of Way | 18,409,281 | 2,754,346 | - | 21,163,627 |
| Total Capital Assets not Being Depreciated | 24,464,045 | 2,754,346 | - | 27,218,391 |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 5,664,893 | 126,716 | - | 5,791,609 |
| Vehicles | 4,995,043 | 393,849 | 123,516 | 5,265,376 |
| Equipment | 1,224,110 | 107,103 | - | 1,331,213 |
| Infrastructure | 83,454,383 | 10,887,338 | 653,720 | 93,688,001 |
| Total Capital Assets Being Depreciated | 95,338,429 | 11,515,006 | 777,236 | 106,076,199 |
| Less Accumulated Depreciation for | | | | |
| Buildings and Improvements | 2,189,980 | 98,328 | - | 2,288,308 |
| Vehicles | 2,560,671 | 390,500 | 110,775 | 2,840,396 |
| Equipment | 773,070 | 85,868 | - | 858,938 |
| Infrastructure | 32,032,769 | 1,818,628 | 104,274 | 33,747,123 |
| Total Accumulated Depreciation | 37,556,490 | 2,393,324 | 215,049 | 39,734,765 |
| Total Capital Assets Being Depreciated, Net | 57,781,939 | 9,121,682 | 562,187 | 66,341,434 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | \$82,245,984 | \$11,876,028 | \$ 562,187 | \$93,559,825 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

A. (Continued)

| | Beginning Balance Restated | Increases | Decreases | Ending Balance, Restated |
|---|----------------------------------|--------------|-----------|--------------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 11,055,310 | \$ 70,000 | \$ 3,300 | \$ 11,122,010 |
| Land Improvements | 410,382 | - | - | 410,382 |
| Total Capital Assets not Being Depreciated | 11,465,692 | 70,000 | 3,300 | 11,532,392 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 4,652,317 | 159,133 | 60,000 | 4,751,450 |
| Water Distribution System | 31,399,217 | 1,365,191 | - | 32,764,408 |
| Vehicles | 563,970 | 66,041 | 23,439 | 606,572 |
| Equipment | 395,437 | - | - | 395,437 |
| Airport Infrastructure | 1,866,786 | 4,546,848 | - | 6,413,634 |
| Total Capital Assets Being Depreciated | 38,877,727 | 6,137,213 | 83,439 | 44,931,501 |
| Less Accumulated Depreciation for | | | | |
| Buildings | 820,522 | 96,406 | - | 916,928 |
| Water Distribution System | 7,285,814 | 826,505 | - | 8,112,319 |
| Vehicles | 226,277 | 57,031 | 23,439 | 259,869 |
| Equipment | 175,764 | 25,454 | - | 201,218 |
| Airport Infrastructure | 46,670 | 149,824 | - | 196,494 |
| Total Accumulated Depreciation | 8,555,047 | 1,155,220 | 23,439 | 9,686,828 |
| Total Capital Assets Being Depreciated, Net | 30,322,680 | 4,981,993 | 60,000 | 35,244,673 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | \$ 41,788,372 | \$ 5,051,993 | \$ 63,300 | \$ 46,777,065 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| GOVERNMENTAL ACTIVITIES | |
| General Government | \$ 12,253 |
| Public Safety | 277,798 |
| Community Improvement | 37,011 |
| Highways and Streets, Including Depreciation of General Infrastructure Assets | 2,066,262 |
| TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES | \$ 2,393,324 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

B. Construction Contracts

The City has entered into contracts for the construction or renovation of various facilities as follows:

| | Project Authorizations | Expended to Date | Commitment |
|---|---------------------------|---------------------|--------------|
| 2004 Alley Maintenance | \$ 148,970 | \$ - | \$ 148,970 |
| 2004 TIF Sidewalks | 270,348 | 47,080 | 223,268 |
| Harvestore/Corporate Truck Route Maintenance | 293,037 | - | 293,037 |
| 2004 TIF Maintenance | 441,977 | - | 441,977 |
| TOTAL | \$ 1,154,332 | \$ 47,080 | \$ 1,107,252 |

6. RECEIVABLES

A. Long-Term Receivables

The City has various notes receivables outstanding as of June 30, 2004. Principal maturities of these notes receivables for future periods are as follows:

| Year Ending June 30 | Tax Increment Financing Fund |
|---------------------------|---------------------------------|
| 2005 | \$ 122,054 |
| TOTAL PRINCIPAL | \$ 122,054 |

B. Other Receivables

The following receivables are included in Other Receivables on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES

| | |
|----------------------------|------------|
| Municipal Utility Tax | \$ 608,694 |
| Restaurant and Bar | 110,345 |
| Fire Contracts | 186,284 |
| Cable Franchise Fee | 51,255 |
| Gasoline | 12,685 |
| Hotel/Motel Tax | 12,658 |
| Other Miscellaneous | 50,181 |
| Reinsurance | 81,250 |
| Bethany Road Reimbursement | 346,976 |

TOTAL GOVERNMENTAL ACTIVITIES \$ 1,460,328

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RECEIVABLES (Continued)

C. Due From Other Governments

The following are reported as Due from Other Governments on the Statement of Net Assets:

| | |
|-----------------------------------|--------------|
| GOVERNMENTAL ACTIVITIES | |
| Local Use Tax | \$ 105,339 |
| Sales Tax | 1,287,866 |
| State Highway Maintenance | 13,593 |
| City Sales Tax | 1,056,753 |
| Auto Rental Tax | 2,706 |
| Tax Increment Financing Sales Tax | 134,628 |
| Motor Fuel Tax | 83,921 |
| Mass Transit Grants | 62,254 |
| Housing Rehabilitation Grant | 11,877 |
| Community Development Grant | 60,061 |
| Other Grants | 21,683 |
| | <hr/> |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 2,840,681 |
| | <hr/> |
| BUSINESS-TYPE ACTIVITIES | |
| Airport Grants | \$ 36,085 |
| | <hr/> |

7. RISK MANAGEMENT

The City is exposed to various risks including but not limited to losses from worker's compensation, employee health and general liability/property. The City is self-insured for its exposure to general liability/property, workers' compensation and employee health. The City has established the following internal service funds to account for these activities: Workers' Compensation, Liability/Property Insurance and Health Insurance. Each participating fund makes payments to the self-insurance funds. Such payments are displayed on the financial statements as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the funds plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as transfers.

The City has contracted with third party administrators (TPAs) to administer the worker's compensation and employee health insurance programs and to review and process claims. In addition, the City has contracted with third party carriers for specific and aggregate stop loss coverage to limit the City's exposure to losses. The specific and aggregate stop loss coverages are as follows:

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT (Continued)

Health Insurance - The City is self insured for \$100,000 per individual per year with a specific stop loss of \$100,000 per individual and an annual aggregate stop loss of approximately \$2,931,430.

Workers' Compensation - The City was self-insured for \$250,000 per claim with a specific stop loss of \$500,000 per claim and an aggregate stop loss of \$1,000,000 for the year ended June 30, 2002. There are no specific or aggregate stop loss policies for the year ended June 30, 2003 or 2004.

There have been no significant changes in coverage from the prior two years, other than noted above, and settlements have not exceeded coverage in any of the prior three years.

A reconciliation of claims payable for the fiscal years ended June 30, 2004 and 2003 are as follows:

| | Health | | Workers' Compensation | | Liability/Property | |
|----------------------------|-------------|-------------|-----------------------|------------|--------------------|----------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| CLAIMS PAYABLE, JULY 1 | \$ 189,057 | \$ 321,614 | \$ 920,297 | \$ 684,419 | \$ - | \$ - |
| Add Claims Incurred | 3,848,278 | 2,321,916 | (1,424) | 1,148,253 | 36,751 | 28,576 |
| Less Claims Paid | (3,662,134) | (2,454,473) | (215,006) | (912,375) | (36,751) | (28,576) |
| CLAIMS PAYABLE, JUNE 30 | \$ 375,201 | \$ 189,057 | \$ 703,867 | \$ 920,297 | \$ - | \$ - |

8. LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Refundings | Balances June 30 | Current Portion |
|---|-------------------------|-----------------|-----------|-------------|------------|------------------|-----------------|
| \$3,475,000 General Obligation Bonds dated June 24, 1992, due in annual installments of \$310,000 to \$395,000, plus interest of 5.15% to 6.60% through January 1, 2005 | General Debt Service(1) | \$ 699,255 | \$ 46,539 | \$ 385,000 | \$ - | \$ 360,794 | \$ 360,794 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Refundings | Balances June 30 | Current Portion |
|--|----------------------------|--------------------|-----------|-------------|--------------|---------------------|--------------------|
| \$3,735,000 1994 Series A General Obligation Bonds dated March 1, 1994, due in annual installments of \$25,000 to \$285,000, plus interest of 3.70% to 6.00% through December 1, 2013 | TIF Debt Service | \$ 2,815,000 | \$ - | \$ 260,000 | \$ 2,555,000 | \$ - | \$ - |
| \$2,315,000 1994 Series B General Obligation Bonds dated March 1, 1994, due in annual installments of \$100,000 to \$640,000, plus interest of 4.85% to 5.50% through December 1, 2005 | Water | 1,610,000 | - | 520,000 | 1,090,000 | - | - |
| | General Debt Service | 215,000 | - | 105,000 | 110,000 | - | - |
| \$4,005,000 1996 Series A General Obligation Bonds, dated May 1, 1996, due in annual installments of \$125,000 to \$450,000, plus interest of 4.35% to 6.00% through December 1, 2009 | General Debt Service | 2,035,000 | - | - | 2,035,000 | - | - |
| \$3,035,000 1997 Series A General Obligation Bonds, dated December 1, 1997, due in annual installments of \$40,000 to \$765,000, plus interest of 4.50% to 4.90% through January 1, 2012 | General Debt Service | 2,795,000 | - | 65,000 | - | 2,730,000 | 70,000 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Refundings | Balances June 30 | Current Portion |
|---|------------------------------------|-----------------------------------|-------------|------------------------|-------------|-----------------------------------|------------------------|
| \$3,855,000 1997 Series B General Obligation Bonds, dated December 1, 1997, due in annual installments of \$125,000 to \$455,000, plus interest of 4.125% to 4.500% through January 1, 2009 | TIF Debt Service | \$ 2,390,000 | \$ - | \$ 380,000 | \$ - | \$ 2,010,000 | \$ 400,000 |
| \$9,450,000 2000 Series General Obligation Bonds, dated November 1, 2000, due in annual installments of \$75,000 to \$225,000, plus interest of 4.900% to 5.750% through January 1, 2021 | Water Airport General Debt Service | 3,795,000 450,000 4,975,000 | - - - | 135,000 - 30,000 | - - - | 3,660,000 450,000 4,945,000 | 140,000 - 30,000 |
| \$3,500,000 2002 Series General Obligation Bonds, dated August 1, 2002, due in annual installments of \$110,000 to \$315,000, plus interest of 2.500% to 4.450% through January 1, 2018 | General Debt Service | 3,500,000 | - | 110,000 | - | 3,390,000 | 185,000 |
| \$2,050,000 2002 Series A General Obligation Bonds, dated December 1, 2002, due in annual installments of \$155,000 to \$215,000, plus interest of 1.300% to 3.850% through December 30, 2013 | TIF Debt Service | 2,050,000 | - | 155,000 | - | 1,895,000 | 170,000 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Refundings | Balances June 30 | Current Portion |
|---|----------------------------|--------------------|--------------|--------------|--------------|---------------------|--------------------|
| \$2,665,000 2003 Series A General Obligation Bonds dated October 1, 2003, due in annual installments of \$35,000 to \$445,000, plus interest of 1.000% to 3.625% through December 1, 2013 | TIF Debt Service | \$ - | \$ 2,665,000 | \$ 35,000 | \$ - | \$ 2,630,000 | \$ 320,000 |
| \$3,355,000 2003 Series B General Obligation Bonds dated October 1, 2003, due in annual installments of \$35,000 to \$1,000,000, plus interest of 1.00% to 3.00% through December 1, 2009 | Water | - | 1,130,000 | 15,000 | - | 1,115,000 | 545,000 |
| | General Debt Service | - | 2,225,000 | 20,000 | - | 2,205,000 | 140,000 |
| | | \$ 27,329,255 | \$ 6,066,539 | \$ 2,215,000 | \$ 5,790,000 | \$ 25,390,794 | \$ 2,360,794 |

- (1) These bonds are capital appreciation bonds. The amount shown in the 'Issuances' column includes \$46,539 of increase in the accreted value of the bonds during the fiscal year ended June 30, 2004.

B. Revenue Bonds Payable

The City also issues tax increment revenue bonds to provide funds for the acquisition and construction of major capital facilities for the tax increment financing district.

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Balances June 30 | Current Portion |
|--|-------------------------|--------------------|-----------|-------------|---------------------|--------------------|
| \$4,350,000 2003 Series Tax Increment Financing Revenue Bonds, dated January 14, 2003, due in annual installments of \$110,000 to \$345,000, plus interest of varied rates through January 1, 2013 | TIF Debt Service | \$ 4,350,000 | \$ - | \$ - | \$ 4,350,000 | \$ 110,000 |

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

Objective As a means to lower its borrowing costs, when compared against fixed-rate bonds at time of issuance in January 2003, the City entered into an interest rate swap in connection with its \$4,350,000 2003 Series Tax Increment Financing Revenue Bonds. The intention of the swap was to effectively change the City's variable interest rate to a synthetic fixed rate of 3.90%.

Terms The bonds and the related swap agreement mature on January 1, 2013 and the swap's notional amount of \$4,350,000 matches the \$4,350,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued (January 2003). The notional value of the swap and the principal amount of the associated debt decline beginning in fiscal year 2005 by equal principal amounts as noted in the debt service requirements to maturity schedule. Under the swap, the City pays the counterparty a fixed payment of 3.90% and receives a variable payment equal to The Bond Market Associated Municipal Swap Index (BMA). The bond's variable rate coupons are based on the BMA. As of June 30, 2004, rates were as follows:

INTEREST RATE SWAP

| | | |
|------------------------------------|-----------|---------|
| Fixed payment to counterparty | Fixed | 3.90% |
| Variable payment from counterparty | BMA Index | (1.05)% |
| NET INTEREST RATE SWAP PAYMENTS | | 2.85% |

Fair value As of June 30, 2004, the swap had a negative fair value of \$109,118. The negative fair value of the swap may be countered by reductions in interest rate payments required under the variable-rate bond, creating a lower synthetic rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk As of June 30, 2004, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA by Fitch Ratings and Standard and Poor's and Aa by Moody's Investors Service as of June 30, 2004.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

Termination risk The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Debt service requirements to maturity for the debt are disclosed at the net interest rate of 2.85% at June 30, 2004. As rates vary in the future, variable rate bond interest payments will change.

C. General Obligation Bond Anticipation Notes

The City also issues notes to provide funds for the acquisition and construction of major capital facilities.

General obligation bond anticipation notes currently outstanding are as follows:

| Issue | Fund Debt Retired by | Balances July 1 | Issuances | Retirements | Balances June 30 | Current Portion |
|--|-------------------------|--------------------|-----------|-------------|---------------------|--------------------|
| \$650,000 General Obligation Taxable Bond Anticipation Notes, dated July 12, 1999, due on December 1, 2004, with variable interest at a rate determined by adding 1.05% to the 30 day London InterBank offered rate in effect at the end of each month through December 1, 2003 (2.89375% at June 30, 2002) | Airport | \$ 400,000 | \$ - | \$ - | \$ 400,000 | \$ - |
| TOTAL GENERAL OBLIGATION BOND ANTICIPATION NOTES | | \$ 400,000 | \$ - | \$ - | \$ 400,000 | \$ - |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

D. Capital Leases

The City is committed under leases for various equipment purchases as follows:

| Issue | Fund Debt Retired by | Balances July 1 | Additions | Reductions | Balances June 30 | Current Portion |
|-----------|----------------------|-----------------|------------|------------|------------------|-----------------|
| Software | Capital Projects | \$ 5,967 | \$ - | \$ 5,967 | \$ - | - |
| Equipment | Capital Projects | 437,081 | 447,497 | 237,326 | 647,252 | 246,326 |
| TOTAL | | \$ 443,048 | \$ 447,497 | \$ 243,293 | \$ 647,252 | \$ 246,236 |

E. Due to Other Governments

The City has entered into an intergovernmental agreement to reimburse the DeKalb Community Unit School District Number 428 for the portion of the construction of a new school in the original amount of \$5,998,998. This is to be repaid by the City from future tax increment financing revenues. Semi-annual installments of \$250,000 are payable through October 1, 2009 with a final installment of \$248,998 due on April 1, 2010. The outstanding principal balance at June 30, 2004 was \$2,998,998.

F. IEPA Loan

The City, through the Illinois Environmental Protection Agency (IEPA), received two low interest loans for the construction of a water treatment facility. IEPA loans currently outstanding are as follows:

| Issue | Fund Debt Retired by | Balances July 1 | Additions | Reductions | Balances June 30 | Current Portion |
|--------------|-------------------------|-----------------|-----------|------------|------------------|-----------------|
| IEPA Loan I | Waterworks and Sewerage | \$ 3,832,204 | \$ - | \$ 170,404 | \$ 3,661,800 | \$ 174,752 |
| IEPA Loan II | Waterworks and Sewerage | 3,146,715 | - | 139,924 | 3,006,791 | 143,493 |
| TOTAL | | \$ 6,978,919 | \$ - | \$ 310,328 | \$ 6,668,591 | \$ 318,245 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

G. Debt Service Requirements to Maturity

| Fiscal Year Ending June 30, | General Obligation Bonds | | | |
|-----------------------------------|----------------------------|--------------|-----------------------------|--------------|
| | Governmental Activities | | Business-Type Activities | |
| | Principal | Interest | Principal | Interest |
| 2005 | \$ 1,675,794 | \$ 802,510 | \$ 685,000 | \$ 237,080 |
| 2006 | 1,760,000 | 734,764 | 715,000 | 218,056 |
| 2007 | 1,800,000 | 681,476 | 155,000 | 204,200 |
| 2008 | 1,865,000 | 622,412 | 160,000 | 195,286 |
| 2009 | 1,925,000 | 560,909 | 170,000 | 186,086 |
| 2010 | 1,580,000 | 494,187 | 180,000 | 176,312 |
| 2011 | 1,275,000 | 445,902 | 190,000 | 165,962 |
| 2012 | 1,325,000 | 389,760 | 195,000 | 156,652 |
| 2013 | 1,375,000 | 330,362 | 210,000 | 146,902 |
| 2014 | 1,445,000 | 267,190 | 220,000 | 136,402 |
| 2015 | 1,210,000 | 205,319 | 280,000 | 125,126 |
| 2016 | 1,275,000 | 145,848 | 300,000 | 110,778 |
| 2017 | 1,340,000 | 81,666 | 315,000 | 95,028 |
| 2018 | 315,000 | 14,017 | 335,000 | 78,488 |
| 2019 | - | - | 355,000 | 60,484 |
| 2020 | - | - | 370,000 | 41,313 |
| 2021 | - | - | 390,000 | 20,962 |
| TOTAL | \$ 20,165,794 | \$ 5,776,322 | \$ 5,225,000 | \$ 2,355,117 |

| Fiscal Year Ending June 30, | Revenue Bonds | | Capital Leases | |
|-----------------------------------|----------------------------|------------|----------------------------|-----------|
| | Governmental Activities | | Governmental Activities | |
| | Principal | Interest | Principal | Interest |
| 2005 | \$ 110,000 | \$ 127,020 | \$ 246,236 | \$ 21,808 |
| 2006 | 450,000 | 123,808 | 193,290 | 12,565 |
| 2007 | 425,000 | 110,668 | 137,204 | 6,463 |
| 2008 | 570,000 | 98,258 | 70,522 | 1,312 |
| 2009 | 650,000 | 81,614 | - | - |
| 2010 | 715,000 | 62,634 | - | - |
| 2011 | 775,000 | 41,756 | - | - |
| 2012 | 310,000 | 19,126 | - | - |
| 2013 | 345,000 | 10,074 | - | - |
| 2014 | - | - | - | - |
| 2015 | - | - | - | - |
| 2016 | - | - | - | - |
| 2017 | - | - | - | - |
| 2018 | - | - | - | - |
| 2019 | - | - | - | - |
| 2020 | - | - | - | - |
| 2021 | - | - | - | - |
| TOTAL | \$ 4,350,000 | \$ 674,958 | \$ 647,252 | \$ 42,148 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

