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*City of*  
**DeKALB**



DeKalb, Illinois

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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**FISCAL YEAR ENDED JUNE 30, 2008**

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PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT  
RUDY ESPIRITU, ASSISTANT CITY MANAGER  
TED KOZINSKI, CPA, COMPTROLLER & TREASURER

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CITY OF DEKALB, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
June 30, 2008

Prepared by the Administrative Services Department

Rudy Espiritu  
Assistant City Manager

Ted Kozinski  
Comptroller/Treasurer

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## **INTRODUCTORY SECTION**

CITY OF DEKALB, ILLINOIS

PRINCIPAL OFFICIALS

June 30, 2008

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LEGISLATIVE

Kris Povlsen, Acting Mayor

Alderman Bertrand Simpson, Ward One

Alderman Tom Teresinski, Ward Two

Alderman Victor Wogen, Ward Three

Alderman Donna Gorski, Ward Four

Alderman Ronald Naylor, Ward Five

Alderman David Baker, Ward Six

Alderman Brent Keller, Ward Seven

Donna Johnson, City Clerk

ADMINISTRATIVE

Mark Biernacki, City Manager

Rudy Espiritu, Assistant City Manager

William Feithen, Police Chief

Bruce Harrison, Acting Fire Chief

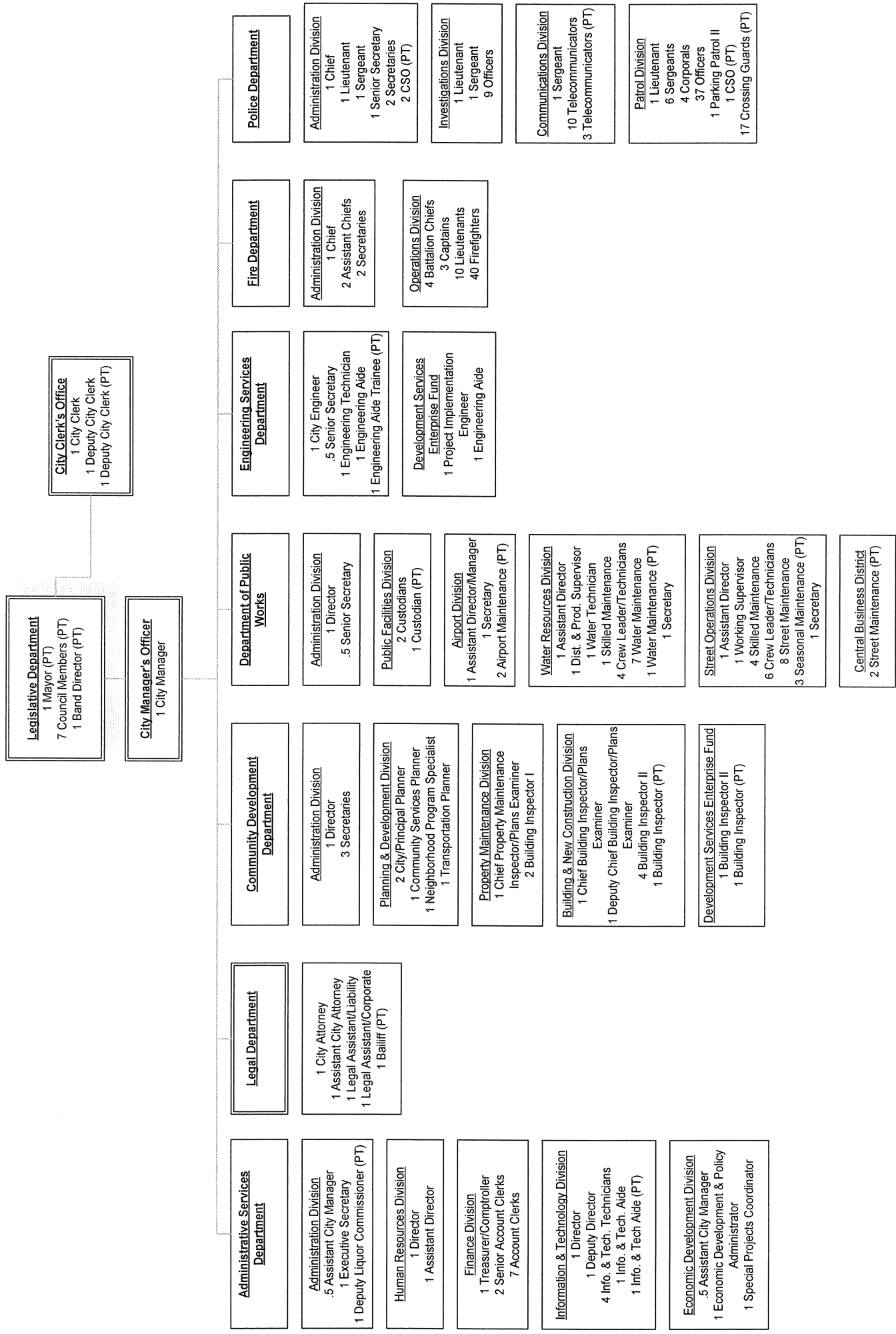
Rick Monas, Acting Community Development Director