G. Debt Service Requirements to Maturity (Continued)

| Fiscal Year Ending June 30, | Due to Other Governments | | IEPA Loans | |
|-----------------------------------|--------------------------|----------|---------------|-------------|
| | Governmental | | Business-Type | |
| | Principal | Interest | Principal | Interest |
| 2005 | \$ 500,000 | \$ - | \$ 318,245 | \$ 167,447 |
| 2006 | 500,000 | - | 326,362 | 159,330 |
| 2007 | 500,000 | - | 334,690 | 151,002 |
| 2008 | 500,000 | - | 343,228 | 142,464 |
| 2009 | 500,000 | - | 351,984 | 133,708 |
| 2010 | 498,998 | - | 360,963 | 124,729 |
| 2011 | - | - | 370,172 | 115,520 |
| 2012 | - | - | 379,615 | 106,077 |
| 2013 | - | - | 389,298 | 96,394 |
| 2014 | - | - | 399,230 | 86,462 |
| 2015 | - | - | 409,414 | 76,278 |
| 2016 | - | - | 419,860 | 65,832 |
| 2017 | - | - | 430,570 | 55,122 |
| 2018 | - | - | 441,556 | 44,136 |
| 2019 | - | - | 452,818 | 32,874 |
| 2020 | - | - | 464,370 | 21,322 |
| 2021 | - | - | 476,216 | 9,476 |
| TOTAL | \$2,998,998 | \$ - | \$6,668,591 | \$1,588,173 |

| Fiscal Year Ending June 30, | Bond Anticipation Notes | |
|-----------------------------------|-------------------------|----------|
| | Business-Type | |
| | Principal | Interest |
| 2005 | \$ 400,000 | \$ 4,740 |
| 2006 | - | - |
| 2007 | - | - |
| 2008 | - | - |
| 2009 | - | - |
| 2010 | - | - |
| 2011 | - | - |
| 2012 | - | - |
| 2013 | - | - |
| 2014 | - | - |
| 2015 | - | - |
| 2016 | - | - |
| 2017 | - | - |
| 2018 | - | - |
| 2019 | - | - |
| 2020 | - | - |
| 2021 | - | - |
| TOTAL | \$ 400,000 | \$ 4,740 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

H. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2004:

| | July 1 | Additions | Reductions | Refundings | June 30 | Current Portion |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| General Obligation Bonds | \$21,474,255 | \$ 4,936,539 | \$ 1,545,000 | \$ 4,700,000 | \$ 20,165,794 | \$ 1,675,794 |
| Revenue Bonds | 4,350,000 | - | - | - | 4,350,000 | 110,000 |
| Capital Leases | 443,048 | 447,497 | 243,293 | - | 647,252 | 246,236 |
| Due to Other Governments | 3,498,998 | - | 500,000 | - | 2,998,998 | 500,000 |
| Compensated Absences | 3,423,404 | 212,037 | - | - | 3,635,441 | 363,544 |
| Unamortized Premium | 49,396 | 46,962 | 9,820 | - | 86,538 | - |
| TOTAL GOVERNMENTAL ACTIVITIES | \$33,239,101 | \$ 5,643,035 | \$ 2,298,113 | \$ 4,700,000 | \$ 31,884,023 | \$ 2,895,574 |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| General Obligation Bonds | | | | | | |
| Water | \$ 5,405,000 | \$ 1,130,000 | \$ 670,000 | \$ 1,090,000 | \$ 4,775,000 | \$ 685,000 |
| Airport | 450,000 | - | - | - | 450,000 | - |
| Total General Obligation Bonds | <u>5,855,000</u> | <u>1,130,000</u> | <u>670,000</u> | <u>1,090,000</u> | <u>5,225,000</u> | <u>685,000</u> |
| Bond Anticipation Note | | | | | | |
| Airport | <u>400,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>400,000</u> | <u>-</u> |
| IEPA Loans | | | | | | |
| Water | <u>6,978,919</u> | <u>-</u> | <u>310,328</u> | <u>-</u> | <u>6,668,591</u> | <u>318,245</u> |
| Compensated Absences | | | | | | |
| Water | 237,148 | - | 16,185 | - | 220,963 | 22,096 |
| Airport | 11,485 | 1,973 | - | - | 13,458 | 1,346 |
| Total Compensated Absences | <u>248,633</u> | <u>1,973</u> | <u>16,185</u> | <u>-</u> | <u>234,421</u> | <u>23,442</u> |
| Unamortized Premium | <u>-</u> | <u>11,787</u> | <u>4,080</u> | <u>-</u> | <u>7,707</u> | <u>-</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$13,482,552 | \$ 1,143,760 | \$ 1,000,593 | \$ 1,090,000 | \$ 12,535,719 | \$ 1,026,687 |

8. LONG-TERM DEBT (Continued)

I. Legal Debt Margin

The City is a home rule municipality. Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statute governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.”

To date the General Assembly has set no limits for home rule municipalities.

J. Conduit Debt

The City has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of June 30, 2004, there was two series of IDRBs outstanding. The aggregate principal amount payable for the two series was \$409,711.

K. Advance Refundings - General Obligation Bonds

On October 1, 2003, the City issued \$2,665,000 2003 Series A General Obligation Refunding Bonds to refund \$2,555,000 General Obligation Bonds, Series 1994A. Through the refunding, the City reduced its debt service by \$328,348 and had an economic gain of \$294,856. Conditions for defeasance have been met and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements. At June 30, 2004, all of the Series 1994A were paid from escrow.

On October 1, 2003, the City issued \$3,335,000 2003 Series B General Obligation Refunding Bonds to refund \$1,200,000 General Obligation Bonds, Series 1994B and \$2,035,000 General Obligation Bonds Series 1996A. Through the refunding, the City reduced its debt service by \$215,963 and had an economic gain of \$208,787. Conditions for defeasance have been met and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements. At June 30, 2004, all of the Series 1994A were paid from escrow.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

| | Due From | Due To |
|------------------------------|-------------------|-------------------|
| General | | |
| Nonmajor Governmental | \$ 309,282 | \$ - |
| Total General | <u>309,282</u> | <u>-</u> |
| Nonmajor Governmental | | |
| General | - | 309,282 |
| Nonmajor Governmental | 27,955 | 27,955 |
| Total Nonmajor Governmental | <u>27,955</u> | <u>337,237</u> |
| Water | | |
| Internal Service Funds | - | 99,209 |
| Total Water | <u>-</u> | <u>99,209</u> |
| Internal Service Funds | | |
| Water | 99,209 | - |
| Total Internal Service Funds | <u>99,209</u> | <u>-</u> |
| TOTAL | <u>\$ 436,446</u> | <u>\$ 436,446</u> |

The purpose of significant due from/to other funds is as follows:

- \$309,282 due from Nonmajor Governmental Funds to the General Fund. This balance consists of cash overdrafts of \$18,700 from the Knolls Special Service Area Fund and \$100 from the CDBG Fund. The Motor Fuel Tax Fund owes the General Fund \$290,482 for operating expenditures. Repayment is expected within one year.
- \$99,209 due to internal service funds consists of claims paid from the Worker's Compensation Fund for the Water Fund. Repayment is expected within one year.
- \$27,955 due to/from Nonmajor Governmental Funds represents amounts the CDBG fund owes to the Housing Rehab Fund for various grant expenditures. Repayment is expected within one year.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ASSETS/LIABILITIES (Continued)

B. Advances to/from Other Funds

| Receivable Fund | Payable Fund | Amount |
|----------------------------|----------------------------|---------------------|
| Tax Increment Financing #1 | Tax Increment Financing #2 | \$ 1,260,000 |
| Tax Increment Financing #1 | Nonmajor Governmental | 1,035,000 |
| Water | Airport | 630,000 |
| TOTAL ALL FUNDS | | <u>\$ 2,925,000</u> |

In fiscal years 1996, 1997, 1998 and 2001 the Tax Increment Financing #2 Fund was advanced \$655,000, \$457,500, \$218,700 and \$733,778, respectively, from the Tax Increment Financing #1 Fund. \$204,978, \$200,000 and \$400,000 was repaid in 2002, 2003, and 2004, respectively, leaving a balance advanced at June 30, 2004 of \$1,260,000, which will be repaid from future incremental tax revenues. Also, in fiscal year 2001 and 2002 the County Home Tax Increment Financing Fund was advanced \$159,889 and \$1,000,111, respectively, by the Tax Increment Financing #1 Fund. \$125,000 was repaid in 2004, leaving a balance advanced at June 30, 2004 of \$1,035,000, which will be repaid from future incremental tax revenues. Finally, the Water Fund advanced the Airport Fund \$630,000 in 2004 to be repaid from future airport revenues.

C. Interfund Transfers

Interfund transfers between funds for the year ended June 30, 2004 were as follows:

| | Transfers In | Transfers Out |
|----------------------------------|------------------|------------------|
| General | | |
| Capital Projects | \$ - | \$ - |
| Water | 392,600 | - |
| Nonmajor Governmental | - | 1,674,887 |
| Total General | <u>392,600</u> | <u>1,674,887</u> |
| Tax Increment Financing #1 | | |
| Airport | - | 165,000 |
| Nonmajor Governmental | - | 1,175,443 |
| Total Tax Increment Financing #1 | <u>-</u> | <u>1,340,443</u> |
| Nonmajor Governmental | | |
| General | 1,674,887 | - |
| Tax Increment Financing #1 | 1,175,443 | - |
| Total Nonmajor Governmental | <u>2,850,330</u> | <u>-</u> |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ASSETS/LIABILITIES (Continued)

C. Interfund Transfers (Continued)

| | Transfers In | Transfers Out |
|----------------------------|--------------|---------------|
| Water | | |
| General | \$ - | \$ 392,600 |
| Total Water | - | 392,600 |
| Airport | | |
| Tax Increment Financing #1 | 165,000 | - |
| Total Airport | 165,000 | - |
| TOTAL | \$ 3,407,930 | \$ 3,407,930 |

The purpose of significant transfers is as follows:

- \$1,319,065 transferred from the General Fund to the General Debt Service Fund to cover current year debt service payments. This transfer will not be repaid.
- \$87,777 transferred from the General Fund to the Mass Transit Fund to assist the operations of transit services within the City. This transfer will not be repaid.
- \$392,600 transferred from the Water Fund to the General Fund to cover general operating expenses. This transfer will not be repaid.
- \$268,045 transferred from the General Fund to the Capital Projects Fund to use for vehicles, equipment and public improvements. This transfer will not be repaid.
- \$165,000 transferred from the Central Area Tax Increment Financing Fund to the Airport Fund to support TIF related projects at the City's airport. This transfer will not be repaid.
- \$1,175,443 transferred from the Central Area Tax Increment Financing Fund to the Tax Increment Financing Debt Service Fund to cover current year debt service payments. This transfer will not be repaid.

10. CONTINGENT LIABILITIES

A. Litigation

The City is a defendant in various lawsuits. One of these lawsuits has a potential but not probable liability of between \$75,000 and \$125,000. Another lawsuit has a potential but not probable liability of between \$250,000 and \$350,000. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Illinois Toll Highway Authority

The City has entered into an agreement with the Illinois Toll Highway Authority for certain road improvements. Under this agreement, the City has a potential liability of up to \$2,301,964, due and payable in July 2004, if certain toll revenues are not received by the Toll Authority.

D. Sales Tax Rebates

The City has entered into a development agreement whereby it has committed up to \$1,700,000 in sales tax rebates through the year December 31, 2013. As of June 30, 2004, the City has incurred \$1,027,172 in rebates.

E. Tax Increment Financing Note

The City has entered into a development agreement whereby it has authorized a note of up to \$1,450,000 payable from tax increment financing (TIF) revenues after the payment of all required principal and interest payments of the TIF district. The note has not yet been issued as of June 30, 2004, as all of the conditions for the issuance of the note have not yet been met.

11. POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides postemployment health care and life insurance benefits, in accordance with the personnel policy manual, to all employees who have retired or have disability leave. At June 30, 2004, 59 retirees and disabled employees meet those eligibility requirements. The City pays a portion of the cost of the health and life insurance premiums for the employees. Expenditures for postemployment health care and life insurance benefits are recognized when paid. During the year, expenditures of \$75,826 were recognized for postemployment benefits.

12. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

A. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the year ended December 31, 2003 was 0.93% of covered payroll.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. At June 30, 2004, the Police Pension Plan membership consisted of:

| | |
|--|-------|
| Retirees and Beneficiaries Currently Receiving Benefits | 34 |
| Terminated Employees Entitled to Benefits but not yet Receiving Them | - |
| Current Employees | |
| Vested | 34 |
| Nonvested | 23 |
| | <hr/> |
| TOTAL | 91 |
| | <hr/> |

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 equal to 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 annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS 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. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Plan are financed through investment earnings. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended June 30, 2004, the City's contribution was 18.67% of covered payroll.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. At June 30, 2004, the Firefighters' Pension Plan membership consisted of:

| | |
|--|-------|
| Retirees and Beneficiaries Currently Receiving Benefits | 38 |
| Terminated Employees Entitled to Benefits but not yet Receiving Them | - |
| Current Employees | |
| Vested | 29 |
| Nonvested | 25 |
| | <hr/> |
| TOTAL | 92 |

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 in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 9.455% 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. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Plan are financed through investment earnings. The City is required to finance the Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended June 30, 2004, the City's contribution was 28.65% of covered payroll.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

The following are investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for the IMRF is not available.

| Plan | Organization | Amount |
|-----------------------|----------------------------------|---------------------|
| Police Pension | Dodge and Cox Fund | \$ 2,368,302 |
| Police Pension | Harbor Capital Appreciation Fund | 2,153,751 |
| Police Pension | T Rowe Price Fund | 1,016,534 |
| Police Pension | Weitz Value Fund | 909,273 |
| | | <u>\$ 6,447,860</u> |
| Firefighters' Pension | Vanguard 500 Index Fund | \$ 3,862,689 |
| Firefighters' Pension | Vanguard Small Cap Index Fund | 1,137,605 |
| | | <u>\$ 5,000,294</u> |

C. Annual Pension Costs

Employer contributions have been determined as follows:

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Actuarial Valuation Date | December 31, 2001 | June 30, 2003 | June 30, 2003 |
| Actuarial Cost Method | Entry-age Normal | Entry-age Normal | Entry-age Normal |
| Asset Valuation Method | 5 Year Smoothed Market | Market | Market |
| Amortization Method | Level Percentage of Payroll | Level Percentage of Payroll | Level Percentage of Payroll |
| Amortization Period | 10 Years, Closed | 29 Years, Closed | 29 Years, Closed |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--|-------------------------------------|---------------------------------|---------------------------------|
| Significant Actuarial Assumptions | | | |
| a) Rate of Return on Present and Future Assets | 7.50% Compounded Annually | 8.00% Compounded Annually | 8.00% Compounded Annually |
| b) Projected Salary Increase - Attributable to Inflation | 4.00% Compounded Annually | 5.00% Compounded Annually | 5.00% Compounded Annually |
| c) Additional Projected Salary Increases - Seniority/Merit | .40 to 11.60% | Not Available | Not Available |

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

| | Illinois Municipal Retirement* | Police Pension* | Firefighters' Pension* |
|-------------------------------|--------------------------------------|-------------------------------------|--|
| Annual Pension Cost (APC) | \$ 54,083 370,954 60,914 | \$ 338,198 509,810 646,413 | \$ 754,785 782,853 898,916 |
| Actual Contribution | \$ 54,083 370,954 60,914 | \$ 339,359 510,760 652,502 | \$ 757,889 785,808 909,103 |
| Percentage of APC Contributed | 100.00% 100.00 100.00 | 100.34% 100.19 100.94 | 100.41% 100.38 101.13 |
| NPO (Asset) | \$ - | \$ (50,747) (51,697) (57,786) | \$ (126,883) (129,838) (140,025) |

* Police and Firefighters' Pension information presented is for the fiscal years ending June 30, 2002, 2003 and 2004. The information for the Illinois Municipal Retirement is for the calendar years 2001, 2002 and 2003.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO at June 30, 2004 has been calculated as follows:

| | Police Pension | Firefighters' Pension |
|--|-------------------|--------------------------|
| Annual Required Contribution | \$ 647,960 | \$ 902,800 |
| Interest on Net Pension Obligation | (4,136) | (10,387) |
| Adjustment to Annual Required Contribution | 2,589 | 6,503 |
| Annual Pension Cost | 646,413 | 898,916 |
| Contributions Made | 652,502 | 909,103 |
| Increase (Decrease) in Net Pension Obligation | (6,089) | (10,187) |
| Net Pension Obligation (Asset) Beginning of Year | (51,697) | (129,838) |
| Net Pension Obligation (Asset) End of Year | \$ (57,786) | \$ (140,025) |

13. SUBSEQUENT EVENTS

On September 22, 2004, the City issued a \$925,000 capital lease for the purchase of equipment. Interest on the capital lease at a rate of 4.29% is due with principal on January 1 and July 1 of each year through July 1, 2011.

In July 2004, the City entered into an intergovernmental agreement with DeKalb County (the County). Under the agreement, the County provided \$2,301,964 to the City for the City's payment due to the Illinois Tollway Authority. Additionally, under the agreement, the City is sharing sales tax revenues with the County for a specified geographic area.

14. RESTATEMENTS

Fund balances of the General, Motor Fuel Tax, Housing Rehabilitation and Capital Projects funds were restated at July 1, 2003 to correct revenue recognition and allocation from prior years. Fund balance of the General Fund was also restated for the implementation of GASB Interpretation No.6 for compensated absences. Finally, net assets of the Airport Fund were restated at July 1, 2003 to adjust capital assets.

In addition, net assets of the governmental activities has been restated for a change in capital assets.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY

A. Summary Financial Information

The following is summary fund type financial information for the DeKalb Public Library (the Library) for the fiscal year ended June 30, 2004:

| | General | Capital Projects | Permanent | Total | Adjustments | Statement of Net Assets |
|--|------------|---------------------|------------|--------------|-------------|----------------------------|
| ASSETS | | | | | | |
| Cash and Investments | \$ 822,766 | \$ 162,553 | \$ 232,291 | \$ 1,217,610 | \$ - | \$ 1,217,610 |
| Receivables | | | | | | |
| Property Taxes | 467,070 | - | - | 467,070 | - | 467,070 |
| Accrued Interest | 2,204 | 1,717 | 2,366 | 6,287 | - | 6,287 |
| Prepaid Items | 5,863 | - | - | 5,863 | - | 5,863 |
| Due from Other Governments | 2,400 | - | - | 2,400 | - | 2,400 |
| Capital Assets | | | | | | |
| Not Being Depreciated | - | - | - | - | 10,000 | 10,000 |
| Net of Accumulated Depreciation | - | - | - | - | 63,269 | 63,269 |
| Total Assets | 1,300,303 | 164,270 | 234,657 | 1,699,230 | 73,269 | 1,772,499 |
| LIABILITIES | | | | | | |
| Accounts Payable | 2,171 | - | - | 2,171 | - | 2,171 |
| Accrued Payroll | 16,763 | - | - | 16,763 | - | 16,763 |
| Deferred Property Taxes | 928,024 | - | - | 928,024 | - | 928,024 |
| Due to Primary Government | 2,000 | - | - | 2,000 | - | 2,000 |
| Compensated Absences Payable | - | - | - | - | 16,304 | 16,304 |
| Total Liabilities | 948,958 | - | - | 948,958 | 16,304 | 965,262 |
| FUND BALANCES | | | | | | |
| Reserved for Prepaid Items | 5,863 | - | - | 5,863 | (5,863) | - |
| Unreserved | 345,481 | 164,270 | 234,657 | 744,408 | (744,408) | - |
| NET ASSETS | | | | | | |
| Invested in Capital Assets, Net of Related Debt | - | - | - | - | 73,269 | 73,269 |
| Unrestricted | - | - | - | - | 733,968 | 733,968 |
| TOTAL FUND BALANCES/NET ASSETS | \$ 351,344 | \$ 164,270 | \$ 234,657 | \$ 750,271 | \$ 56,966 | \$ 807,237 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

A. Summary Financial Information (Continued)

| | General | Capital Projects | Permanent | Total | Adjustments | Statement of Activities |
|--|------------|---------------------|------------|------------|-------------|----------------------------|
| REVENUES | | | | | | |
| Property Taxes | \$ 888,769 | \$ - | \$ - | \$ 888,769 | \$ - | \$ 888,769 |
| Replacement Taxes | 22,879 | - | - | 22,879 | - | 22,879 |
| State Grants | 48,773 | - | - | 48,773 | - | 48,773 |
| Local Grants | 80,187 | - | - | 80,187 | - | 80,187 |
| Charges for Services | 33,624 | - | - | 33,624 | - | 33,624 |
| Investment Income | 7,738 | (994) | (3,154) | 3,590 | - | 3,590 |
| Miscellaneous | 14,590 | - | 98 | 14,688 | - | 14,688 |
| Total Revenues | 1,096,560 | (994) | (3,056) | 1,092,510 | - | 1,092,510 |
| EXPENDITURES/EXPENSES | | | | | | |
| Culture and Recreation | 1,259,749 | - | - | 1,259,749 | 10,034 | 1,269,783 |
| Total Expenditures/Expenses | 1,259,749 | - | - | 1,259,749 | 10,034 | 1,269,783 |
| Excess (Deficiency) of Revenues over Expenditures/Expenses | (163,189) | (994) | (3,056) | (167,239) | (10,034) | (177,273) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 5,468 | - | - | 5,468 | - | 5,468 |
| Transfers (Out) | - | - | (5,468) | (5,468) | - | (5,468) |
| Total Other Financing Sources (Uses) | 5,468 | - | (5,468) | - | - | - |
| NET CHANGE IN FUND BALANCES/NET ASSETS | (157,721) | (994) | (8,524) | (167,239) | (10,034) | (177,273) |
| FUND BALANCES/NET ASSETS, JULY 1, RESTATED* | 509,065 | 165,264 | 243,181 | 917,510 | 67,000 | 984,510 |
| FUND BALANCES/NET ASSETS, JUNE 30 | \$ 351,344 | \$ 164,270 | \$ 234,657 | \$ 750,271 | \$ 56,966 | \$ 807,237 |

*The balance at July 1, 2004 was restated to implement GASB Interpretation No. 6 for compensated absences, and also to reallocate prior year investment income to the correct library funds.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

B. Deposits and Investments

Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Cash on hand of \$300 has been excluded from the amounts shown below.

At year end, the Library's carrying amount of deposits with financial institutions was \$622,965 and the corresponding bank balance was \$651,483.

| | <u>Bank Balance</u> |
|---|-------------------------|
| Category 1 | |
| Deposits covered by federal depository insurance, or by collateral held by the Library, or its agent, in the Library's name. | \$ 651,483 |
| Category 2 | |
| Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the Library's name. | - |
| Category 3 | |
| Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Library's name, and deposits which are uninsured and uncollateralized. | <u>-</u> |
| TOTAL DEPOSITS | <u>\$ 651,483</u> |

The Library's investments are categorized to give an indication of the level of custodial credit risk assumed by the Library at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the Library's name or held by any third party but not in the Library's name.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

| | Fair Value | | | |
|--------------------------|-------------|-------------|-------------------|---------------|
| | Category | | | |
| | 1 | 2 | 3 | Totals |
| U.S. Treasury Securities | \$ - | \$ - | \$ 60,453 | \$ 60,453 |
| U.S. Agency Securities | - | - | 515,250 | 515,250 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 575,703</u> | 575,703 |
| Mutual Funds | | | | <u>18,642</u> |
| TOTAL INVESTMENTS | | | | \$ 594,345 |

C. Receivables

Property taxes for the 2003 levy year attach as an enforceable lien on January 1, 2003, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2004 and August 1, 2004, and are payable in two installments, on or about June 1, 2004 and September 1, 2004. The County collects such taxes and remits them periodically.

The Library has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2003 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds. The 2004 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2004, the taxes will not be levied by the Library or extended by the County until December 2004, and therefore, the amount is not measurable at June 30, 2004.

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

D. Capital Assets

Capital assets, which include property, plant and equipment are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

| | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and Building Improvements | 40 |
| Equipment and Furniture | 10 |

The following is a summary of changes in capital assets during the fiscal year:

| | Beginning Balance Restated | Increases | Decreases | Ending Balance |
|---|----------------------------------|------------|-----------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 10,000 | \$ - | \$ - | \$ 10,000 |
| Total Capital Assets not Being Depreciated | 10,000 | - | - | 10,000 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 318,335 | - | - | 318,335 |
| Equipment | 52,331 | - | - | 52,331 |
| Total Capital Assets Being Depreciated | 370,666 | - | - | 370,666 |
| Less Accumulated Depreciation for | | | | |
| Buildings | 267,961 | 3,148 | - | 271,109 |
| Equipment | 32,154 | 4,134 | - | 36,288 |
| Total Accumulated Depreciation | 300,115 | 7,282 | - | 307,397 |
| Total Capital Assets Being Depreciated, Net | 70,551 | (7,282) | - | 63,269 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | \$ 80,551 | \$ (7,282) | \$ - | \$ 73,269 |

CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

E. Long-Term Debt

The following is a summary of the changes in long-term liabilities of the Library:

| | July 1 | Additions | Reductions | June 30 | Current Portion |
|----------------------|-----------|-----------|------------|-----------|--------------------|
| Compensated Absences | \$ 13,553 | \$ 2,751 | \$ - | \$ 16,304 | \$ 1,630 |
| TOTAL | \$ 13,553 | \$ 2,751 | \$ - | \$ 16,304 | \$ 1,630 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|---------------------|---------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ 17,506,869 | \$ 17,506,869 | \$ 17,061,812 |
| Licenses and Permits | 469,000 | 469,000 | 846,571 |
| Intergovernmental | 15,000 | 15,000 | 37,273 |
| Charges for Services | 1,178,000 | 1,178,000 | 1,471,140 |
| Fines and Forfeits | 550,000 | 550,000 | 638,815 |
| Investment Income | 50,000 | 50,000 | 47,551 |
| Miscellaneous | 187,000 | 187,000 | 285,898 |
| Total Revenues | 19,955,869 | 19,955,869 | 20,389,060 |
| EXPENDITURES | | | |
| General Government | 2,588,187 | 2,588,187 | 2,510,222 |
| Public Safety | 12,085,578 | 12,106,203 | 12,407,621 |
| Community Improvement | 4,291,678 | 4,291,678 | 3,928,040 |
| Total Expenditures | 18,965,443 | 18,986,068 | 18,845,883 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 990,426 | 969,801 | 1,543,177 |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds on Sale of Capital Assets | 15,000 | - | 7,744 |
| Transfers In | 570,000 | 570,000 | 392,600 |
| Transfers (Out) | (1,687,467) | (1,687,467) | (1,674,887) |
| Total Other Financing Sources (Uses) | (1,102,467) | (1,117,467) | (1,274,543) |
| NET CHANGE IN FUND BALANCE | \$ (112,041) | \$ (147,666) | 268,634 |
| FUND BALANCE, JULY 1 | | | 2,608,861 |
| Prior Period Adjustment | | | 383,326 |
| FUND BALANCE, JULY 1, RESTATED | | | 2,992,187 |
| FUND BALANCE, JUNE 30 | | | \$ 3,260,821 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2004

A. Budgets

Annual budgets are adopted for all governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental and proprietary funds. All outstanding encumbrances lapse at year end and do not carry forward into the subsequent fiscal year unless they are reappropriated.

All departments of the City submit requests for appropriations to the City manager so that a budget may be prepared. The budget is prepared by fund, department and division, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body.

The budget officer can transfer amounts between departments within a fund, however, transfers between funds must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several budget transfers were adopted and are reflected in the financial statements.

B. Excess of Actual Expenditures/Expenses over Budget in Individual Funds

The following funds had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year:

| Fund | Excess |
|--|-----------|
| Foreign Fire Insurance Tax | \$ 4,088 |
| Tax Increment Financing #2 | 84,946 |
| Housing Rehabilitation | 208,431 |
| Knolls Special Service Area #4 | 5,022 |
| Capital Projects | 1,167,498 |
| County Home Tax Increment Financing District | 158,737 |
| TIF Debt Service | 17,999 |
| Refuse | 11,963 |

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2004

| Actuarial Valuation Date December 31, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | UAAL As a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 1998 | \$ 9,584,785 | \$ 9,446,320 | 101.47% | \$ (138,465) | \$ 4,712,923 | (2.94%) |
| 1999 | 12,053,914 | 11,009,073 | 109.49% | (1,044,841) | 4,866,362 | (21.47%) |
| 2000 | 13,881,486 | 12,468,105 | 111.34% | (1,413,381) | 5,195,971 | (27.20%) |
| 2001 | 15,118,913 | 14,105,982 | 107.18% | (1,012,931) | 5,575,598 | (18.17%) |
| 2002 | 15,291,661 | 15,480,118 | 98.78% | 188,457 | 5,925,786 | 3.18% |
| 2003 | 13,506,925 | 16,306,011 | 82.83% | 2,799,086 | 6,549,916 | 42.73% |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION FUND

June 30, 2004

| Actuarial Valuation Date June 30, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | UAAL As a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 1999 | \$ 16,132,563 | \$ 18,225,107 | 88.52% | \$ 2,092,544 | \$ 2,598,805 | 80.52% |
| 2000 | 17,218,231 | 19,865,216 | 86.68% | 2,646,985 | 2,746,881 | 96.36% |
| 2001 | 16,372,504 | 22,137,718 | 73.96% | 5,765,214 | 2,822,402 | 204.27% |
| 2002 | 15,816,857 | 23,932,012 | 66.09% | 8,115,155 | 2,957,614 | 274.38% |
| 2003 | 16,589,356 | 25,419,842 | 65.26% | 8,830,486 | 3,220,656 | 274.18% |
| 2004 | 18,061,408 | 27,012,236 | 66.86% | 8,950,828 | 3,495,702 | 256.05% |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 FIREFIGHTERS' PENSION FUND

June 30, 2004

| Actuarial Valuation Date June 30, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | UAAL As a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 1999 | \$ 11,340,771 | \$ 18,252,139 | 62.13% | \$ 6,911,368 | \$ 2,388,964 | 289.30% |
| 2000 | 11,586,671 | 20,103,013 | 57.64% | 8,516,342 | 2,537,538 | 335.61% |
| 2001 | 12,021,032 | 21,079,229 | 57.03% | 9,058,197 | 2,552,756 | 354.84% |
| 2002 | 11,869,136 | 22,459,759 | 52.85% | 10,590,623 | 2,762,890 | 383.32% |
| 2003 | 12,366,819 | 24,157,352 | 51.19% | 11,790,533 | 3,057,916 | 385.57% |
| 2004 | 13,606,913 | 25,571,599 | 53.21% | 11,964,686 | 3,172,985 | 377.08% |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2004

| <u>Calendar Year</u> | <u>Employer Contributions</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage Contributed</u> |
|--------------------------|-----------------------------------|--|-----------------------------------|
| 1998 | \$ 423,692 | \$ 423,692 | 100.00% |
| 1999 | 417,047 | 417,047 | 100.00% |
| 2000 | 244,730 | 244,730 | 100.00% |
| 2001 | 54,083 | 54,083 | 100.00% |
| 2002 | 370,954 | 370,954 | 100.00% |
| 2003 | 60,914 | 60,914 | 100.00% |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

June 30, 2004

| <u>Fiscal Year</u> | <u>Employer Contributions</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage Contributed</u> |
|------------------------|-----------------------------------|--|-----------------------------------|
| 1999 | \$ 170,129 | \$ 168,719 | 100.84% |
| 2000 | 227,907 | 226,521 | 100.61% |
| 2001 | 282,202 | 279,770 | 100.87% |
| 2002 | 339,359 | 338,198 | 100.34% |
| 2003 | 510,760 | 509,810 | 100.19% |
| 2004 | 652,502 | 646,413 | 100.94% |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

June 30, 2004

| <u>Fiscal Year</u> | <u>Employer Contributions</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage Contributed</u> |
|------------------------|-----------------------------------|--|-----------------------------------|
| 1999 | \$ 445,609 | \$ 442,085 | 100.80% |
| 2000 | 502,024 | 498,558 | 100.70% |
| 2001 | 644,321 | 638,428 | 100.92% |
| 2002 | 757,889 | 754,785 | 100.41% |
| 2003 | 785,808 | 782,853 | 100.38% |
| 2004 | 909,103 | 898,916 | 101.13% |

(See independent auditor's report.)

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|-----------------------------|--------------------|-----------------|--------------|
| TAXES | | | |
| Property | \$ 2,542,869 | \$ 2,542,869 | \$ 2,564,200 |
| City Sales | 2,985,000 | 2,985,000 | 2,860,607 |
| Income | 2,367,000 | 2,367,000 | 2,322,932 |
| Utilities | 3,450,000 | 3,450,000 | 3,426,971 |
| Sales | 4,350,000 | 4,350,000 | 4,088,289 |
| Franchise | 300,000 | 300,000 | 313,263 |
| Replacement | 100,000 | 100,000 | 100,191 |
| Restaurant/Bar | 1,225,000 | 1,225,000 | 1,231,736 |
| Hotel/Motel | 175,000 | 175,000 | 142,653 |
| Miscellaneous | 12,000 | 12,000 | 10,970 |
| Total Taxes | 17,506,869 | 17,506,869 | 17,061,812 |
| LICENSES AND PERMITS | | | |
| Licenses | | | |
| Amusement | 7,000 | 7,000 | 4,695 |
| Liquor | 100,000 | 100,000 | 111,617 |
| Rooming House | 20,000 | 20,000 | 10,950 |
| Other | 30,000 | 30,000 | 24,831 |
| Permits | | | |
| Building | 180,000 | 180,000 | 425,825 |
| Electric | 30,000 | 30,000 | 80,644 |
| Plumbing | 30,000 | 30,000 | 59,099 |
| Sewer | 7,000 | 7,000 | 33,822 |
| HVAC | 20,000 | 20,000 | 70,463 |
| Parking | 5,000 | 5,000 | 3,625 |
| Other | 40,000 | 40,000 | 21,000 |
| Total Licenses and Permits | 469,000 | 469,000 | 846,571 |
| INTERGOVERNMENTAL | | | |
| Federal Grants | 5,000 | 5,000 | 1,798 |
| State Grants | 10,000 | 10,000 | 35,475 |
| Total Intergovernmental | 15,000 | 15,000 | 37,273 |

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|-----------------------------|----------------------|----------------------|----------------------|
| CHARGES FOR SERVICES | | | |
| Fire Protection | \$ 620,000 | \$ 620,000 | \$ 643,262 |
| Ambulance Fees | 375,000 | 375,000 | 418,517 |
| Police Services | 25,000 | 25,000 | 4,336 |
| Planning/Zoning Fees | 40,000 | 40,000 | 110,115 |
| Engineering Plan Review | 100,000 | 100,000 | 273,132 |
| Zoning Fees | 15,000 | 15,000 | 21,778 |
| Rents | 3,000 | 3,000 | - |
| Total Charges for Services | 1,178,000 | 1,178,000 | 1,471,140 |
| FINES AND FORFEITS | | | |
| Circuit Court | 280,000 | 280,000 | 331,872 |
| Parking | 50,000 | 50,000 | 20,328 |
| Police | 150,000 | 150,000 | 207,606 |
| Abatement | 7,500 | 7,500 | 10,432 |
| False Fire Alarm | 6,000 | 6,000 | 2,800 |
| Other | 56,500 | 56,500 | 65,777 |
| Total Fines and Forfeits | 550,000 | 550,000 | 638,815 |
| INVESTMENT INCOME | 50,000 | 50,000 | 47,551 |
| MISCELLANEOUS | | | |
| Refunds/Reimbursements | 125,000 | 125,000 | 124,766 |
| Miscellaneous | 62,000 | 62,000 | 161,132 |
| Total Miscellaneous | 187,000 | 187,000 | 285,898 |
| TOTAL REVENUES | \$ 19,955,869 | \$ 19,955,869 | \$ 20,389,060 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---|----------------------|----------------------|----------------------|
| GENERAL GOVERNMENT | | | |
| Legislative | \$ 377,820 | \$ 377,820 | \$ 395,383 |
| Administrative Services | 1,483,145 | 1,483,145 | 1,502,858 |
| City Clerk | 132,622 | 132,622 | 135,265 |
| General Fund Support Service | 595,700 | 595,700 | 700,216 |
| Less Administrative Costs Charged to Other Departments and Funds | (1,100) | (1,100) | (223,500) |
| Total General Government | 2,588,187 | 2,588,187 | 2,510,222 |
| PUBLIC SAFETY | | | |
| Police Protection | 6,225,595 | 6,225,595 | 6,305,186 |
| Fire Protection | | | |
| Fire Administration | 531,204 | 531,204 | 546,349 |
| Fire Service | 5,328,779 | 5,349,404 | 5,556,086 |
| Total Fire Protection | 5,859,983 | 5,880,608 | 6,102,435 |
| Total Public Safety | 12,085,578 | 12,106,203 | 12,407,621 |
| COMMUNITY IMPROVEMENT | | | |
| Public Works | 4,132,482 | 4,132,482 | 3,785,683 |
| Community Development | 1,406,346 | 1,406,346 | 1,354,007 |
| Less Administrative Costs Charged to Other Departments and Funds | (1,247,150) | (1,247,150) | (1,211,650) |
| Total Community Improvement | 4,291,678 | 4,291,678 | 3,928,040 |
| TOTAL EXPENDITURES | \$ 18,965,443 | \$ 18,986,068 | \$ 18,845,883 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|------------|
| GENERAL GOVERNMENT | | | |
| Legislative | | | |
| Personal Services | \$ 107,495 | \$ 107,495 | \$ 114,267 |
| Commodities | 1,700 | 1,700 | 2,894 |
| Contractual Services | 258,625 | 258,625 | 263,709 |
| Other Services | 10,000 | 10,000 | 14,513 |
| Total Legislative | 377,820 | 377,820 | 395,383 |
| Administrative Services | | | |
| Personal Services | 1,401,970 | 1,401,970 | 1,426,612 |
| Commodities | 22,350 | 22,350 | 13,086 |
| Contractual Services | 58,825 | 58,825 | 63,140 |
| Other Services | - | - | 20 |
| Total Administrative Services | 1,483,145 | 1,483,145 | 1,502,858 |
| City Clerk | | | |
| Personal Services | 122,522 | 122,522 | 126,196 |
| Commodities | 2,000 | 2,000 | 1,347 |
| Contractual Services | 8,100 | 8,100 | 7,722 |
| Total City Clerk | 132,622 | 132,622 | 135,265 |
| General Fund Support Service | | | |
| Personal Services | 150,000 | 150,000 | 208,061 |
| Commodities | 65,000 | 65,000 | 87,104 |
| Contractual Services | 345,500 | 345,500 | 387,967 |
| Other Services | 15,200 | 15,200 | 12,140 |
| Equipment | 20,000 | 20,000 | 4,944 |
| Total General Fund Support Service | 595,700 | 595,700 | 700,216 |
| Total General Government | 2,589,287 | 2,589,287 | 2,733,722 |
| Less Administrative Costs Charged to Other Departments and Funds | (1,100) | (1,100) | (223,500) |
| Net General Government | 2,588,187 | 2,588,187 | 2,510,222 |

(This schedule is continued on the following pages.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|------------------------------------|--------------------|-----------------|--------------|
| PUBLIC SAFETY | | | |
| Police Protection | | | |
| Personal Services | \$ 6,000,911 | \$ 6,000,911 | \$ 6,052,128 |
| Commodities | 127,352 | 127,352 | 156,926 |
| Contractual Services | 91,032 | 91,032 | 90,397 |
| Equipment | 6,300 | 6,300 | 5,735 |
| Total Police Protection | 6,225,595 | 6,225,595 | 6,305,186 |
| Fire Protection | | | |
| Fire Administration Services | | | |
| Personal Services | 453,452 | 453,452 | 462,486 |
| Commodities | 24,950 | 24,950 | 28,576 |
| Contractual Services | 48,002 | 48,002 | 49,760 |
| Equipment | 4,800 | 4,800 | 5,527 |
| Total Fire Administration Services | 531,204 | 531,204 | 546,349 |
| Fire Service | | | |
| Personal Services | 5,096,256 | 5,096,256 | 5,258,145 |
| Commodities | 116,613 | 137,238 | 139,258 |
| Contractual Services | 104,210 | 104,210 | 150,441 |
| Other Services | 3,500 | 3,500 | 2,917 |
| Equipment | 8,200 | 8,200 | 5,325 |
| Total Fire Service | 5,328,779 | 5,349,404 | 5,556,086 |
| Total Fire Protection | 5,859,983 | 5,880,608 | 6,102,435 |
| Total Public Safety | 12,085,578 | 12,106,203 | 12,407,621 |
| COMMUNITY IMPROVEMENT | | | |
| Public Works | | | |
| Personal Services | 2,823,126 | 2,823,126 | 2,656,209 |
| Commodities | 471,150 | 471,150 | 383,216 |
| Contractual Services | 590,606 | 590,606 | 526,406 |
| Other Services | 180,000 | 180,000 | 135,644 |
| Equipment | 67,600 | 67,600 | 84,208 |
| Total Public Works | 4,132,482 | 4,132,482 | 3,785,683 |