Joel Maurer, City Engineer

Rick Monas, Public Works Director

Norma Guess, City Attorney

Ted Kozinski, Comptroller/Treasurer



# 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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



DEKALB MUNICIPAL BUILDING  
200 SOUTH FOURTH STREET.  
DEKALB, ILLINOIS 60115  
Phone: (815) 748-2000  
Fax: (815) 748-2304

December 8, 2008

Acting Mayor Paul Povlsen & DeKalb City Council Members  
Mr. Mark Biernacki, City Manager  
Citizens of DeKalb

We are pleased to forward for your consideration the City of DeKalb's FY 2008 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2008. It has been done so in accordance with generally accepted governmental accounting principles and the Illinois Compiled Statutes.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sikich LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of DeKalb's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Government Profile of the City of DeKalb, Illinois**

#### ***General Information***

The City of DeKalb, incorporated in 1856, is a home-rule municipality with an estimated population of 45,897. The community, comprised of some 12 square miles, is a 30-minute drive to the high growth cities of Aurora and Naperville, and only a little more than an hour away from both downtown Chicago and O'Hare International Airport. Yet, in spite of its proximity to the Chicago region, the City remains apart, maintaining its own unique character as a rapidly

growing university community with both urban and rural roots. Many of its older neighborhoods have brick paved streets and well kept historic homes while the edge of the City bustles with new residential and commercial development.

In 1961, a Council-Manager form of government was adopted. Seven aldermen are elected, one in each of the seven wards, and aldermanic elections are held every two years, at which time half of the City Council is elected. The Mayor is elected, at large, every four years. The City Manager is appointed by the City Council and all other employees are appointed by the City Manager. The elected officials determine policy while professional appointed officials implement policy

As a home-rule unit of government under the 1970 Illinois Constitution, the City has no tax rate limit or debt limit, nor is it required to seek referendum approval to raise its tax rate or to issue debt. The City Manager serves as the administrative head of the City and is in charge of the day-to-day operations of the City and its 232 full-time and 53 part-time employees. Hourly employees are represented by the Fraternal Order of Police Lodge #115, Local 1236 of the International Association of Firefighters, and Local 813 of the American Federation of State, County & Municipal Employees.

The DeKalb Public Library was established in 1893. Its present building, which was constructed in 1931, has been remodeled and an addition was constructed in 1979. The library participates in the Prairie Area Library System which allows patrons access to over 375 member agency collections.

For auditing purposes, the Library is considered a “discretely presented” component unit of government which, although a legally separate entity, is in substance a part of the City of DeKalb’s operations. Therefore, in the CAFR, the Library’s audited financial data is presented in a separate column in the entity-wide financial statements to differentiate their financial position and results of operations from those of the primary government.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of DeKalb’s financial planning and control. 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.

### ***Historical Backdrop***

Founded in 1837, DeKalb remained a small community until the arrival of the Chicago and Northwestern Railroad in 1853. DeKalb's central location brought easier shipping of crops and access to larger markets.

The agricultural trade remained the primary economic activity until around 1873 when farmer Joseph Glidden developed barbed wire and began commercial mass production of his new invention. Glidden sold half of his interest to hardware merchant Isaac L. Ellwood and together the two formed the Barb Fence Company. Two months after Glidden filed his application for a patent, local lumber salesman, Jacob Haish, also applied for a patent and on June 25, 1874, ran interference papers against Glidden's patent. After 18 years of legal wrangling, Glidden's patent was declared the "Winner" and the subsequent boom in industry gave DeKalb a place in history and the nickname "Barb City".