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|---------------|
| COMMUNITY IMPROVEMENT (Continued) | | | |
| Community Development | | | |
| Personal Services | \$ 1,319,346 | \$ 1,319,346 | \$ 1,212,060 |
| Commodities | 24,400 | 24,400 | 25,196 |
| Contractual Services | 57,600 | 57,600 | 48,392 |
| Other Services | 5,000 | 5,000 | 68,359 |
| Total Community Development | 1,406,346 | 1,406,346 | 1,354,007 |
| Total Community Improvement | 5,538,828 | 5,538,828 | 5,139,690 |
| Less Administrative Costs Charged to Other Departments and Funds | (1,247,150) | (1,247,150) | (1,211,650) |
| Net Community Improvement | 4,291,678 | 4,291,678 | 3,928,040 |
| TOTAL EXPENDITURES | \$ 18,965,443 | \$ 18,986,068 | \$ 18,845,883 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF TRANSFERS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|-----------------------------|--------------------|-----------------|----------------|
| TRANSFERS IN | | | |
| Water Fund | \$ 540,000 | \$ 540,000 | \$ 392,600 |
| Housing Rehabilitation Fund | 30,000 | 30,000 | - |
| Total Transfers In | 570,000 | 570,000 | 392,600 |
| TRANSFERS OUT | | | |
| Mass Transit Fund | 40,000 | 40,000 | 87,777 |
| General Debt Service Fund | 1,379,422 | 1,379,422 | 1,319,065 |
| Capital Projects Fund | 268,045 | 268,045 | 268,045 |
| Total Transfers Out | 1,687,467 | 1,687,467 | 1,674,887 |
| NET TRANSFERS | \$ (1,117,467) | \$ (1,117,467) | \$ (1,282,287) |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING #1 FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|--------------|
| REVENUES | | | |
| Taxes | | | |
| Property | \$ 3,246,211 | \$ 3,246,211 | \$ 3,248,202 |
| Sales | 950,524 | 950,524 | 1,000,678 |
| Investment Income | 10,000 | 10,000 | 9,681 |
| Miscellaneous | | | |
| Refunds/Reimbursements | - | - | 185 |
| Recouped Loans | 91,100 | 91,100 | 9,685 |
| Total Revenues | 4,297,835 | 4,297,835 | 4,268,431 |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Contractual Services | 334,350 | 334,350 | 108,131 |
| Other Services | - | - | 193,696 |
| Permanent Improvements | 3,990,000 | 3,810,000 | 3,410,780 |
| Total Expenditures | 4,324,350 | 4,144,350 | 3,712,607 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (26,515) | 153,485 | 555,824 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer (Out) | | | |
| Airport Fund | (165,000) | (165,000) | (165,000) |
| TIF Debt Service Fund | (1,176,444) | (1,368,893) | (1,175,443) |
| Total Other Financing Sources (Uses) | (1,341,444) | (1,533,893) | (1,340,443) |
| NET CHANGE IN FUND BALANCE | \$ (1,367,959) | \$ (1,380,408) | (784,619) |
| FUND BALANCE, JULY 1 | | | 2,282,704 |
| FUND BALANCE, JUNE 30 | | | \$ 1,498,085 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING #2 FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|----------------|
| REVENUES | | | |
| Taxes | | | |
| Property | \$ 522,118 | \$ 522,118 | \$ 522,551 |
| Miscellaneous | | | |
| Refunds/Reimbursements | - | - | 5,000 |
| Total Revenues | 522,118 | 522,118 | 527,551 |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Contractual Services | 50,000 | 50,000 | 104,907 |
| Permanent Improvements | 205,000 | 205,000 | 235,039 |
| Total Expenditures | 255,000 | 255,000 | 339,946 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 267,118 | \$ 267,118 | 187,605 |
| FUND BALANCE (DEFICIT), JULY 1 | | | (1,647,941) |
| FUND BALANCE (DEFICIT), JUNE 30 | | | \$ (1,460,336) |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DEKALB, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|--|---------------------|-------------------|---------------------|--|
| ASSETS | | | | |
| Cash and Investments | \$ 1,444,350 | \$ - | \$ 1,132,048 | \$ 2,576,398 |
| Restricted Cash and Investments | - | 627,244 | - | 627,244 |
| Receivables | | | | |
| Property Taxes | 3,542 | - | 102,602 | 106,144 |
| Accrued Interest | 718 | 484 | 65 | 1,267 |
| Other | 1,000 | - | 346,976 | 347,976 |
| Prepaid Items | 1,165 | - | 5,103 | 6,268 |
| Due from Other Governments | 218,113 | - | 21,683 | 239,796 |
| Due from Other Funds | 27,955 | - | - | 27,955 |
| TOTAL ASSETS | \$ 1,696,843 | \$ 627,728 | \$ 1,608,477 | \$ 3,933,048 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 97,622 | \$ - | \$ 80,161 | \$ 177,783 |
| Accrued Payroll | 1,319 | - | - | 1,319 |
| Contracts Payable | 5,438 | - | - | 5,438 |
| Deferred Property Taxes | 7,001 | - | 205,204 | 212,205 |
| Other Deferred Revenues | 588 | - | 346,976 | 347,564 |
| Due to Other Funds | 337,237 | - | - | 337,237 |
| Advances from Other Funds | - | - | 1,035,000 | 1,035,000 |
| Total Liabilities | 449,205 | - | 1,667,341 | 2,116,546 |
| FUND BALANCES | | | | |
| Reserved for Prepaid Items | 1,165 | - | 5,103 | 6,268 |
| Reserved for Public Safety | 6,763 | - | - | 6,763 |
| Reserved for Maintenance of Roadways | 1,151,243 | - | - | 1,151,243 |
| Reserved for Specific Purpose | 110,943 | - | - | 110,943 |
| Reserved for Debt Service | - | 627,728 | - | 627,728 |
| Unreserved - Undesignated (Deficit) | (22,476) | - | (63,967) | (86,443) |
| Total Fund Balances (Deficit) | 1,247,638 | 627,728 | (58,864) | 1,816,502 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,696,843 | \$ 627,728 | \$ 1,608,477 | \$ 3,933,048 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|--|--------------------|-----------------|---------------------|--|
| REVENUES | | | | |
| Taxes | \$ 36,031 | \$ - | \$ 163,126 | \$ 199,157 |
| Intergovernmental | 2,561,049 | - | 463,652 | 3,024,701 |
| Charges for Services | 9 | - | 369,346 | 369,355 |
| Investment Income | 15,949 | 17,436 | 15,612 | 48,997 |
| Miscellaneous | 46,486 | - | 4,500 | 50,986 |
| Total Revenues | 2,659,524 | 17,436 | 1,016,236 | 3,693,196 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 1,578,753 | - | - | 1,578,753 |
| Public Safety | 25,248 | - | - | 25,248 |
| Highways and Streets | 763,579 | - | - | 763,579 |
| Capital Outlay | - | - | 2,379,664 | 2,379,664 |
| Debt Service | | | | |
| Principal Retirement | - | 1,545,000 | - | 1,545,000 |
| Interest and Fiscal Charges | - | 1,071,575 | - | 1,071,575 |
| Total Expenditures | 2,367,580 | 2,616,575 | 2,379,664 | 7,363,819 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 291,944 | (2,599,139) | (1,363,428) | (3,670,623) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 87,777 | 2,494,508 | 268,045 | 2,850,330 |
| Bonds Issued | - | 4,890,000 | - | 4,890,000 |
| Premium on Bonds Issued | - | 46,962 | - | 46,962 |
| Payment to Bond Escrow Agent | - | (4,871,180) | - | (4,871,180) |
| Capital Lease Issued | - | - | 447,498 | 447,498 |
| Total Other Financing Sources (Uses) | 87,777 | 2,560,290 | 715,543 | 3,363,610 |
| NET CHANGE IN FUND BALANCES | 379,721 | (38,849) | (647,885) | (307,013) |
| FUND BALANCES, JULY 1 | 868,417 | 666,577 | 520,719 | 2,055,713 |
| Prior Period Adjustment | (500) | - | 68,302 | 67,802 |
| FUND BALANCES, JULY 1, RESTATED | 867,917 | 666,577 | 589,021 | 2,123,515 |
| FUND BALANCES (DEFICIT), JUNE 30 | \$ 1,247,638 | \$ 627,728 | \$ (58,864) | \$ 1,816,502 |

See accompanying notes to financial statements.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Foreign Fire Insurance Tax Fund - to account for certain fire department related expenditures. Financing is provided by taxes on out of state insurance companies.

Motor Fuel Tax Fund - to account for the operations of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of gasoline taxes.

Mass Transit Fund - to account for the two community mass transit services: Northern Illinois University's Huskie Line and Voluntary Action Center's Trans Vac Service.

Housing Rehabilitation Fund - to account for federal and state grants received through 1983 that were targeted for low interest housing rehabilitation loans to income qualified properties.

Heritage Ridge Special Service Area #3 Fund - to account for the accumulation of resources for improvements for Special Service Area #3.

Community Development Block Grant Fund - to account for the receipt and disbursement of community development grant funds.

Knolls Special Service Area #4 Fund - to account for the accumulation of resources for improvements for Special Service Area #4.

CITY OF DEKALB, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2004

| | Foreign Fire Insurance Tax | Motor Fuel Tax | Mass Transit |
|--|-------------------------------|-------------------|-----------------|
| <hr/> | | | |
| ASSETS | | | |
| Cash and Investments | \$ 7,011 | \$ 1,360,304 | \$ - |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | |
| Property Taxes | - | - | - |
| Accrued Interest | - | 718 | - |
| Other | - | - | 1,000 |
| Prepaid Items | 485 | - | 130 |
| Due from Other Governments | - | 83,921 | 62,254 |
| Due from Other Funds | - | - | - |
| | <hr/> | | |
| TOTAL ASSETS | \$ 7,496 | \$ 1,444,943 | \$ 63,384 |
| <hr/> | | | |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 248 | \$ 2,060 | \$ 27,178 |
| Accrued Payroll | - | - | 1,319 |
| Contracts Payable | - | 1,158 | - |
| Deferred Property Taxes | - | - | - |
| Other Deferred Revenues | - | - | - |
| Due to Other Funds | - | 290,482 | - |
| | <hr/> | | |
| Total Liabilities | 248 | 293,700 | 28,497 |
| <hr/> | | | |
| FUND BALANCES | | | |
| Reserved for Prepaid Items | 485 | - | 130 |
| Reserved for Public Safety | 6,763 | - | - |
| Reserved for Maintenance of Roadways | - | 1,151,243 | - |
| Reserved for Specific Purpose | - | - | 34,757 |
| Unreserved - Undesignated (Deficit) | - | - | - |
| | <hr/> | | |
| Total Fund Balances (Deficit) | 7,248 | 1,151,243 | 34,887 |
| <hr/> | | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 7,496 | \$ 1,444,943 | \$ 63,384 |
| <hr/> | | | |

| Housing Rehabilitation | Heritage Ridge Special Service Area #3 | Community Development Block Grant | Knolls Special Service Area #4 | Total |
|---------------------------|--|---|--------------------------------------|--------------|
| \$ 44,368 | \$ 4,382 | \$ 28,092 | \$ 193 | \$ 1,444,350 |
| - | 481 | - | 3,061 | 3,542 |
| - | - | - | - | 718 |
| - | - | - | - | 1,000 |
| - | - | 550 | - | 1,165 |
| 11,877 | - | 60,061 | - | 218,113 |
| 27,955 | - | - | - | 27,955 |
| \$ 84,200 | \$ 4,863 | \$ 88,703 | \$ 3,254 | \$ 1,696,843 |
| \$ 11,877 | \$ - | \$ 55,780 | \$ 479 | \$ 97,622 |
| - | - | - | - | 1,319 |
| - | - | 4,280 | - | 5,438 |
| - | 1,000 | - | 6,001 | 7,001 |
| - | - | 588 | - | 588 |
| - | - | 28,055 | 18,700 | 337,237 |
| 11,877 | 1,000 | 88,703 | 25,180 | 449,205 |
| - | - | 550 | - | 1,165 |
| - | - | - | - | 6,763 |
| - | - | - | - | 1,151,243 |
| 72,323 | 3,863 | - | - | 110,943 |
| - | - | (550) | (21,926) | (22,476) |
| 72,323 | 3,863 | - | (21,926) | 1,247,638 |
| \$ 84,200 | \$ 4,863 | \$ 88,703 | \$ 3,254 | \$ 1,696,843 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2004

| | Foreign Fire Insurance Tax | Motor Fuel Tax | Mass Transit |
|--|-------------------------------|-------------------|-----------------|
| REVENUES | | | |
| Taxes | \$ 27,358 | \$ - | \$ - |
| Intergovernmental | - | 1,147,650 | 834,784 |
| Charges for Services | - | - | 9 |
| Investment Income | - | 14,904 | - |
| Miscellaneous | - | - | - |
| Total Revenues | 27,358 | 1,162,554 | 834,793 |
| EXPENDITURES | | | |
| Current | | | |
| General Government | - | - | 887,683 |
| Public Safety | 25,248 | - | - |
| Highways and Streets | - | 763,579 | - |
| Total Expenditures | 25,248 | 763,579 | 887,683 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,110 | 398,975 | (52,890) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | 87,777 |
| Total Other Financing Sources (Uses) | - | - | 87,777 |
| NET CHANGE IN FUND BALANCES | 2,110 | 398,975 | 34,887 |
| FUND BALANCES (DEFICIT), JULY 1 | 5,138 | 756,774 | - |
| Prior Period Adjustment | - | (4,506) | - |
| FUND BALANCES (DEFICIT), JULY 1, RESTATED | 5,138 | 752,268 | - |
| FUND BALANCES (DEFICIT), JUNE 30 | \$ 7,248 | \$ 1,151,243 | \$ 34,887 |

| Housing Rehabilitation | Heritage Ridge Special Service Area #3 | Community Development Block Grant | Knolls Special Service Area #4 | Total |
|---------------------------|--|---|--------------------------------------|--------------|
| \$ - | \$ 946 | \$ - | \$ 7,727 | \$ 36,031 |
| 104,397 | - | 474,218 | - | 2,561,049 |
| - | - | - | - | 9 |
| 1,045 | - | - | - | 15,949 |
| 46,486 | - | - | - | 46,486 |
| 151,928 | 946 | 474,218 | 7,727 | 2,659,524 |
| 209,431 | 549 | 474,218 | 6,872 | 1,578,753 |
| - | - | - | - | 25,248 |
| - | - | - | - | 763,579 |
| 209,431 | 549 | 474,218 | 6,872 | 2,367,580 |
| (57,503) | 397 | - | 855 | 291,944 |
| - | - | - | - | 87,777 |
| - | - | - | - | 87,777 |
| (57,503) | 397 | - | 855 | 379,721 |
| 125,820 | 3,466 | - | (22,781) | 868,417 |
| 4,006 | - | - | - | (500) |
| 129,826 | 3,466 | - | (22,781) | 867,917 |
| \$ 72,323 | \$ 3,863 | \$ - | \$ (21,926) | \$ 1,247,638 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOREIGN FIRE INSURANCE TAX FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|-----------------|-----------|
| REVENUES | | | |
| Taxes | | | |
| Foreign Fire Insurance Tax | \$ 23,600 | \$ 23,600 | \$ 27,358 |
| Total Revenues | 23,600 | 23,600 | 27,358 |
| EXPENDITURES | | | |
| Current | | | |
| Public Safety | | | |
| Commodities | 10,420 | 10,420 | 10,566 |
| Contractual Services | 3,540 | 3,540 | 3,346 |
| Equipment | 7,200 | 7,200 | 6,862 |
| Permanent Improvements | - | - | 4,474 |
| Total Expenditures | 21,160 | 21,160 | 25,248 |
| NET CHANGE IN FUND BALANCE | \$ 2,440 | \$ 2,440 | 2,110 |
| FUND BALANCE, JULY 1 | | | 5,138 |
| FUND BALANCE, JUNE 30 | | | \$ 7,248 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--------------------------------|--------------------|-----------------|--------------|
| REVENUES | | | |
| Intergovernmental | | | |
| State Motor Fuel Tax | \$ 1,115,000 | \$ 1,115,000 | \$ 1,147,650 |
| Investment Income | 10,000 | 10,000 | 14,904 |
| Total Revenues | 1,125,000 | 1,125,000 | 1,162,554 |
| EXPENDITURES | | | |
| Current | | | |
| Highways and Streets | | | |
| MFT Projects | 1,820,000 | 1,820,000 | 763,579 |
| Total Expenditures | 1,820,000 | 1,820,000 | 763,579 |
| NET CHANGE IN FUND BALANCE | \$ (695,000) | \$ (695,000) | 398,975 |
| FUND BALANCE, JULY 1 | | | 756,774 |
| Prior Period Adjustment | | | (4,506) |
| FUND BALANCE, JULY 1, RESTATED | | | 752,268 |
| FUND BALANCE, JUNE 30 | | | \$ 1,151,243 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MASS TRANSIT FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Federal Grants | \$ 944,786 | \$ 944,786 | \$ 831,784 |
| Refunds/Reimbursements | - | - | 3,000 |
| Charges for Services | | | |
| Bus Passes and Fares | 8,000 | 8,000 | 9 |
| Miscellaneous | 3,000 | 3,000 | - |
| Total Revenues | 955,786 | 955,786 | 834,793 |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Personal Services | 85,008 | 85,008 | 31,855 |
| Commodities | 2,000 | 2,000 | 2,099 |
| Professional/Contractual Services | 888,524 | 888,524 | 710,075 |
| Other Services/Expenditures | - | - | 124,388 |
| Equipment | 8,000 | 8,000 | 19,266 |
| Total Expenditures | 983,532 | 983,532 | 887,683 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (27,746) | (27,746) | (52,890) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In | | | |
| General Fund | 35,746 | 35,746 | 87,777 |
| Total Other Financing Sources (Uses) | 35,746 | 35,746 | 87,777 |
| NET CHANGE IN FUND BALANCE | \$ 8,000 | \$ 8,000 | 34,887 |
| FUND BALANCE, JULY 1 | | | - |
| FUND BALANCE, JUNE 30 | | | \$ 34,887 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING REHABILITATION FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Federal Grants | \$ - | \$ - | \$ 104,397 |
| Investment Income | 1,000 | 1,000 | 1,045 |
| Miscellaneous | | | |
| Miscellaneous | - | - | 24,986 |
| Refunds/Reimbursements | - | - | 19,211 |
| Recouped Loan | - | - | 2,289 |
| Total Revenues | 1,000 | 1,000 | 151,928 |
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| Contractual Services | 1,000 | 1,000 | 1,158 |
| Other Services | - | - | 148,630 |
| Permanent Improvements | - | - | 59,643 |
| Total Expenditures | 1,000 | 1,000 | 209,431 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | - | (57,503) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer (Out) | | | |
| General Fund | (30,000) | (30,000) | - |
| Total Other Financing Sources (Uses) | (30,000) | (30,000) | - |
| NET CHANGE IN FUND BALANCE | \$ (30,000) | \$ (30,000) | (57,503) |
| FUND BALANCE, JULY 1 | | | 125,820 |
| Prior Period Adjustment | | | 4,006 |
| FUND BALANCE, JULY 1, RESTATED | | | 129,826 |
| FUND BALANCE, JUNE 30 | | | \$ 72,323 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HERITAGE RIDGE SPECIAL SERVICE AREA #3 FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|-----------------|----------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 945 | \$ 945 | \$ 946 |
| Total Revenues | 945 | 945 | 946 |
| EXPENDITURES | | | |
| General Government | | | |
| Commodities | 100 | 100 | - |
| Contractual Services | 1,050 | 1,050 | 549 |
| Permanent Improvements | 100 | 100 | - |
| Total Expenditures | 1,250 | 1,250 | 549 |
| NET CHANGE IN FUND BALANCE | \$ (305) | \$ (305) | 397 |
| FUND BALANCE, JULY 1 | | | 3,466 |
| FUND BALANCE, JUNE 30 | | | \$ 3,863 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|-----------------------------|--------------------|-----------------|------------|
| REVENUES | | | |
| Intergovernmental Grants | \$ 507,000 | \$ 507,000 | \$ 474,218 |
| Total Revenues | 507,000 | 507,000 | 474,218 |
| EXPENDITURES | | | |
| General Government | | | |
| Commodities | 750 | - | 308 |
| Contractual Services | 270,250 | 270,250 | 297,735 |
| Other Services | 100,000 | 100,000 | 61,212 |
| Equipment | 1,000 | 1,000 | 1,148 |
| Permanent Improvements | 135,000 | 120,000 | 113,815 |
| Total Expenditures | 507,000 | 491,250 | 474,218 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ 15,750 | - |
| FUND BALANCE, JULY 1 | | | - |
| FUND BALANCE, JUNE 30 | | | \$ - |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
KNOLLS SPECIAL SERVICE AREA #4 FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---------------------------------|--------------------|-----------------|-------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 5,250 | \$ 5,250 | \$ 7,727 |
| Total Revenues | 5,250 | 5,250 | 7,727 |
| EXPENDITURES | | | |
| General Government | | | |
| Commodities | 200 | 200 | - |
| Contractual Services | 1,550 | 1,550 | 6,850 |
| Permanent Improvements | 100 | 100 | 22 |
| Total Expenditures | 1,850 | 1,850 | 6,872 |
| NET CHANGE IN FUND BALANCE | \$ 3,400 | \$ 3,400 | 855 |
| FUND BALANCE (DEFICIT), JULY 1 | | | (22,781) |
| FUND BALANCE (DEFICIT), JUNE 30 | | | \$ (21,926) |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

General Debt Service Fund - to account for accumulation of resources and payment of bond principal and interest on debt other than tax increment financing debt.

TIF Debt Service Fund - to account for the accumulation of resources and payment of bond principal and interest on the tax increment financing areas.

CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

June 30, 2004

| | General Debt Service | TIF Debt Service | Total |
|--|-------------------------|---------------------|------------|
| <hr/> | | | |
| ASSETS | | | |
| Restricted Cash and Investments | \$ - | \$ 627,244 | \$ 627,244 |
| Accrued Interest Receivable | - | 484 | 484 |
| <hr/> | | | |
| TOTAL ASSETS | \$ - | \$ 627,728 | \$ 627,728 |
| <hr/> | | | |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| None | \$ - | \$ - | \$ - |
| <hr/> | | | |
| Total Liabilities | - | - | - |
| <hr/> | | | |
| FUND BALANCES | | | |
| Reserved for Debt Service | - | 627,728 | 627,728 |
| <hr/> | | | |
| Total Fund Balances | - | 627,728 | 627,728 |
| <hr/> | | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ - | \$ 627,728 | \$ 627,728 |
| <hr/> | | | |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS

For the Year Ended June 30, 2004

| | General Debt Service | TIF Debt Service | Total |
|--|-------------------------|---------------------|-------------|
| REVENUES | | | |
| Investment Income | \$ 5,047 | \$ 12,389 | \$ 17,436 |
| Total Revenues | 5,047 | 12,389 | 17,436 |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal Retirement | 715,000 | 830,000 | 1,545,000 |
| Interest | 638,216 | 433,359 | 1,071,575 |
| Total Expenditures | 1,353,216 | 1,263,359 | 2,616,575 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,348,169) | (1,250,970) | (2,599,139) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In (Out) | | | |
| General Fund | 1,319,065 | - | 1,319,065 |
| Tax Increment Financing Fund | - | 1,175,443 | 1,175,443 |
| Bonds Issued | 2,225,000 | 2,665,000 | 4,890,000 |
| Premium on Bonds Issued | 23,211 | 23,751 | 46,962 |
| Payment to Bond Escrow Agent | (2,219,107) | (2,652,073) | (4,871,180) |
| Total Other Financing Sources (Uses) | 1,348,169 | 1,212,121 | 2,560,290 |
| NET CHANGE IN FUND BALANCES | - | (38,849) | (38,849) |
| FUND BALANCES, JULY 1 | - | 666,577 | 666,577 |
| FUND BALANCES, JUNE 30 | \$ - | \$ 627,728 | \$ 627,728 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL DEBT SERVICE FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|-------------|
| REVENUES | | | |
| Investment Income | \$ - | \$ - | \$ 5,047 |
| Total Revenues | - | - | 5,047 |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal Retirement | 494,265 | 494,265 | 715,000 |
| Interest and Fiscal Charges | 832,007 | 885,157 | 638,216 |
| Total Expenditures | 1,326,272 | 1,379,422 | 1,353,216 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,326,272) | (1,379,422) | (1,348,169) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In | | | |
| General Fund | 1,326,342 | 1,379,422 | 1,319,065 |
| Bonds Issued | - | - | 2,225,000 |
| Premium on Bonds Issued | - | - | 23,211 |
| Payment to Bond Escrow Agent | - | - | (2,219,107) |
| Total Other Financing Sources (Uses) | 1,326,342 | 1,379,422 | 1,348,169 |
| NET CHANGE IN FUND BALANCE | \$ 70 | \$ - | - |
| FUND BALANCE, JULY 1 | | | - |
| FUND BALANCE, JUNE 30 | | | \$ - |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF DEBT SERVICE FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|-------------|
| REVENUES | | | |
| Investment Income | \$ - | \$ - | \$ 12,389 |
| Total Revenues | - | - | 12,389 |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal Retirement | 795,000 | 795,000 | 830,000 |
| Interest and Fiscal Charges | 381,444 | 450,360 | 433,359 |
| Total Expenditures | 1,176,444 | 1,245,360 | 1,263,359 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,176,444) | (1,245,360) | (1,250,970) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In | | | |
| Tax Increment Financing Fund | 1,176,444 | 1,245,360 | 1,175,443 |
| Bonds Issued | - | - | 2,665,000 |
| Premium on Bonds Issued | - | - | 23,751 |
| Payment to Bond Escrow Agent | - | - | (2,652,073) |
| Total Other Financing Sources (Uses) | 1,176,444 | 1,245,360 | 1,212,121 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | (38,849) |
| FUND BALANCE, JULY 1 | | | 666,577 |
| FUND BALANCE, JUNE 30 | | | \$ 627,728 |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Fund - to account for the City's major activities, including infrastructure, buildings and equipment expenditures.

County Home Tax Increment Financing District Fund - to account for redevelopment activities within a defined area of the community.

CITY OF DEKALB, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2004

| | Capital Projects | County Home Tax Increment Financing District | Total |
|--|---------------------|---|--------------|
| <hr/> | | | |
| ASSETS | | | |
| Cash and Investments | \$ 1,131,156 | \$ 892 | \$ 1,132,048 |
| Receivables (Net, Where Applicable, of Allowances for Uncollectibles) | | | |
| Property Taxes | - | 102,602 | 102,602 |
| Accrued Interest | 65 | - | 65 |
| Other | 346,976 | - | 346,976 |
| Prepaid Items | 5,103 | - | 5,103 |
| Due from Other Governments | 21,683 | - | 21,683 |
| | <hr/> | | |
| TOTAL ASSETS | \$ 1,504,983 | \$ 103,494 | \$ 1,608,477 |
| <hr/> | | | |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 80,161 | \$ - | \$ 80,161 |
| Deferred Property Taxes | - | 205,204 | 205,204 |
| Other Deferred Revenue | 346,976 | - | 346,976 |
| Advances from Other Funds | - | 1,035,000 | 1,035,000 |
| | <hr/> | | |
| Total Liabilities | 427,137 | 1,240,204 | 1,667,341 |
| <hr/> | | | |
| FUND BALANCES | | | |
| Reserved for Prepaid Items | 5,103 | - | 5,103 |
| Unreserved - Undesignated (Deficit) | 1,072,743 | (1,136,710) | (63,967) |
| | <hr/> | | |
| Total Fund Balances (Deficit) | 1,077,846 | (1,136,710) | (58,864) |
| | <hr/> | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,504,983 | \$ 103,494 | \$ 1,608,477 |
| | <hr/> | | |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2004

| | Capital Projects | County Home Tax Increment Financing District | Total |
|--|---------------------|---|-------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 163,126 | \$ 163,126 |
| Intergovernmental | 463,652 | - | 463,652 |
| Charges for Services | 369,346 | - | 369,346 |
| Investment Income | 15,612 | - | 15,612 |
| Miscellaneous | 4,500 | - | 4,500 |
| Total Revenues | 853,110 | 163,126 | 1,016,236 |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Contractual Services | 2,220,927 | 158,737 | 2,379,664 |
| Total Expenditures | 2,220,927 | 158,737 | 2,379,664 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,367,817) | 4,389 | (1,363,428) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 268,045 | - | 268,045 |
| Capital Lease Issued | 447,498 | - | 447,498 |
| Total Other Financing Sources (Uses) | 715,543 | - | 715,543 |
| NET CHANGE IN FUND BALANCES | (652,274) | 4,389 | (647,885) |
| FUND BALANCES (DEFICIT), JULY 1 | 1,661,818 | (1,141,099) | 520,719 |
| Prior Period Adjustment | 68,302 | - | 68,302 |
| FUND BALANCES (DEFICIT), JULY 1, RESTATED | 1,730,120 | (1,141,099) | 589,021 |
| FUND BALANCES (DEFICIT), JUNE 30 | \$ 1,077,846 | \$ (1,136,710) | \$ (58,864) |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|--------------|
| REVENUES | | | |
| Intergovernmental | | | |
| Federal Grants | \$ - | \$ - | \$ 455,002 |
| State Grants | - | - | 8,650 |
| Charges for Services | | | |
| Rental Income | 77,500 | 77,500 | 52,500 |
| Traffic Impact Fees | - | - | 76,260 |
| Refunds/Reimbursements | - | - | 240,586 |
| Investment Income | 6,000 | 6,000 | 15,612 |
| Miscellaneous | | | |
| Donations | - | - | 4,500 |
| Total Revenues | 83,500 | 83,500 | 853,110 |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Commodities | - | - | 150,972 |
| Contractual Services | - | - | 192,543 |
| Other Services | 268,045 | 268,045 | 280,763 |
| Equipment | 265,384 | 265,384 | 662,778 |
| Permanent Improvements | 520,000 | 520,000 | 933,871 |
| Total Expenditures | 1,053,429 | 1,053,429 | 2,220,927 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (969,929) | (969,929) | (1,367,817) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In | | | |
| General Fund | 268,045 | 268,045 | 268,045 |
| Capital Lease Issued | - | - | 447,498 |
| Total Other Financing Sources (Uses) | 268,045 | 268,045 | 715,543 |
| NET CHANGE IN FUND BALANCE | \$ (701,884) | \$ (701,884) | (652,274) |
| FUND BALANCE, JULY 1 | | | 1,661,818 |
| Prior Period Adjustment | | | 68,302 |
| FUND BALANCE, JULY 1, RESTATED | | | 1,730,120 |
| FUND BALANCE, JUNE 30 | | | \$ 1,077,846 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY HOME TAX INCREMENT FINANCING DISTRICT FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---------------------------------|--------------------|-----------------|----------------|
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 162,924 | \$ 162,924 | \$ 163,126 |
| Total Revenues | 162,924 | 162,924 | 163,126 |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Contractual Services | - | - | 158,737 |
| Total Expenditures | - | - | 158,737 |
| NET CHANGE IN FUND BALANCE | \$ 162,924 | \$ 162,924 | 4,389 |
| FUND BALANCE (DEFICIT), JULY 1 | | | (1,141,099) |
| FUND BALANCE (DEFICIT), JUNE 30 | | | \$ (1,136,710) |

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

CITY OF DEKALB, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WATER DEPARTMENT ACCOUNTS

For the Year Ended June 30, 2004

| | Operations and Maintenance | | | System Construction | | | Totals | | |
|---|----------------------------|------------------|------------------|---------------------|----------------|----------------|------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| OPERATING REVENUES | | | | | | | | | |
| Charges for Services | | | | | | | | | |
| Water Sales | \$ 3,764,000 | \$ 3,764,000 | \$ 3,725,387 | \$ - | \$ - | \$ - | \$ 3,764,000 | \$ 3,764,000 | \$ 3,725,387 |
| Permits | 100,500 | 100,500 | 249,515 | 250,000 | 250,000 | 659,610 | 350,500 | 350,500 | 909,125 |
| Miscellaneous | 55,000 | 55,000 | 31,649 | - | - | - | 55,000 | 55,000 | 31,649 |
| Total Operating Revenues | 3,919,500 | 3,919,500 | 4,006,551 | 250,000 | 250,000 | 659,610 | 4,169,500 | 4,169,500 | 4,666,161 |
| OPERATING EXPENSES EXCLUDING DEPRECIATION | | | | | | | | | |
| Personal Services | 1,206,003 | 1,206,003 | 1,234,051 | - | - | - | 1,206,003 | 1,206,003 | 1,234,051 |
| Commodities | 514,600 | 514,600 | 283,213 | - | - | - | 514,600 | 514,600 | 283,213 |
| Contractual Services | 829,000 | 829,000 | 754,342 | - | - | - | 829,000 | 829,000 | 754,342 |
| Other Services/Expenses | 35,000 | 35,000 | 34,211 | - | - | - | 35,000 | 35,000 | 34,211 |
| Equipment | 714,000 | 714,000 | 45,866 | - | - | - | 714,000 | 714,000 | 45,866 |
| Permanent Improvements | 1,078,000 | 1,078,000 | 116,900 | - | - | - | 1,078,000 | 1,078,000 | 116,900 |
| Total Operating Expenses Excluding Depreciation | 4,376,603 | 4,376,603 | 2,468,583 | - | - | - | 4,376,603 | 4,376,603 | 2,468,583 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION | (457,103) | (457,103) | 1,537,968 | 250,000 | 250,000 | 659,610 | (207,103) | (207,103) | 2,197,578 |
| DEPRECIATION AND AMORTIZATION | - | - | 965,314 | - | - | - | - | - | 965,314 |
| OPERATING INCOME (LOSS) | (457,103) | (457,103) | 572,654 | 250,000 | 250,000 | 659,610 | (207,103) | (207,103) | 1,232,264 |

| | Operations and Maintenance | | | System Construction | | | Totals | | |
|--|----------------------------|-----------------------|----------------------|---------------------|-------------------|---------------------|-----------------------|-----------------------|----------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | | |
| Investment Income | \$ 30,000 | \$ 30,000 | \$ 30,607 | \$ - | \$ - | \$ - | \$ 30,000 | \$ 30,000 | \$ 30,607 |
| Gain on Disposal of Assets | - | - | 13,823 | - | - | - | - | - | 13,823 |
| Interest Expense | (1,417,295) | (1,417,295) | (396,232) | - | - | - | (1,417,295) | (1,417,295) | (396,232) |
| Total Nonoperating Revenues (Expenses) | (1,387,295) | (1,387,295) | (351,802) | - | - | - | (1,387,295) | (1,387,295) | (351,802) |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS | (1,844,398) | (1,844,398) | 220,852 | 250,000 | 250,000 | 659,610 | (1,594,398) | (1,594,398) | 880,462 |
| TRANSFERS (OUT) | | | | | | | | | |
| General Fund | (540,000) | (540,000) | (392,600) | - | - | - | (540,000) | (540,000) | (392,600) |
| Total Transfers (Out) | (540,000) | (540,000) | (392,600) | - | - | - | (540,000) | (540,000) | (392,600) |
| CONTRIBUTIONS | | | | | | | | | |
| Developer Contributions | - | - | 791,875 | - | - | - | - | - | 791,875 |
| CHANGE IN NET ASSETS | <u>\$ (2,384,398)</u> | <u>\$ (2,384,398)</u> | <u>620,127</u> | <u>\$ 250,000</u> | <u>\$ 250,000</u> | <u>659,610</u> | <u>\$ (2,134,398)</u> | <u>\$ (2,134,398)</u> | <u>1,279,737</u> |
| NET ASSETS, JULY 1 | | | <u>16,056,578</u> | | | <u>1,302,088</u> | | | <u>17,358,666</u> |
| NET ASSETS, JUNE 30 | | | <u>\$ 16,676,705</u> | | | <u>\$ 1,961,698</u> | | | <u>\$ 18,638,403</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
WATER FUND

For the Year Ended June 30, 2004

| | Capital Assets | | | Accumulated Depreciation | | | | Asset Value |
|----------------------------|----------------------|---------------------|------------------|--------------------------|-------------------|------------------|---------------------|----------------------|
| | Balances July 1 | Additions | Retirements | Balances June 30 | Provisions | Retirements | Balances June 30 | |
| Land | \$ 531,948 | \$ - | \$ 3,300 | \$ 528,648 | \$ - | \$ - | \$ - | \$ 528,648 |
| Buildings and Improvements | 2,354,732 | 159,133 | - | 2,513,865 | 49,383 | - | 346,348 | 2,167,517 |
| Water System | 31,399,216 | 1,365,192 | - | 32,764,408 | 826,506 | - | 8,112,319 | 24,652,089 |
| Vehicles | 529,862 | 66,041 | 23,439 | 572,464 | 55,598 | 23,439 | 225,761 | 346,703 |
| Equipment | 202,542 | - | - | 202,542 | 19,054 | - | 80,323 | 122,219 |
| | <u>\$ 35,018,300</u> | <u>\$ 1,590,366</u> | <u>\$ 26,739</u> | <u>\$ 36,581,927</u> | <u>\$ 950,541</u> | <u>\$ 23,439</u> | <u>\$ 8,764,751</u> | <u>\$ 27,817,176</u> |

CITY OF DEKALB, ILLINOIS

SCHEDULE OF OPERATING REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
AIRPORT FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|---|--------------------|------------------|------------------|
| OPERATING REVENUES | | | |
| Charges for Services | | | |
| Rents/Taxes | \$ 281,000 | \$ 281,000 | \$ 227,852 |
| Airport Operators | 35,000 | 35,000 | 17,836 |
| Miscellaneous | 2,000 | 2,000 | 9,049 |
| Total Operating Revenues | 318,000 | 318,000 | 254,737 |
| OPERATING EXPENSES | | | |
| Boards/Commissions | 350 | 350 | - |
| Personal Services | 149,829 | 149,829 | 164,048 |
| Commodities | 22,950 | 22,950 | 18,796 |
| Contractual Services | 96,570 | 96,570 | 83,656 |
| Other Services | 40,500 | 40,500 | 52,287 |
| Equipment | 6,000 | 6,000 | 16,388 |
| Permanent Improvements | 242,700 | 242,700 | 120,213 |
| Total Operating Expenses | 558,899 | 558,899 | 455,388 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION | (240,899) | (240,899) | (200,651) |
| DEPRECIATION AND AMORTIZATION | - | - | 204,679 |
| OPERATING INCOME (LOSS) | (240,899) | (240,899) | (405,330) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Property Taxes | 75,000 | 75,000 | 75,539 |
| Refunds/Reimbursements | 59,050 | 59,050 | 7,166 |
| Interest Expense | (47,518) | (47,518) | (32,672) |
| Total Nonoperating Revenues (Expenses) | 86,532 | 86,532 | 50,033 |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS | (154,367) | (154,367) | (355,297) |

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF OPERATING REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (Continued)
AIRPORT FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|-----------------|---------------|
| TRANSFERS IN (OUT) | | | |
| Tax Increment Financing Fund | \$ 165,000 | \$ 165,000 | \$ 165,000 |
| Property/Liability Insurance Fund | (5,000) | (5,000) | - |
| Total Transfers In (Out) | 160,000 | 160,000 | 165,000 |
| CONTRIBUTIONS | | | |
| Federal Grants | - | - | 3,976,333 |
| State Grants | - | - | 236,951 |
| Total Contributions | - | - | 4,213,284 |
| CHANGE IN NET ASSETS | \$ 5,633 | \$ 5,633 | 4,022,987 |
| NET ASSETS, JULY 1 | | | 11,614,915 |
| Prior Period Adjustment | | | 1,775,258 |
| NET ASSETS, JULY 1, RESTATED | | | 13,390,173 |
| NET ASSETS, JUNE 30 | | | \$ 17,413,160 |

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

Refuse Fund - to account for billing, collection and payment for refuse collection.

CITY OF DEKALB, ILLINOIS

SCHEDULE OF OPERATING REVENUES AND EXPENSES -
BUDGET AND ACTUAL
REFUSE FUND

For the Year Ended June 30, 2004

| | Original Budget | Final Budget | Actual |
|--------------------------|--------------------|-----------------|--------------|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 1,272,240 | \$ 1,272,240 | \$ 1,277,131 |
| Total Operating Revenues | 1,272,240 | 1,272,240 | 1,277,131 |
| OPERATING EXPENSES | | | |
| Commodities | - | - | 18 |
| Contractual Services | 1,245,000 | 1,245,000 | 1,256,945 |
| Total Operating Expenses | 1,245,000 | 1,245,000 | 1,256,963 |
| CHANGE IN NET ASSETS | \$ 27,240 | \$ 27,240 | 20,168 |
| NET ASSETS, JULY 1 | | | 42,763 |
| NET ASSETS, JUNE 30 | | | \$ 62,931 |

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Workers' Compensation Fund - to account for payment of workers' compensation insurance premiums. Financing is provided by contributions from other funds.

Health Insurance Fund - to account for payment of health insurance premiums. Financing is provided by contributions from employees, retirees and other funds.

Liability/Property Insurance Fund - to account for payment of liability insurance premiums. Financing is provided by contributions from other funds.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2004

| | Workers' Compensation | Health Insurance | Liability/ Property Insurance | Total |
|----------------------------------|--------------------------|---------------------|-------------------------------------|-------------------|
| CURRENT ASSETS | | | | |
| Cash and Investments | \$ 64,904 | \$ 1,316,698 | \$ 171,607 | \$ 1,553,209 |
| Receivables | | | | |
| Accrued Interest | - | 3,417 | - | 3,417 |
| Other | - | 81,250 | - | 81,250 |
| Prepaid Expenses | 135 | 19,292 | 991 | 20,418 |
| Due from Other Funds | 99,209 | - | - | 99,209 |
| Due from Component Unit | 2,000 | - | - | 2,000 |
| Total Current Assets | 166,248 | 1,420,657 | 172,598 | 1,759,503 |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | - | 1,048 | 4,134 | 5,182 |
| Claims Payable | 703,867 | 375,201 | - | 1,079,068 |
| Total Current Liabilities | 703,867 | 376,249 | 4,134 | 1,084,250 |
| NET ASSETS | | | | |
| Unrestricted (Deficit) | (537,619) | 1,044,408 | 168,464 | 675,253 |
| TOTAL NET ASSETS | \$ (537,619) | \$ 1,044,408 | \$ 168,464 | \$ 675,253 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2004

| | Workers' Compensation | | | Health Insurance | | |
|-----------------------------|-----------------------|-----------------|--------------|--------------------|-----------------|--------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| OPERATING REVENUES | | | | | | |
| Charges for Services | | | | | | |
| Contributions | \$ 421,000 | \$ 421,000 | \$ 447,723 | \$ 3,192,218 | \$ 3,414,500 | \$ 3,174,405 |
| Miscellaneous | - | - | - | - | - | - |
| Total Operating Revenues | 421,000 | 421,000 | 447,723 | 3,192,218 | 3,414,500 | 3,174,405 |
| OPERATING EXPENSES | | | | | | |
| Administration | | | | | | |
| Commodities | - | - | 222 | 500 | 500 | - |
| Contractual Services | 28,000 | 28,000 | 27,854 | 263,190 | 263,190 | 272,219 |
| Claims | 400,000 | 400,000 | (100,846) | 3,532,816 | 3,532,816 | 2,815,846 |
| Other | - | - | - | - | - | - |
| Total Operating Expenses | 428,000 | 428,000 | (72,770) | 3,796,506 | 3,796,506 | 3,088,065 |
| OPERATING INCOME (LOSS) | (7,000) | (7,000) | 520,493 | (604,288) | (382,006) | 86,340 |
| NONOPERATING REVENUES | | | | | | |
| Investment Income | - | - | 19 | 20,000 | 20,000 | 9,811 |
| Total Nonoperating Revenues | - | - | 19 | 20,000 | 20,000 | 9,811 |
| CHANGE IN NET ASSETS | \$ (7,000) | \$ (7,000) | 520,512 | \$ (584,288) | \$ (362,006) | 96,151 |
| NET ASSETS, JULY 1 | | | (1,058,131) | | | 948,257 |
| NET ASSETS, JUNE 30 | | | \$ (537,619) | | | \$ 1,044,408 |

| Liability/ Property Insurance | | | Totals | | |
|----------------------------------|-----------------|------------|--------------------|-----------------|--------------|
| Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| \$ 25,000 | \$ 25,000 | \$ 30,000 | \$ 3,638,218 | \$ 3,860,500 | \$ 3,652,128 |
| 10,200 | 10,200 | 12,070 | 10,200 | 10,200 | 12,070 |
| 35,200 | 35,200 | 42,070 | 3,648,418 | 3,870,700 | 3,664,198 |
| - | - | - | 500 | 500 | 222 |
| 67,500 | 67,500 | 65,428 | 358,690 | 358,690 | 365,501 |
| 100,000 | 100,000 | 36,751 | 4,032,816 | 4,032,816 | 2,751,751 |
| 52,000 | 52,000 | 750 | 52,000 | 52,000 | 750 |
| 219,500 | 219,500 | 102,929 | 4,444,006 | 4,444,006 | 3,118,224 |
| (184,300) | (184,300) | (60,859) | (795,588) | (573,306) | 545,974 |
| - | - | - | 20,000 | 20,000 | 9,830 |
| - | - | - | 20,000 | 20,000 | 9,830 |
| \$ (184,300) | \$ (184,300) | (60,859) | \$ (775,588) | \$ (553,306) | 555,804 |
| | | 229,323 | | | 119,449 |
| | | \$ 168,464 | | | \$ 675,253 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2004

| | Workers' Compensation | Health Insurance | Liability/ Property Insurance | Total |
|--|--------------------------|---------------------|-------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Interfund Services Transactions | \$ 447,723 | \$ 3,174,405 | \$ 30,000 | \$ 3,652,128 |
| Receipts from Miscellaneous Revenue | - | - | 12,070 | 12,070 |
| Payments to Suppliers | (172,481) | (2,988,360) | (101,401) | (3,262,242) |
| Net Cash from Operating Activities | 275,242 | 186,045 | (59,331) | 401,956 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Due from Component Unit | (2,000) | - | - | (2,000) |
| Interfund Receivables | (99,209) | 109,436 | - | 10,227 |
| Interfund Payables | (109,436) | - | - | (109,436) |
| Net Cash from Noncapital Financing Activities | (210,645) | 109,436 | - | (101,209) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of Investments | - | (594,415) | - | (594,415) |
| Interest Received on Investments | 19 | 7,289 | - | 7,308 |
| Net Cash from Investing Activities | 19 | (587,126) | - | (587,107) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 64,616 | (291,645) | (59,331) | (286,360) |
| CASH AND CASH EQUIVALENTS, JULY 1 | 288 | 716,985 | 230,938 | 948,211 |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ 64,904</u> | <u>\$ 425,340</u> | <u>\$ 171,607</u> | <u>\$ 661,851</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 520,493 | \$ 86,340 | \$ (60,859) | \$ 545,974 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities | | | | |
| Changes in Assets and Liabilities | | | | |
| Other Receivables | - | (81,250) | - | (81,250) |
| Prepaid Expenses | (135) | (4,403) | - | (4,538) |
| Accounts Payable | (28,686) | (786) | 1,528 | (27,944) |
| Claims Payable | (216,430) | 186,144 | - | (30,286) |
| NET CASH FROM OPERATING ACTIVITIES | <u>\$ 275,242</u> | <u>\$ 186,045</u> | <u>\$ (59,331)</u> | <u>\$ 401,956</u> |
| CASH AND INVESTMENTS | | | | |
| Cash and Cash Equivalents | \$ 64,904 | \$ 425,340 | \$ 171,607 | \$ 661,851 |
| Investments | - | 891,358 | - | 891,358 |
| TOTAL CASH AND INVESTMENTS | <u>\$ 64,904</u> | <u>\$ 1,316,698</u> | <u>\$ 171,607</u> | <u>\$ 1,553,209</u> |

See accompanying notes to financial statements.

FIDUCIARY FUNDS

Pension Trust Funds

Police Pension Fund - to account for the accumulation of resources to pay pension costs.

Resources are contributed by police force members at rates fixed by state statutes and by the government through an annual property tax levy.

Firefighters' Pension Fund - to account for the accumulation of resources to pay pension costs.

Resources are contributed by fire personnel members at rates fixed by the state statutes and by the government through an annual property tax levy.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

June 30, 2004

| | Pension Trust | | Total |
|--|-------------------|--------------------------|---------------|
| | Police Pension | Firefighters' Pension | |
| ASSETS | | | |
| Cash and Short-Term Investments | \$ 672,302 | \$ 825,050 | \$ 1,497,352 |
| Investments, at Fair Value | | | |
| Certificates of Deposit | - | 772,473 | 772,473 |
| Mutual Funds | 8,380,840 | 5,554,186 | 13,935,026 |
| U.S. Treasury Securities | - | 3,490,475 | 3,490,475 |
| U.S. Agency Securities | 9,278,793 | 3,393,190 | 12,671,983 |
| Receivables | | | |
| Accrued Interest | 84,834 | 81,055 | 165,889 |
| Total Assets | 18,416,769 | 14,116,429 | 32,533,198 |
| LIABILITIES | | | |
| Accounts Payable | 3,727 | 5,484 | 9,211 |
| Deferred Revenue | 351,634 | 504,032 | 855,666 |
| Total Liabilities | 355,361 | 509,516 | 864,877 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | \$ 18,061,408 | \$ 13,606,913 | \$ 31,668,321 |

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended June 30, 2004

| | Pension Trust | | Total |
|--|-------------------|--------------------------|---------------|
| | Police Pension | Firefighters' Pension | |
| ADDITIONS | | | |
| Contributions | | | |
| Employer Contributions | \$ 652,502 | \$ 909,103 | \$ 1,561,605 |
| Employee Contributions | 330,803 | 272,138 | 602,941 |
| Other Contributions | 17,348 | - | 17,348 |
| Total Contributions | 1,000,653 | 1,181,241 | 2,181,894 |
| Investment Income | | | |
| Net Appreciation in Fair Value of Investments | 1,191,554 | 797,099 | 1,988,653 |
| Interest | 487,665 | 373,057 | 860,722 |
| Total Investment Income | 1,679,219 | 1,170,156 | 2,849,375 |
| Less Investment Expense | (15,162) | (44,503) | (59,665) |
| Net Investment Income | 1,664,057 | 1,125,653 | 2,789,710 |
| Total Additions | 2,664,710 | 2,306,894 | 4,971,604 |
| DEDUCTIONS | | | |
| Retirement Benefits | 1,107,143 | 721,803 | 1,828,946 |
| Disability Benefits | 34,082 | 286,333 | 320,415 |
| Refunds | 33,278 | 13,476 | 46,754 |
| Administrative Expenses | 18,155 | 45,188 | 63,343 |
| Total Deductions | 1,192,658 | 1,066,800 | 2,259,458 |
| NET INCREASE | 1,472,052 | 1,240,094 | 2,712,146 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| July 1 | 16,589,356 | 12,366,819 | 28,956,175 |
| June 30 | \$ 18,061,408 | \$ 13,606,913 | \$ 31,668,321 |

See accompanying notes to financial statements.

LONG-TERM DEBT PAYABLE FROM GOVERNMENTAL FUNDS

To account for the noncurrent portion of the governmental fund's liabilities.

CITY OF DEKALB, ILLINOIS

SCHEDULE OF GENERAL LONG-TERM DEBT
LONG-TERM DEBT PAYABLE FROM GOVERNMENTAL FUNDS

June 30, 2004

| | General Obligation | | | | |
|--|-------------------------|-------------------|--------------------------------|------------------------|-------------------------|
| | Compensated Absences | Capital Lease | Other Government Payable | Bond Series of 1992 | Bond Series of 1997A |
| AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT | | | | | |
| Amount Available for Debt Service | \$ - | \$ - | \$ - | \$ - | \$ - |
| Amount to be Provided for Retirement of General Long-Term Debt | 3,635,441 | 647,252 | 2,998,998 | 360,794 | 2,730,000 |
| TOTAL AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT | <u>\$ 3,635,441</u> | <u>\$ 647,252</u> | <u>\$ 2,998,998</u> | <u>\$ 360,794</u> | <u>\$ 2,730,000</u> |
| GENERAL LONG-TERM DEBT PAYABLE | | | | | |
| Due to Other Governments | \$ - | \$ - | \$ 2,998,998 | \$ - | \$ - |
| Compensated Absences Payable | 3,635,441 | - | - | - | - |
| Capital Lease Payable | - | 647,252 | - | - | - |
| General Obligation Bonds Payable | - | - | - | 360,794 | 2,730,000 |
| Revenue Bonds Payable | - | - | - | - | - |
| TOTAL GENERAL LONG-TERM DEBT PAYABLE | <u>\$ 3,635,441</u> | <u>\$ 647,252</u> | <u>\$ 2,998,998</u> | <u>\$ 360,794</u> | <u>\$ 2,730,000</u> |

| General Obligation | | | | | | TIF Revenue | |
|-------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------|---------------|
| Bond Series of 1997B | Bond Series of 2000 | Bond Series of 2002 | Bond Series of 2002A | Bond Series of 2003A | Bond Series of 2003B | Bond Series of 2003 | Totals |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 627,728 | \$ 627,728 |
| 2,010,000 | 4,945,000 | 3,390,000 | 1,895,000 | 2,630,000 | 2,205,000 | 3,722,272 | 31,169,757 |
| \$ 2,010,000 | \$ 4,945,000 | \$ 3,390,000 | \$ 1,895,000 | \$ 2,630,000 | \$ 2,205,000 | \$ 4,350,000 | \$ 31,797,485 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,998,998 |
| - | - | - | - | - | - | - | 3,635,441 |
| - | - | - | - | - | - | - | 647,252 |
| 2,010,000 | 4,945,000 | 3,390,000 | 1,895,000 | 2,630,000 | 2,205,000 | - | 20,165,794 |
| - | - | - | - | - | - | 4,350,000 | 4,350,000 |
| \$ 2,010,000 | \$ 4,945,000 | \$ 3,390,000 | \$ 1,895,000 | \$ 2,630,000 | \$ 2,205,000 | \$ 4,350,000 | \$ 31,797,485 |

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 1992
(CAPITAL APPRECIATION BONDS)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | June 24, 1992 |
| Date of Maturity | January 1, 2005 |
| Authorized Issue | \$3,475,000 |
| Denomination of Bonds | \$5,000 |
| Interest Rates | 5.15% to 6.60% |
| Interest Dates | January 1 |
| Principal Maturity Date | January 1 |
| Payable at | American National Bank and Trust Company of Chicago |

FUTURE PRINCIPAL REQUIREMENTS

| Fiscal Year | Bond Numbers | Principal |
|----------------|-----------------|-------------------|
| 2005 | 619-695 | \$ 385,000 |
| | | <u>\$ 385,000</u> |

ACCRETED VALUE OF BONDS

| Date | Increase | Accreted Value | Date | Increase | Accreted Value |
|----------|-----------|-------------------|----------|-----------|-------------------|
| 07/01/96 | \$ 70,236 | \$ 2,390,455 | 1/1/2001 | \$ 52,548 | \$ 1,700,976 |
| 01/01/97 | 72,372 | 2,462,827 | 7/1/2001 | 42,389 | 1,358,365 |
| 07/01/97 | 66,201 | 2,219,029 | 1/1/2002 | 43,749 | 1,402,115 |
| 01/01/98 | 68,253 | 2,287,281 | 7/1/2002 | 33,034 | 1,050,148 |
| 07/01/98 | 61,669 | 2,038,939 | 1/1/2003 | 34,106 | 1,084,255 |
| 01/01/99 | 63,594 | 2,102,534 | 7/1/2003 | 22,896 | 722,151 |
| 07/01/99 | 56,592 | 1,849,125 | 1/1/2004 | 23,644 | 745,794 |
| 01/01/00 | 58,379 | 1,907,504 | 7/1/2004 | 11,907 | 372,701 |
| 07/01/00 | 50,924 | 1,648,428 | 1/1/2005 | 12,299 | 385,000 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 1997A

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | December 1, 1997 |
| Date of Maturity | January 1, 2012 |
| Authorized Issue | \$3,035,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.50% to 4.90% |
| Interest Dates | July 1 and January 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|-----------|-------------------|
| | Principal | Interest | Totals | July 1 | Amount | January 1 | Amount |
| 2003 | \$ 70,000 | \$ 130,333 | \$ 200,333 | 2004 | \$ 65,166 | 2005 | \$ 65,167 |
| 2004 | 180,000 | 127,217 | 307,217 | 2005 | 63,609 | 2006 | 63,608 |
| 2005 | 200,000 | 119,118 | 319,118 | 2006 | 59,559 | 2007 | 59,559 |
| 2006 | 190,000 | 110,017 | 300,017 | 2007 | 55,009 | 2008 | 55,008 |
| 2007 | 220,000 | 101,230 | 321,230 | 2008 | 50,615 | 2009 | 50,615 |
| 2008 | 375,000 | 90,890 | 465,890 | 2009 | 45,445 | 2010 | 45,445 |
| 2009 | 730,000 | 72,890 | 802,890 | 2010 | 36,445 | 2011 | 36,445 |
| 2010 | 765,000 | 37,485 | 802,485 | 2011 | 18,743 | 2012 | 18,742 |
| | <u>\$ 2,730,000</u> | <u>\$ 789,180</u> | <u>\$ 3,519,180</u> | | <u>\$ 394,591</u> | | <u>\$ 394,589</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 1997B

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | December 1, 1997 |
| Date of Maturity | January 1, 2009 |
| Authorized Issue | \$3,855,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.125% to 4.50% |
| Interest Dates | July 1 and January 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|-----------|-------------------|
| | Principal | Interest | Totals | July 1 | Amount | January 1 | Amount |
| 2003 | \$ 400,000 | \$ 90,050 | \$ 490,050 | 2004 | \$ 45,025 | 2005 | \$ 45,025 |
| 2004 | 420,000 | 72,450 | 492,450 | 2005 | 36,225 | 2006 | 36,225 |
| 2005 | 425,000 | 53,550 | 478,550 | 2006 | 26,775 | 2007 | 26,775 |
| 2006 | 370,000 | 34,425 | 404,425 | 2007 | 17,213 | 2008 | 17,212 |
| 2007 | 395,000 | 17,775 | 412,775 | 2008 | 8,888 | 2009 | 8,887 |
| | <u>\$ 2,010,000</u> | <u>\$ 268,250</u> | <u>\$ 2,278,250</u> | | <u>\$ 134,126</u> | | <u>\$ 134,124</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND ANTICIPATION NOTES OF 1999

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | July 12, 1999 |
| Date of Maturity | December 1, 2004 |
| Authorized Issue | \$650,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | Variable rate of 70% of the rate per annum determined by adding 1.05% to the 30 day London InterBank offered rates in effect on the next to last business day of each month (2.16% at June 30, 2004) |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Northern Trust Company, Chicago, Illinois |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Fiscal Year | Requirements | | | Interest Due on | | | |
|----------------|--------------|----------|------------|-----------------|--------|------------|----------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2005 | \$ 400,000 | \$ 4,740 | \$ 404,740 | | | 2004 | \$ 4,740 |
| | \$ 400,000 | \$ 4,740 | \$ 404,740 | | \$ - | | \$ 4,740 |

These notes may be redeemed in whole or in part in increments of \$5,000 at anytime prior to maturity with no penalty.