The founding of Northern Illinois State Normal School in 1895 enhanced the DeKalb community by adding the academic and research atmosphere to the region. The oldest building on campus, Altgeld Hall, opened in 1899 and was rededicated in 2004 after undergoing substantial renovation and restoration work.

Agriculture still remained important through the years, and in 1912, the DeKalb County Farm Bureau was among the first to establish an organization and hire a farm advisor to carry out the responsibilities of farm bureau work. While in the 1930s, the DeKalb AgResearch Corporation marketed its first hybrid seed corn.

### **Economic Condition**

#### ***Local economy***

The City ended FY2008 with a sound local economy demonstrated through unemployment rates that remained lower than State averages; continued EAV growth in commercial, industrial and residential categories; and stable local taxable sales.

Education and health industries provide a significant source of the employment opportunities in the City. Northern Illinois University is a comprehensive teaching and research institution with student enrollment of approximately 25,000. Kishwaukee Community Hospital also has a significant economic presence that provides employment to more than 700 healthcare professionals and staff. Other large employers include the Target Distribution Center, Walmart, Tegrant, 3M, and the Nestle Corporation.

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate has ranged from a low of 3.1 percent (1999) to a decade high of 5.3 percent (2008).

#### ***Long-term Financial Planning***

Unreserved, undesignated fund balance in the General Fund ended at 10.4 percent of total General Fund expenditures and transfers out. This percentage falls below the policy guidelines set by the Council for budgetary and planning purposes (i.e., maintain a minimum of 12%).

Also as part of the strategic plan, the Council and staff established a number of other FY 2008 budgetary goals:

- Reduce the General Fund's reliance on operating transfers from TIF and MFT Funds

- Raise the reserves of the Self-Insurance Funds
- Commit 2% of FY06 Home Rules Sales Taxes and an additional 2% each succeeding year for a total of 10% to be dedicated annually for general capital purposes
- Maintain a stable property tax rate of \$0.60 per \$100 Equalized Assesses Valuation
- Commit \$50,000 of Cable Franchise fee revenues in FY2006 and an additional \$50,000 each succeeding year for a total of \$150,000 to be dedicated to support and enhance government broadcasting capabilities

The City's current and prospective financial situation is monitored throughout the year. As such, Council and staff understand that some of these goals may not be attainable and/or new goals may need to be established.

### ***Relevant Financial Policies***

The City Council has in place several key written financial policies including a fund balance policy, capitalization policy, investment policy, and purchasing policy. In addition, the City has a multi-year plan for capital equipment purchases.

### ***Major Initiatives and Accomplishments during the Year***

During FY2008, 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 over \$211,000 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 sponsorship of 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**

- Received unanimous support from other taxing bodies and had legislation signed into law that extended our Central Area TIF
- Joined the Intergovernmental Personnel Benefits Cooperative for our health, dental, pharmacy, and life insurance programs. This has resulted in a fixed monthly payment to the IPBC, rather than continuing to maintain and fully fund our own self-funded, third party administered Plan.
- Completed substantial broadcasting improvements and upgrades to the City's government access television station. Added broadcasts of plan commission meetings and also the ability to re-broadcast all recorded meetings and special events.
- Web Site improvements and enhancements including webcasts of committee of



the whole and city council meetings. Also added Illinois e-pay and auto debit for water/sewer/refuse billing.

- Initiated the preparation of a redevelopment plan for the Pearl Street neighborhood.
- Members of the Finance and I&T staff worked together with staff from the Police and Legal Departments to find a new parking software and processing.
- Participated in collective bargaining negotiations with the IAFF and AFSCME
- Achieved the Government Finance Officers Association Award for “Excellence in Financial Reporting” for the 14th consecutive year

### **Legal Service Department**

- The Juvenile Intervention Program dealt with 57 minors on charges ranging from curfew to retail theft – the majority dealt with alcohol and tobacco use. These juveniles performed 1,275 hours of community service work for the elderly and not-for-profit agencies.
- Administrative Hearings, implemented in the latter part of FY 2007, prosecuted 73 code enforcement and 74 parking offenses, resulting in fines and costs collected of \$11,039 for code enforcement and \$10,585 for parking offenses.
- The City’s Accident Investigation Policy assisted in the collection and distribution of funds owed to or by the City for liability accidents. Funds collected, which were owed to the City, totaled \$15,778.