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2000 (TOTAL ISSUE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | November 1, 2000 |
| Date of Maturity | January 1, 2021 |
| Authorized Issue | \$9,450,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.35% to 6.00% |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|----------------------|-----------------|---------------------|--------|---------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 238,032 | \$ 238,032 | | | 2004 | \$ 238,032 |
| 2004 | \$ 170,000 | 471,283 | 641,283 | 2005 | \$ 238,032 | 2005 | 233,251 |
| 2005 | 175,000 | 461,580 | 636,580 | 2006 | 233,251 | 2006 | 228,329 |
| 2006 | 180,000 | 451,483 | 631,483 | 2007 | 228,329 | 2007 | 223,154 |
| 2007 | 190,000 | 440,845 | 630,845 | 2008 | 223,154 | 2008 | 217,691 |
| 2008 | 200,000 | 429,632 | 629,632 | 2009 | 217,691 | 2009 | 211,941 |
| 2009 | 215,000 | 417,701 | 632,701 | 2010 | 211,941 | 2010 | 205,760 |
| 2010 | 225,000 | 406,008 | 631,008 | 2011 | 205,760 | 2011 | 200,248 |
| 2011 | 235,000 | 394,620 | 629,620 | 2012 | 200,247 | 2012 | 194,373 |
| 2012 | 1,050,000 | 362,495 | 1,412,495 | 2013 | 194,372 | 2013 | 168,123 |
| 2013 | 1,110,000 | 307,801 | 1,417,801 | 2014 | 168,122 | 2014 | 139,679 |
| 2014 | 1,215,000 | 248,222 | 1,463,222 | 2015 | 139,678 | 2015 | 108,544 |
| 2015 | 1,285,000 | 183,357 | 1,468,357 | 2016 | 108,544 | 2016 | 74,813 |
| 2016 | 1,355,000 | 114,057 | 1,469,057 | 2017 | 74,813 | 2017 | 39,244 |
| 2017 | 335,000 | 69,486 | 404,486 | 2018 | 39,244 | 2018 | 30,242 |
| 2018 | 355,000 | 50,898 | 405,898 | 2019 | 30,242 | 2019 | 20,656 |
| 2019 | 370,000 | 31,138 | 401,138 | 2020 | 20,657 | 2020 | 10,481 |
| 2020 | 390,000 | 10,481 | 400,481 | 2021 | 10,481 | | |
| | <u>\$ 9,055,000</u> | <u>\$ 5,089,119</u> | <u>\$ 14,144,119</u> | | <u>\$ 2,544,558</u> | | <u>\$ 2,544,561</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2000 (DEBT SERVICE FUND SHARE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | November 1, 2000 |
| Date of Maturity | January 1, 2021 |
| Authorized Issue | \$5,000,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.35% to 6.00% |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------|---------------------|--------|---------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 127,917 | \$ 127,917 | | | 2004 | \$ 127,917 |
| 2004 | \$ 30,000 | 254,990 | 284,990 | 2005 | \$ 127,917 | 2005 | 127,073 |
| 2005 | 30,000 | 253,302 | 283,302 | 2006 | 127,073 | 2006 | 126,229 |
| 2006 | 25,000 | 251,740 | 276,740 | 2007 | 126,229 | 2007 | 125,511 |
| 2007 | 30,000 | 250,159 | 280,159 | 2008 | 125,511 | 2008 | 124,648 |
| 2008 | 30,000 | 248,433 | 278,433 | 2009 | 124,648 | 2009 | 123,785 |
| 2009 | 35,000 | 246,564 | 281,564 | 2010 | 123,785 | 2010 | 122,779 |
| 2010 | 35,000 | 244,701 | 279,701 | 2011 | 122,779 | 2011 | 121,922 |
| 2011 | 40,000 | 242,843 | 282,843 | 2012 | 121,921 | 2012 | 120,922 |
| 2012 | 840,000 | 220,843 | 1,060,843 | 2013 | 120,921 | 2013 | 99,922 |
| 2013 | 890,000 | 177,037 | 1,067,037 | 2014 | 99,921 | 2014 | 77,116 |
| 2014 | 935,000 | 130,270 | 1,065,270 | 2015 | 77,115 | 2015 | 53,155 |
| 2015 | 985,000 | 80,454 | 1,065,454 | 2016 | 53,155 | 2016 | 27,299 |
| 2016 | 1,040,000 | 27,299 | 1,067,299 | 2017 | 27,299 | 2017 | - |
| 2017 | - | - | - | 2018 | - | 2018 | - |
| 2018 | - | - | - | 2019 | - | 2019 | - |
| 2019 | - | - | - | 2020 | - | 2020 | - |
| 2020 | - | - | - | 2021 | - | | |
| | <u>\$ 4,945,000</u> | <u>\$ 2,756,552</u> | <u>\$ 7,701,552</u> | | <u>\$ 1,378,274</u> | | <u>\$ 1,378,278</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2000 (WATER FUND SHARE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | November 1, 2000 |
| Date of Maturity | January 1, 2021 |
| Authorized Issue | \$4,000,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.35% to 6.00% |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------|-------------------|--------|-------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 98,106 | \$ 98,106 | 2004 | | 2004 | \$ 98,106 |
| 2004 | \$ 140,000 | 192,275 | 332,275 | 2005 | \$ 98,106 | 2005 | 94,169 |
| 2005 | 145,000 | 184,260 | 329,260 | 2006 | 94,169 | 2006 | 90,091 |
| 2006 | 155,000 | 175,725 | 330,725 | 2007 | 90,091 | 2007 | 85,634 |
| 2007 | 160,000 | 166,668 | 326,668 | 2008 | 85,634 | 2008 | 81,034 |
| 2008 | 170,000 | 157,181 | 327,181 | 2009 | 81,034 | 2009 | 76,147 |
| 2009 | 180,000 | 147,119 | 327,119 | 2010 | 76,147 | 2010 | 70,972 |
| 2010 | 190,000 | 137,289 | 327,289 | 2011 | 70,972 | 2011 | 66,317 |
| 2011 | 195,000 | 127,759 | 322,759 | 2012 | 66,317 | 2012 | 61,442 |
| 2012 | 210,000 | 117,634 | 327,634 | 2013 | 61,442 | 2013 | 56,192 |
| 2013 | 220,000 | 106,746 | 326,746 | 2014 | 56,192 | 2014 | 50,554 |
| 2014 | 230,000 | 95,215 | 325,215 | 2015 | 50,554 | 2015 | 44,661 |
| 2015 | 240,000 | 83,022 | 323,022 | 2016 | 44,661 | 2016 | 38,361 |
| 2016 | 255,000 | 70,028 | 325,028 | 2017 | 38,361 | 2017 | 31,667 |
| 2017 | 270,000 | 56,078 | 326,078 | 2018 | 31,667 | 2018 | 24,411 |
| 2018 | 285,000 | 41,127 | 326,127 | 2019 | 24,411 | 2019 | 16,716 |
| 2019 | 300,000 | 25,182 | 325,182 | 2020 | 16,716 | 2020 | 8,466 |
| 2020 | 315,000 | 8,466 | 323,466 | 2021 | 8,466 | | |
| | <u>\$ 3,660,000</u> | <u>\$ 1,989,880</u> | <u>\$ 5,649,880</u> | | <u>\$ 994,940</u> | | <u>\$ 994,940</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2000 (AIRPORT FUND SHARE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | November 1, 2000 |
| Date of Maturity | January 1, 2021 |
| Authorized Issue | \$450,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 4.35% to 6.00% |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|-------------------|-------------------|-------------------|-----------------|-------------------|--------|-------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 12,009 | \$ 12,009 | 2004 | | 2004 | \$ 12,009 |
| 2004 | \$ - | 24,018 | 24,018 | 2005 | \$ 12,009 | 2005 | 12,009 |
| 2005 | - | 24,018 | 24,018 | 2006 | 12,009 | 2006 | 12,009 |
| 2006 | - | 24,018 | 24,018 | 2007 | 12,009 | 2007 | 12,009 |
| 2007 | - | 24,018 | 24,018 | 2008 | 12,009 | 2008 | 12,009 |
| 2008 | - | 24,018 | 24,018 | 2009 | 12,009 | 2009 | 12,009 |
| 2009 | - | 24,018 | 24,018 | 2010 | 12,009 | 2010 | 12,009 |
| 2010 | - | 24,018 | 24,018 | 2011 | 12,009 | 2011 | 12,009 |
| 2011 | - | 24,018 | 24,018 | 2012 | 12,009 | 2012 | 12,009 |
| 2012 | - | 24,018 | 24,018 | 2013 | 12,009 | 2013 | 12,009 |
| 2013 | - | 24,018 | 24,018 | 2014 | 12,009 | 2014 | 12,009 |
| 2014 | 50,000 | 22,737 | 72,737 | 2015 | 12,009 | 2015 | 10,728 |
| 2015 | 60,000 | 19,881 | 79,881 | 2016 | 10,728 | 2016 | 9,153 |
| 2016 | 60,000 | 16,730 | 76,730 | 2017 | 9,153 | 2017 | 7,577 |
| 2017 | 65,000 | 13,408 | 78,408 | 2018 | 7,577 | 2018 | 5,831 |
| 2018 | 70,000 | 9,771 | 79,771 | 2019 | 5,831 | 2019 | 3,940 |
| 2019 | 70,000 | 5,956 | 75,956 | 2020 | 3,941 | 2020 | 2,015 |
| 2020 | 75,000 | 2,015 | 77,015 | 2021 | 2,015 | | |
| | <u>\$ 450,000</u> | <u>\$ 342,687</u> | <u>\$ 792,687</u> | | <u>\$ 171,344</u> | | <u>\$ 171,343</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2002

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | August 1, 2002 |
| Date of Maturity | January 1, 2018 |
| Authorized Issue | \$3,500,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 2.50% to 4.45% |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------|-------------------|--------|-------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 63,335 | \$ 63,335 | | | 2004 | \$ 63,335 |
| 2004 | \$ 185,000 | 124,358 | 309,358 | 2005 | \$ 63,335 | 2005 | 61,023 |
| 2005 | 195,000 | 119,608 | 314,608 | 2006 | 61,023 | 2006 | 58,585 |
| 2006 | 200,000 | 114,170 | 314,170 | 2007 | 58,585 | 2007 | 55,585 |
| 2007 | 205,000 | 107,967 | 312,967 | 2008 | 55,585 | 2008 | 52,382 |
| 2008 | 215,000 | 101,002 | 316,002 | 2009 | 52,382 | 2009 | 48,620 |
| 2009 | 225,000 | 93,161 | 318,161 | 2010 | 48,620 | 2010 | 44,541 |
| 2010 | 230,000 | 84,885 | 314,885 | 2011 | 44,541 | 2011 | 40,344 |
| 2011 | 240,000 | 76,188 | 316,188 | 2012 | 40,344 | 2012 | 35,844 |
| 2012 | 250,000 | 66,688 | 316,688 | 2013 | 35,844 | 2013 | 30,844 |
| 2013 | 265,000 | 56,388 | 321,388 | 2014 | 30,844 | 2014 | 25,544 |
| 2014 | 275,000 | 45,313 | 320,313 | 2015 | 25,544 | 2015 | 19,769 |
| 2015 | 290,000 | 33,303 | 323,303 | 2016 | 19,769 | 2016 | 13,534 |
| 2016 | 300,000 | 20,543 | 320,543 | 2017 | 13,534 | 2017 | 7,009 |
| 2017 | 315,000 | 7,008 | 322,008 | 2018 | 7,008 | | |
| | <u>\$ 3,390,000</u> | <u>\$ 1,113,917</u> | <u>\$ 4,503,917</u> | | <u>\$ 556,958</u> | | <u>\$ 556,959</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2002A

June 30, 2004

| | |
|-------------------------|---|
| Date of Issue | December 1, 2002 |
| Date of Maturity | December 30, 2013 |
| Authorized Issue | \$2,050,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.30% to 3.85% |
| Interest Dates | June 30 and December 30 |
| Principal Maturity Date | December 30 |
| Payable at | Northern Trust Company, Chicago, Illinois |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|-------------|-------------------|
| | Principal | Interest | Totals | June 30 | Amount | December 30 | Amount |
| 2003 | \$ 170,000 | \$ 32,271 | \$ 202,271 | | | 2004 | \$ 32,271 |
| 2004 | 175,000 | 60,292 | 235,292 | 2005 | \$ 30,146 | 2005 | 30,146 |
| 2005 | 175,000 | 55,918 | 230,918 | 2006 | 27,959 | 2006 | 27,959 |
| 2006 | 180,000 | 51,542 | 231,542 | 2007 | 25,771 | 2007 | 25,771 |
| 2007 | 185,000 | 46,862 | 231,862 | 2008 | 23,431 | 2008 | 23,431 |
| 2008 | 190,000 | 39,925 | 229,925 | 2009 | 19,963 | 2009 | 19,962 |
| 2009 | 195,000 | 32,800 | 227,800 | 2010 | 16,400 | 2010 | 16,400 |
| 2010 | 200,000 | 25,000 | 225,000 | 2011 | 12,500 | 2011 | 12,500 |
| 2011 | 210,000 | 17,000 | 227,000 | 2012 | 8,500 | 2012 | 8,500 |
| 2012 | 215,000 | 8,600 | 223,600 | 2013 | 4,300 | 2013 | 4,300 |
| | <u>\$ 1,895,000</u> | <u>\$ 370,210</u> | <u>\$ 2,265,210</u> | | <u>\$ 168,970</u> | | <u>\$ 201,240</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
TAX INCREMENT FINANCING REVENUE BOND SERIES OF 2003

June 30, 2004

| | |
|-------------------------|---|
| Date of Issue | January 14, 2003 |
| Date of Maturity | January 1, 2013 |
| Authorized Issue | \$4,350,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | Variable |
| Interest Dates | January 1 and July 1 |
| Principal Maturity Date | January 1 |
| Payable at | Northern Trust Company, Chicago, Illinois |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|--------|-------------------|
| | Principal | Interest | Totals | January 1 | Amount | July 1 | Amount |
| 2003 | | \$ 63,510 | \$ 63,510 | | | 2004 | \$ 63,510 |
| 2004 | \$ 110,000 | 125,414 | 235,414 | 2005 | \$ 63,510 | 2005 | 61,904 |
| 2005 | 450,000 | 117,238 | 567,238 | 2006 | 61,904 | 2006 | 55,334 |
| 2006 | 425,000 | 104,463 | 529,463 | 2007 | 55,334 | 2007 | 49,129 |
| 2007 | 570,000 | 89,936 | 659,936 | 2008 | 49,129 | 2008 | 40,807 |
| 2008 | 650,000 | 72,124 | 722,124 | 2009 | 40,807 | 2009 | 31,317 |
| 2009 | 715,000 | 52,195 | 767,195 | 2010 | 31,317 | 2010 | 20,878 |
| 2010 | 775,000 | 30,441 | 805,441 | 2011 | 20,878 | 2011 | 9,563 |
| 2011 | 310,000 | 14,600 | 324,600 | 2012 | 9,563 | 2012 | 5,037 |
| 2012 | 345,000 | 5,037 | 350,037 | 2013 | 5,037 | | |
| | <u>\$ 4,350,000</u> | <u>\$ 674,958</u> | <u>\$ 5,024,958</u> | | <u>\$ 337,479</u> | | <u>\$ 337,479</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2003A

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | October 1, 2003 |
| Date of Maturity | December 1, 2013 |
| Authorized Issue | \$2,665,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.00% to 3.625% |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|------------|-------------------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2003 | \$ 320,000 | \$ 32,950 | \$ 352,950 | | | 2004 | \$ 32,950 |
| 2004 | 330,000 | 59,500 | 389,500 | 2005 | \$ 29,750 | 2005 | 29,750 |
| 2005 | 350,000 | 52,900 | 402,900 | 2006 | 26,450 | 2006 | 26,450 |
| 2006 | 435,000 | 45,900 | 480,900 | 2007 | 22,950 | 2007 | 22,950 |
| 2007 | 435,000 | 35,025 | 470,025 | 2008 | 17,513 | 2008 | 17,512 |
| 2008 | 445,000 | 24,150 | 469,150 | 2009 | 12,075 | 2009 | 12,075 |
| 2009 | 85,000 | 10,800 | 95,800 | 2010 | 5,400 | 2010 | 5,400 |
| 2010 | 80,000 | 8,144 | 88,144 | 2011 | 4,072 | 2011 | 4,072 |
| 2011 | 75,000 | 5,344 | 80,344 | 2012 | 2,672 | 2012 | 2,672 |
| 2012 | 75,000 | 2,718 | 77,718 | 2013 | 1,359 | 2013 | 1,359 |
| | <u>\$ 2,630,000</u> | <u>\$ 277,431</u> | <u>\$ 2,907,431</u> | | <u>\$ 122,241</u> | | <u>\$ 155,190</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2003B (TOTAL ISSUE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | October 1, 2003 |
| Date of Maturity | December 1, 2009 |
| Authorized Issue | \$3,355,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.00% to 3.00% |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|------------------|------------|-------------------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2003 | \$ 685,000 | \$ 37,000 | \$ 722,000 | | | 2004 | \$ 37,000 |
| 2004 | 1,000,000 | 60,300 | 1,060,300 | 2005 | \$ 30,150 | 2005 | 30,150 |
| 2005 | 425,000 | 40,300 | 465,300 | 2006 | 20,150 | 2006 | 20,150 |
| 2006 | 455,000 | 31,800 | 486,800 | 2007 | 15,900 | 2007 | 15,900 |
| 2007 | 445,000 | 20,425 | 465,425 | 2008 | 10,213 | 2008 | 10,212 |
| 2008 | 310,000 | 9,300 | 319,300 | 2009 | 4,650 | 2009 | 4,650 |
| | <u>\$ 3,320,000</u> | <u>\$ 199,125</u> | <u>\$ 3,519,125</u> | | <u>\$ 81,063</u> | | <u>\$ 118,062</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2003B (DEBT SERVICE FUND SHARE #1)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | October 1, 2003 |
| Date of Maturity | December 1, 2009 |
| Authorized Issue | \$115,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.00% to 3.00% |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|------------|----------|------------|-----------------|--------|------------|----------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2003 | \$ 115,000 | \$ 1,150 | \$ 116,150 | | | 2004 | \$ 1,150 |
| | \$ 115,000 | \$ 1,150 | \$ 116,150 | | \$ - | | \$ 1,150 |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2003B (DEBT SERVICE FUND SHARE #2)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | October 1, 2003 |
| Date of Maturity | December 1, 2009 |
| Authorized Issue | \$2,110,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.00% to 3.00% |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|------------------|------------|-------------------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2003 | \$ 25,000 | \$ 24,700 | \$ 49,700 | | | 2004 | \$ 24,700 |
| 2004 | 430,000 | 48,900 | 478,900 | 2005 | \$ 24,450 | 2005 | 24,450 |
| 2005 | 425,000 | 40,300 | 465,300 | 2006 | 20,150 | 2006 | 20,150 |
| 2006 | 455,000 | 31,800 | 486,800 | 2007 | 15,900 | 2007 | 15,900 |
| 2007 | 445,000 | 20,425 | 465,425 | 2008 | 10,213 | 2008 | 10,212 |
| 2008 | 310,000 | 9,300 | 319,300 | 2009 | 4,650 | 2009 | 4,650 |
| | <u>\$ 2,090,000</u> | <u>\$ 175,425</u> | <u>\$ 2,265,425</u> | | <u>\$ 75,363</u> | | <u>\$ 100,062</u> |

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2003B (WATER FUND SHARE)

June 30, 2004

| | |
|-------------------------|--|
| Date of Issue | October 1, 2003 |
| Date of Maturity | December 1, 2009 |
| Authorized Issue | \$1,130,000 |
| Denomination of Notes | \$5,000 |
| Interest Rates | 1.00% to 3.00% |
| Interest Dates | June 1 and December 1 |
| Principal Maturity Date | December 1 |
| Payable at | Depository Trust Company, New York, NY |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|------------------|---------------------|-----------------|-----------------|------------|------------------|
| | Principal | Interest | Totals | June 1 | Amount | December 1 | Amount |
| 2003 | \$ 545,000 | \$ 11,150 | \$ 556,150 | | | 2004 | \$ 11,150 |
| 2004 | 570,000 | 11,400 | 581,400 | 2005 | \$ 5,700 | 2005 | 5,700 |
| | <u>\$ 1,115,000</u> | <u>\$ 22,550</u> | <u>\$ 1,137,550</u> | | <u>\$ 5,700</u> | | <u>\$ 16,850</u> |

(See independent auditor's report.)

STATISTICAL SECTION

CITY OF DEKALB, ILLINOIS
GOVERNMENT-WIDE REVENUES

Last Two Fiscal Years

| | 2003 | 2004 |
|----------------------|----------------------|----------------------|
| PROGRAM REVENUES | | |
| Charges for Services | \$ 8,440,541 | \$ 9,771,518 |
| Operating Grants | 2,006,762 | 2,521,542 |
| Capital Grants | 368,771 | 555,448 |
| GENERAL REVENUES | | |
| Taxes | 19,781,644 | 22,167,277 |
| Investment Income | 367,414 | 136,836 |
| Contributions | 4,129,208 | 17,486,037 |
| Miscellaneous | 302,362 | 311,233 |
| TOTAL REVENUES | <u>\$ 35,396,702</u> | <u>\$ 52,949,891</u> |

NOTE: The City implemented GASB S-34 for the fiscal year ended June 30, 2003.

Data Source

City Records

CITY OF DEKALB, ILLINOIS

GOVERNMENT-WIDE EXPENSES

Last Two Fiscal Years

| | 2003 | 2004 |
|--------------------------------|---------------|---------------|
| GOVERNMENTAL ACTIVITIES | | |
| General Government | \$ 4,025,445 | \$ 3,800,583 |
| Public Safety | 11,921,125 | 13,161,608 |
| Community Improvement | 6,675,918 | 5,880,017 |
| Highways and Streets | 8,232,178 | 4,872,446 |
| Interest | 912,735 | 1,049,120 |
| Total Governmental Activities | 31,767,401 | 28,763,774 |
| BUSINESS-TYPE ACTIVITIES | | |
| Water | 3,758,743 | 3,830,129 |
| Airport | 466,286 | 692,739 |
| Refuse | 1,194,973 | 1,256,963 |
| Total Business-Type Activities | 5,420,002 | 5,779,831 |
| TOTAL PRIMARY GOVERNMENT | \$ 37,187,403 | \$ 34,543,605 |

NOTE: The City implemented GASB S-34 for the fiscal year ended June 30, 2003.

Data Source

City Records

CITY OF DEKALB, ILLINOIS

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

| Fiscal Year | Taxes | Licenses and Permits | Inter-governmental | Charges for Service | Fines and Forfeits | Investment Income | Miscellaneous | Totals |
|-------------|---------------|----------------------|--------------------|---------------------|--------------------|-------------------|---------------|---------------|
| 1995 | \$ 10,308,147 | \$ 248,828 | \$ 2,089,900 | \$ 204,560 | \$ 428,649 | \$ 243,437 | \$ 214,935 | \$ 13,738,456 |
| 1996 | 10,829,065 | 249,707 | 1,806,971 | 785,740 | 451,306 | 245,412 | 263,747 | 14,631,948 |
| 1997 | 11,996,267 | 272,700 | 1,859,387 | 802,364 | 459,514 | 191,766 | 249,708 | 15,831,706 |
| 1998 | 12,028,929 | 361,358 | 2,259,215 | 822,897 | 407,152 | 244,993 | 288,104 | 16,412,648 |
| 1999 | 12,784,060 | 251,359 | 1,947,679 | 936,684 | 454,261 | 238,527 | 203,895 | 16,816,465 |
| 2000 | 14,257,790 | 213,893 | 3,459,874 | 1,059,119 | 452,612 | 329,634 | 202,617 | 19,975,539 |
| 2001 | 15,220,660 | 327,385 | 2,121,098 | 1,275,196 | 445,129 | 590,772 | 272,337 | 20,252,577 |
| 2002 | 14,783,538 | 277,282 | 2,252,444 | 1,265,342 | 494,815 | 452,006 | 187,190 | 19,712,617 |
| 2003 | 16,306,288 | 487,590 | 2,012,445 | 1,415,596 | 468,009 | 185,721 | 243,996 | 21,119,645 |
| 2004 | 17,097,843 | 846,571 | 2,598,322 | 1,471,149 | 638,815 | 80,936 | 332,384 | 23,066,020 |

Note : Includes General, Special Revenue and Debt Service Funds.

Data Source

City Records

CITY OF DEKALB, ILLINOIS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Community Improvement (1) | Highways and Streets | Culture and Recreation (2) | Capital Outlay | Debt Service | Totals |
|-------------|--------------------|---------------|---------------------------|----------------------|----------------------------|----------------|--------------|---------------|
| 1995 | \$ 3,741,949 | \$ 6,312,741 | \$ - | \$ 3,610,270 | \$ 156,408 | \$ 8,121 | \$ 2,824,593 | \$ 16,654,082 |
| 1996 | 4,620,141 | 5,807,801 | - | 3,780,684 | 795,356 | 11,039 | 2,109,524 | 17,124,545 |
| 1997 | 4,204,653 | 6,609,302 | 3,849,618 | 840,989 | 496,617 | 19,465 | 4,352,541 | 20,373,185 |
| 1998 | 4,416,119 | 6,825,323 | 3,612,904 | 1,018,789 | 437,953 | 420,116 | 8,793,327 | 25,524,531 |
| 1999 | 2,977,696 | 8,521,496 | 4,381,877 | 1,245,709 | 487,170 | 286,985 | 1,935,775 | 19,836,708 |
| 2000 | 3,292,070 | 9,140,755 | 4,438,812 | 623,037 | 1,474,184 | 590,258 | 1,990,565 | 21,549,681 |
| 2001 | 3,208,680 | 9,816,496 | 4,797,312 | 973,772 | 339,074 | 422,440 | 7,129,697 | 26,687,471 |
| 2002 | 3,287,387 | 10,561,436 | 4,891,235 | 1,219,971 | 666,392 | 54,912 | 1,999,631 | 22,680,964 |
| 2003 | 3,426,581 | 11,388,426 | 4,406,307 | 1,255,596 | - | - | 2,069,632 | 22,546,542 |
| 2004 | 4,088,975 | 12,432,869 | 3,928,040 | 763,579 | - | - | 2,616,575 | 23,830,038 |

Note: Includes General, Special Revenue and Debt Service Funds.