### **Police Department**

- Upgraded Departmental computer systems to latest versions including CRIMES (record management system), CAD (computer aided dispatch), and the mobile data computers.
- Reduced traffic accidents at “high accident intersection” through directed patrols.
- Presented D.A.R.E. to 375 local grade school children.
- Hosted 4th Citizens Police Academy.
- Continued participation on the DeKalb School District #428 multi-cultural committee and the school safety committee.
- Started computerized gang intelligence file.
- Participated in the Prairie Shield partnership in order for Police and Fire to be awarded \$402,681 for a radio system improvement.
- Added school resource officer in DeKalb Middle Schools in partnership with DeKalb School District.
- Invited NIU, Sycamore, and DeKalb County Sheriff’s Department to participate in annual Rapid Response training at Huntley Jr. High.
- Provided additional patrols to NIU during two major incidents – Threats made in December and shooting in February.
- Provided significant investigative resources to the February 14th, 2008 NIU shooting incident.
- Obtained a Federal traffic safety enforcement grant in excess of \$135,000.

- Partnership made with University Villages for a resident officer to reside in complex.
- Purchased last parcel at new police department site.
- Installed two additional in-car video systems in police vehicles.
- Obtained state tobacco compliance check grant through the Illinois Liquor Commission.
- Purchased two squad cars with federal traffic enforcement grant and DUI funds.
- Started teaching “G.R.E.A.T.” (Gang Resistance Education and Training) program in middle schools.
- Initiated gang intelligence database.
- One detective received advance training in Forensic Sketch Drawing through the FBI. Tuition paid by FBI.
- Implemented monthly information sharing meetings with Juvenile Division, DeKalb County Juvenile Probation and a representative from DeKalb High School.

### **Fire Department**

- Received and placed into service a new engine at Fire Station 3.
- Purchased a new medium duty ambulance for Station 2.
- Continued training of all paramedics upgraded to Illinois Department of Public Health standards.
- Coordinated efforts to achieve federal disaster status and receive Public Assistance from FEMA during August floods.
- Coordinated the application of all fire departments who responded to NIU shooting incident to receive reimbursement from IEMA.
- Continued to inspect all rooming houses, restaurants, gas stations, and places of assembly.
- Continued to provide training for Resident Assistants at NIU.
- Maintained status as a Level “A” Team under the MABAS Statewide Mutual Aid Plan.
- Enhanced the level of training of many team members using resources available through state and federal funds to reduce local costs

### **Public Works Department**

- Continued to seek Union Pacific Railroad and Surface Transportation Board approvals to mitigate the Pleasant Street watershed flooding issue.
- Continued efforts to implement protection measures to ensure the security of the potable water system supply.
- Merged contractual tree trimming initiatives with City Forestry crew efforts to keep response time to citizen requests at an acceptable level.
- Work with Renew DeKalb and City staff to enhance and revitalize the Central Business District.
- Attracted (2) new businesses to DeKalb Taylor Municipal Airport.

- Completed the materials purchase for the Glide Slope/MALSR lighting system.
- Received tenth consecutive Tree City USA Community Award from the Illinois Department of Natural Resources.
- Successfully provided emergency response measures in battling the August 24th flood event.
- Successfully conducted snow removal operations in battling a record number of precipitation events and snowfall accumulations.
- In partnership with the Engineering Department, successfully negotiated with IDOT District III officials to advance the schedule for resurfacing of IL38 from Fourth Street to Loves Rd in FY09.
- In partnership with the Engineering Department, successfully negotiated securing funding in the amount of \$100,000 for pothole patching on State Routes.
- Continued aggressive meter change-out program with the goal to achieve 100% radio read devices.
- Discovered a billing error and recovered roughly \$25,000 as a result of a correction to Waste Managements billing for city facilities.
- Achieved compliance with OCCT (Optimal Corrosion Control Treatment) at all five Water Treatment Plants with no excursions.
- Received twelfth consecutive year of compliance with the Illinois Fluoridation Act.
- Achieved full compliance with all Federal and State EPA water standards.
- Adjusted water rates and capital connection fees to achieve rates that better reflect the true cost of providing water.
- Passed Lead/Copper testing conducted in July 2007.
- Completed West Lincoln Hwy water main replacement project and service reconnections with minimal disruptions.
- Monitor new electrical rates and pumping schedules to decrease electrical costs.
- Began large meter testing of City's highest water users to insure meters are accurate and water consumption is being billed properly.