(1) New function classification in FY 1997.

(2) This function represented Airport Fund expenditures, which was previously reported as a Special Revenue Fund; the Airport Fund was changed to an Enterprise Fund as of July 1, 2002.

Data Source

City Records

CITY OF DEKALB, ILLINOIS

PROPERTY TAX RATES, LEVIES AND COLLECTIONS

Last Ten Levy Years

| Tax Levy Year | City of DeKalb | | | | DeKalb Library | | | | Totals | | | |
|---------------------|--------------------|--------------------------------|--------------|---------------------------------|--------------------|--------------------------------|-------------|---------------------------------|--------------------|--------------------------------|--------------|---------------------------------|
| | Rates per \$100 | Total Tax Levy Requested | Collections | Percent of Levy Collected | Rates per \$100 | Total Tax Levy Requested | Collections | Percent of Levy Collected | Rates per \$100 | Total Tax Levy Requested | Collections | Percent of Levy Collected |
| 1994 | 0.5481 | \$ 1,498,596 | \$ 1,497,715 | 99.94% | 0.2238 | \$ 612,100 | \$ 611,546 | 99.91% | 0.7719 | \$ 2,110,696 | \$ 2,109,261 | 99.93% |
| 1995 | 0.5352 | 1,528,568 | 1,519,359 | 99.40% | 0.2242 | 640,350 | 636,520 | 99.40% | 0.7594 | 2,168,918 | 2,155,879 | 99.40% |
| 1996 | 0.5286 | 1,566,782 | 1,562,157 | 99.70% | 0.2245 | 665,700 | 663,813 | 99.72% | 0.7531 | 2,232,482 | 2,225,970 | 99.71% |
| 1997 | 0.5184 | 1,643,303 | 1,652,293 | 100.55% | 0.2193 | 695,400 | 699,149 | 100.54% | 0.7377 | 2,338,703 | 2,351,442 | 100.54% |
| 1998 | 0.5208 | 1,723,819 | 1,731,479 | 100.44% | 0.2205 | 730,000 | 733,281 | 100.45% | 0.7413 | 2,453,819 | 2,464,760 | 100.45% |
| 1999 | 0.5089 | 1,809,337 | 1,815,089 | 100.32% | 0.2154 | 766,000 | 768,475 | 100.32% | 0.7243 | 2,575,337 | 2,583,564 | 100.32% |
| 2000 | 0.5049 | 1,891,028 | 1,888,665 | 99.88% | 0.2145 | 804,000 | 802,657 | 99.83% | 0.7194 | 2,695,028 | 2,691,322 | 99.86% |
| 2001 | 0.5299 | 2,121,089 | 2,118,402 | 99.87% | 0.2108 | 844,000 | 842,901 | 99.87% | 0.7407 | 2,965,089 | 2,961,303 | 99.87% |
| 2002 | 0.6057 | 2,511,511 | 2,531,345 | 100.79% | 0.2132 | 884,000 | 888,769 | 100.54% | 0.8189 | 3,395,511 | 3,420,114 | 100.72% |
| 2003 | 0.5967 | 2,599,938 | 1,345,780 * | 51.76% | 0.2130 | 928,039 | 460,954 * | 49.67% | 0.8097 | 3,527,977 | 1,806,734 | 51.21% |

Data Source

Office of the County Clerk and Office of the County Treasurer

* Amount reflects collections through June 30, 2004

CITY OF DEKALB, ILLINOIS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

| Fiscal Year | Tax Levy Year | Equalized Assessed Value | Estimated Actual Value | Ratio of Total Assessed Value to Total Actual Value | Equalization Factor |
|----------------|---------------------|--------------------------------|------------------------------|--|------------------------|
| 1995 | 1994 | \$ 273,602,955 | \$ 820,808,865 | 33.33 | 1.0000 |
| 1996 | 1995 | 285,689,763 | 857,069,289 | 33.33 | 1.0000 |
| 1997 | 1996 | 296,553,853 | 889,661,559 | 33.33 | 1.0000 |
| 1998 | 1997 | 317,159,688 | 951,479,064 | 33.33 | 1.0000 |
| 1999 | 1998 | 331,157,791 | 993,473,373 | 33.33 | 1.0000 |
| 2000 | 1999 | 355,680,722 | 1,067,042,166 | 33.33 | 1.0000 |
| 2001 | 2000 | 374,858,378 | 1,124,575,134 | 33.33 | 1.0000 |
| 2002 | 2001 | 400,288,514 | 1,200,865,542 | 33.33 | 1.0000 |
| 2003 | 2002 | 414,691,820 | 1,244,075,460 | 33.33 | 1.0000 |
| 2004 | 2003 | 435,773,899 | 1,307,321,697 | 33.33 | 1.0000 |

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

| Tax Levy Year | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| TAX RATES | | | | | | | | | | |
| City of DeKalb | 0.5481 | 0.5352 | 0.5286 | 0.5184 | 0.5208 | 0.5089 | 0.5049 | 0.5299 | 0.6057 | 0.5967 |
| DeKalb Library | 0.2238 | 0.2242 | 0.2245 | 0.2193 | 0.2205 | 0.2154 | 0.2145 | 0.2108 | 0.2132 | 0.2130 |
| | 0.7719 | 0.7594 | 0.7531 | 0.7377 | 0.7413 | 0.7243 | 0.7194 | 0.7407 | 0.8189 | 0.8097 |
| DeKalb County | 0.8227 | 0.8221 | 0.8171 | 0.8354 | 0.8343 | 0.8497 | 0.8531 | 0.8672 | 0.8666 | 0.8622 |
| DeKalb Township | 0.3198 | 0.3102 | 0.3084 | 0.3024 | 0.3604 | 0.3579 | 0.3569 | 0.3532 | 0.3535 | 0.3505 |
| Forest Preserve District | 0.0284 | 0.0280 | 0.0279 | 0.0276 | 0.0274 | 0.0272 | 0.0274 | 0.0278 | 0.0278 | 0.0274 |
| Sanitary District | 0.1133 | 0.1109 | 0.1124 | 0.1107 | 0.1116 | 0.1113 | 0.1088 | 0.1075 | 0.1085 | 0.1079 |
| School Districts | 5.5650 | 5.6880 | 5.6497 | 5.5981 | 5.6071 | 5.7041 | 5.7976 | 5.8063 | 5.7035 | 5.6659 |
| Park District | 0.3660 | 0.3973 | 0.4358 | 0.5205 | 0.6454 | 0.6363 | 0.6206 | 0.6055 | 0.6108 | 0.6235 |
| TOTAL TAX RATE | | | | | | | | | | |
| PER \$100 ASSESSED | 7.9871 | 8.1159 | 8.1044 | 8.1324 | 8.3275 | 8.4108 | 8.4838 | 8.5082 | 8.4896 | 8.4471 |
| VALUATION | | | | | | | | | | |
| SHARE OF TOTAL | | | | | | | | | | |
| TAX RATE LEVIED | | | | | | | | | | |
| BY CITY OF | | | | | | | | | | |
| DEKALB AND THE | | | | | | | | | | |
| DEKALB LIBRARY | 9.66% | 9.36% | 9.29% | 9.07% | 8.90% | 8.61% | 8.48% | 8.71% | 9.65% | 9.59% |

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

RATIO OF NET GENERAL OBLIGATION DEBT
TO ASSESSED VALUATION AND NET GENERAL OBLIGATION DEBT PER CAPITA

Last Ten Fiscal Years

| Fiscal Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (1) Population | 36,769 | 36,950 | 37,400 | 36,793 | 37,481 | 36,315 | 39,018 | 39,018 | 39,018 | 43,172 |
| (2) Assessed Valuation | \$ 273,602,955 | \$ 285,689,763 | \$ 296,553,853 | \$ 317,159,688 | \$ 331,157,791 | \$ 355,680,722 | \$ 374,858,378 | \$ 400,288,514 | \$ 414,691,820 | \$ 435,773,899 |
| Gross General Obligation Debt | 21,555,532 | 23,620,219 | 20,675,455 | 19,877,281 | 20,327,534 | 20,027,504 | 19,165,976 | 18,277,115 | 21,474,255 | 20,165,794 |
| Less Debt Service Funds | 87,241 | 2,595,279 | 6,972 | 49,719 | - | - | - | - | 666,577 | 627,728 |
| (3) Net General Obligation Debt | 21,468,291 | 21,024,940 | 20,668,483 | 19,827,562 | 20,327,534 | 20,027,504 | 19,165,976 | 18,277,115 | 20,807,678 | 19,538,066 |
| Ratio of Net General Obligation Debt to Assessed Value | 7.85% | 7.36% | 6.97% | 6.25% | 6.14% | 5.63% | 5.11% | 4.57% | 5.02% | 4.48% |
| Net General Obligation Debt per Capita | \$583.87 | \$569.01 | \$552.63 | \$538.89 | \$542.34 | \$551.49 | \$491.21 | \$468.43 | \$533.28 | \$452.56 |

Data Source

- (1) Department of Commerce and City Records
- (2) Office of County Clerk
- (3) City Records

CITY OF DEKALB, ILLINOIS
DIRECT AND OVERLAPPING DEBT

June 30, 2004

| Governmental Unit | (1) Gross Bonded Debt | * (2) Percentage of Debt Applicable to Government | ** (3) City's Share of Debt |
|--|--------------------------------|--|---|
| City of DeKalb | \$ 20,165,794 | 100.00% | \$ 20,165,794 |
| DeKalb County | 9,485,000 | 30.47% | 2,890,080 |
| DeKalb Community Unit School District #428 | 9,270,000 | 76.67% | 7,107,309 |
| Kishwaukee College #523 | 19,975,000 | 51.23% | 10,233,193 |
| DeKalb Sanitary District | 2,345,000 | 98.94% | 2,320,199 |
| DeKalb Park District | 3,770,000 | 98.95% | 3,730,415 |
| Total Overlapping Debt | 44,845,000 | | 26,281,196 |
| TOTAL DIRECT AND OVERLAPPING DEBT | \$ 65,010,794 | | \$ 46,446,990 |

* Determined by ratio of assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in City of DeKalb.

** Amount of column (2) multiplied by amount in column (1).

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

| Fiscal Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Principal | \$ 1,715,000 | \$ 955,000 | \$ 3,325,000 | \$ 7,813,545 | \$ 923,537 | \$ 953,747 | \$ 6,184,795 | \$ 953,313 | \$ 1,185,000 | \$ 1,545,000 |
| Interest and Fiscal Charges | 1,109,593 | 1,154,524 | 1,027,541 | 979,782 | 1,012,238 | 1,036,818 | 944,902 | 1,046,318 | 864,258 | 1,071,575 |
| TOTAL DEBT SERVICE | \$ 2,824,593 | \$ 2,109,524 | \$ 4,352,541 | \$ 8,793,327 | \$ 1,935,775 | \$ 1,990,565 | \$ 7,129,697 | \$ 1,999,631 | \$ 2,049,258 | \$ 2,616,575 |
| TOTAL GENERAL GOVERNMENTAL EXPENDITURES | \$ 16,654,082 | \$ 17,124,545 | \$ 20,373,185 | \$ 25,524,531 | \$ 19,836,708 | \$ 21,549,681 | \$ 26,687,471 | \$ 22,680,964 | \$ 22,546,542 | \$ 23,830,038 |
| RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES | 16.96% | 12.32% | 21.36% | 34.45% | 9.76% | 9.24% | 26.72% | 8.82% | 9.09% | 10.98% |

Data Source

City Records

CITY OF DEKALB, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | (1) Population | (2) Median Household Income | (2) Median Family Income | (2) Median Age | (3) School Enrollment | (4) Unemployment |
|----------------|-------------------|--------------------------------------|-----------------------------------|----------------------|-----------------------------|---------------------|
| 1995 | 36,769 | \$ 25,387 | \$ 36,896 | 22.8 | 4,235 | 3.1% |
| 1996 | 36,950 | 25,387 | 36,896 | 22.8 | 4,300 | 3.4% |
| 1997 | 37,400 | 25,387 | 36,896 | 22.8 | 4,362 | 3.3% |
| 1998 | 36,793 | 25,387 | 36,896 | 22.8 | 4,386 | 3.1% |
| 1999 | 37,481 | 35,153 | 53,017 | 23.1 | 4,546 | 3.0% |
| 2000 | 36,315 | 35,153 | 53,017 | 23.1 | 4,950 | 3.1% |
| 2001 | 39,018 | 35,153 | 53,017 | 23.1 | 4,955 | 3.9% |
| 2002 | 39,018 | 35,153 | 53,017 | 23.1 | 5,103 | 4.5% |
| 2003 | 39,018 | 35,153 | 53,017 | 23.1 | 5,282 | 5.6% |
| 2004 | 43,172 | 35,153 | 53,017 | 23.1 | 5,396 | 4.8% |

Data Source

- (1) Department of Commerce and City Records
- (2) Department of Commerce
- (3) City Records and DeKalb Community Unit School District #428
- (4) Illinois Department of Employment Security

CITY OF DEKALB, ILLINOIS

PROPERTY VALUE

Last Ten Levy Years

| Tax Levy Year | Property Value Residential | Non-Residential | Total Value |
|---------------------|-------------------------------|-----------------|----------------|
| 1994 | \$ 169,673,848 | \$ 103,929,107 | \$ 273,602,955 |
| 1995 | 180,240,191 | 105,449,572 | 285,689,763 |
| 1996 | 189,441,090 | 107,112,763 | 296,553,853 |
| 1997 | 198,860,144 | 118,299,544 | 317,159,688 |
| 1998 | 204,363,466 | 126,794,325 | 331,157,791 |
| 1999 | 215,841,683 | 139,839,039 | 355,680,722 |
| 2000 | 223,083,073 | 151,775,305 | 374,858,378 |
| 2001 | 240,103,156 | 160,185,358 | 400,288,514 |
| 2002 | 249,835,479 | 164,856,341 | 414,691,820 |
| 2003 | 269,635,069 | 166,138,830 | 435,773,899 |

Data Source

Office of the County Clerk

All amounts are assessed value which is approximately 33% of market value.

CITY OF DEKALB, ILLINOIS

PRINCIPAL TAXPAYERS

June 30, 2004

| Taxpayers | Type of Business | 2003 Assessed Valuation | Percentage of Total Assessed Valuation |
|-------------------------------|-----------------------|-------------------------------|---|
| Goodyear | Warehouse/Distributor | \$ 7,597,611 | 1.74% |
| DeKalb Fairview LLC | Real Estate | 7,427,618 | 1.70% |
| Panduit Corporation | Manufacturing | 5,390,908 | 1.24% |
| 3M | Warehouse/Distributor | 5,065,863 | 1.16% |
| University Village I & II | Apartments | 4,086,593 | 0.94% |
| Dream Fund LLC | Apartments | 3,815,368 | 0.88% |
| Northland Plaza | Retail | 3,737,456 | 0.86% |
| DeKalb Area Retirement Center | Retirement Center | 3,066,453 | 0.70% |
| Wal-Mart | Retail | 2,744,124 | 0.63% |
| Herbert D. Katz | Apartments | 2,541,095 | 0.58% |
| TOTAL | | <u>\$ 45,473,089</u> | <u>10.43%</u> |

Data Source

County Assessor's Office (not adjusted for unreported title transfers)

CITY OF DEKALB, ILLINOIS
MISCELLANEOUS STATISTICAL DATA

June 30, 2004

Geography and Climate

| | | | | |
|--------------|-----------------|-----------|-----------------|-----------|
| Distance to: | Rockford, IL | 35 miles | Des Moines, IA | 275 miles |
| | Chicago, IL | 58 miles | St. Louis, MO | 276 miles |
| | Milwaukee, WI | 125 miles | Detroit, MI | 326 miles |
| | Springfield, IL | 184 miles | Minneapolis, MN | 400 miles |

| | |
|----------------------------|------------|
| Average Winter Temperature | 21 Degrees |
| Average Summer Temperature | 73 Degrees |
| Average Rainfall | 35 Inches |
| Average Snowfall | 32 Inches |

Community Facilities

| | |
|------------------------------|---|
| 2 Public Golf Courses | 1 YMCA (w/Olympic size pool) |
| 1 Private Country Club | 13 Lighted Baseball Diamonds |
| 40 Public Parks (700+ acres) | 2 Recreation Center (NIU & Park District) |
| 1 Public Water Slide Complex | 1 10,000 seat Convocation Center (NIU) |
| 3 Health Clubs | 1 Community Theater |
| 1 Indoor Soccer Facility | 1 Children's Community Theater |
| 8 Regulation Soccer Fields | 1 NIU Theater Group |
| 4 Junior Soccer Fields | 1 Kishwaukee Symphony Orchestra |
| 10 Public Tennis Courts | 1 DeKalb Municipal Band (est. 1854) |

Transportation

| | | |
|--------------------------------|-------------|-----------------------------------|
| Major Highways within 10 miles | Illinois 23 | U.S. 30 |
| | Illinois 38 | Interstate 39 (U.S. 51) |
| | Illinois 64 | Interstate 88 (East-West Tollway) |

Railroad Union Pacific (Freight service only)

Airport (freight service only) DeKalb Taylor Municipal Airport
Corporate, Charter and Freight service
50' x 4,200' East - West runway
100' x 7,200' Northeast - Southeast runway

Public DeKalb Huskie Bus Lines (Local)
MedVAC/TransVAC (Seniors)
Greyhound Bus Lines

(This schedule is continued on the following pages.)

CITY OF DEKALB, ILLINOIS

MISCELLANEOUS STATISTICAL DATA (Continued)

June 30, 2004

Commercial

| | | |
|-----------------|------------------------------|---------------|
| Major Employers | Northern Illinois University | Education |
| | Kishwaukee Health System | Health Care |
| | DeKalb School District | Education |
| | Wal-Mart Super Center | Retail |
| | Alloyd | Manufacturing |
| | 3M | Distribution |
| | Nestle | Distribution |
| | DeKalb Park District | Recreation |
| | City of DeKalb | Government |
| | Oak Crest Retirement Center | Nursing Home |
| Newspapers | two daily and one weekly | |
| Television | Comcast | |
| Radio | 5 stations (4 FM and 1 AM) | |

Government

| | |
|-------------------------------|-----------------------------|
| Form | Council/Manager |
| Council | seven members and one Mayor |
| Term of Office | 4 years |
| Incorporation | 1856 |
| Permanent Full-Time Employees | 253 |
| Part-Time Employees | 40 |
| Labor Unions | AFSCME FOP IAFF |
| Labor | 2004 |
| Total County Labor Force | 48,223 |
| City of DeKalb Labor Force | 21,552 |

Employment by Industry (2000 Census)

| | | | |
|----------------------------|--------|--------------------------|-------|
| Education/Health | 32.37% | Other Services | 3.80% |
| Manufacturing | 12.19% | Construction | 3.37% |
| Retail Trade | 12.02% | Transportation/Utilities | 3.18% |
| Recreation/Food Services | 11.47% | Public Administration | 2.72% |
| Professional/Data Services | 10.20% | Wholesale Trade | 2.22% |
| Finance/Insurance | 5.39% | Farming & Mining | 1.07% |

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

MISCELLANEOUS STATISTICAL DATA (Continued)

June 30, 2004

| Income Data | | 1990 Census | 2000 Census |
|------------------------------|--|---------------|-------------|
| Households | | | |
| Number of Units | | 10,631 | 12,980 |
| Median Income | | \$25,400 | \$ 35,153 |
| Family | | | |
| Number of Units | | 5,771 | 6,680 |
| Median Income | | \$36,905 | \$ 53,017 |
| Non-family Households | | | |
| Number of Units | | 4,860 | 6,300 |
| Median Income | | \$14,459 | \$ 20,701 |
| Housing | | | |
| Median Home Cost (County) | | \$131,775 | 2001 |
| | | 137,150 | 2002 |
| | | 146,550 | 2003 |
| | | 156,000 | 2004 |
| Existing Home Sales (County) | | 938 | 2001 |
| | | 1,031 | 2002 |
| | | 1,118 | 2003 |
| | | 1,134 | 2004 |
| Water Billing | | 2004 | |
| Flow Data (in gallons) | | 1,439,158,000 | |
| Billing Data (in gallons) | | 1,397,499,620 | |
| Number of Metered Users | | 7,874 | |
| Number of Unmetered Users | | 12 | |