#### **Community Development Department**

- Completed initial and second "Top 75" problem properties through Enhanced Property Maintenance Program and began working on third set of 75;
- Implemented new residential design requirements with Design Review Committee;
- Updated zoning in four (4) residential neighborhoods;
- Created new Residential Conservation zoning districts for older neighborhoods;
- Continued implementation of East Lincoln Highway Plan, including administration of ISTEPA and EDI grants and preliminary engineering of streetscape improvements;
- Assisted with the initiation of the Downtown Redevelopment Plan;
- Finished and adopted the Pearl Street neighborhood revitalization plan;

## **Engineering Department**

- Provided technical support and inspection of residential and commercial projects such as Nehring expansion, Park 88 Lot 9, Glidden Crossing (Schnuck's), and South Pointe Greens Unit II
- Coordinated construction of watermain moves near RTE 38 Bridge
- Continued a multi-year alley and sidewalk replacement program for TIF areas
- Restriped downtown streets to add angle parking
- Completed construction for the North portion of Annie Glidden Road widening improvements between Highpointe Drive and Route 38 and most of the construction for the second phase from Highpointe Drive to Bellevue Drive
- Managed capital improvement projects of one million dollars including alley repairs, sidewalk replacement, TIF Street Maintenance, general striping, and patching
- Implemented railroad quiet zone, August 2007
- Completed design of Bethany Road widening project, East of N. 1st Street and started construction
- Responded to August 2007 flooding and made application for FEMA buyout funds
- Completed design of Fairview Drive Bridge Replacement, acquired 3 parcels of right-of-way and started construction
- Undertook design of the East Lincoln Highway Traffic Enhancement project East of 4th Street
- Applied for and was approved for FY-2012 Illinois Bridge Replacement Grant funds for Bethany Road Bridge

## ***Major Initiatives for the Future***

Recognizing that the City of DeKalb continues to change and evolve, it remains the municipal government's challenge and obligation to likewise change and evolve to meet the needs of its residents. As such, some of the highlights in FY 2009 will include the following initiatives:

### **Strategic Goal #1: Encourage Actions to Continue Downtown's Role as the Viable Heart of the Community**

- ❑ Administer and maintain the Downtown Plan
- ❑ Complete Marketing Plan
- ❑ Complete Downtown public improvement projects
- ❑ Maintain downtown financing mechanisms and expand where appropriate
- ❑ Implement activities associated with the TIF term extension

### **Strategic Goal #2: Coordinate Activities and Pursue Opportunities of Mutual Interest between the City and all of its Public and Private Partners**

- ❑ Continue cooperation on fiber optics
- ❑ Maintain intergovernmental agreements on tax abatements
- ❑ Implement Downtown Redevelopment Plan
- ❑ Explore creation of an Arts District
- ❑ Schedule joint School Board/City Council meetings and follow-up
- ❑ Partner with School District in the approval of new school site construction

- ❑ Coordinate with School District for transportation improvements to support the new Dresser Road High School

**Strategic Goal #3: Continue to Support Projects and Programs that Improve and enhance the City's Appearance, Neighborhoods, and Quality of Life**

- ❑ Implement the Downtown Redevelopment Plan
- ❑ Acquire key parcels for future redevelopment or beautification projects
- ❑ Update the 5-Year Capital Improvement Program
- ❑ Implement streetscape construction on E. Lincoln Highway East of 4th Street and lighting upgrades as part of the IDOT Enhancement Grant project
- ❑ Construct a pocket park at 300 Block of East Lincoln Highway
- ❑ Begin implementation of Pearl Street Plan including cleanup of brownfield areas

**Strategic Goal #4: Enhance Work and Job Opportunities and Ensure Diversification of the Community's Tax Base**

- ❑ Update tax abatement programs
- ❑ Continue cooperation with DCEDC & Kishwaukee Community College on job training
- ❑ Update and revise incentives guidelines
- ❑ Complete retail attraction strategy
- ❑ Update and revise guidelines for tax abatement program
- ❑ Maintain industrial opportunities inventory
- ❑ Continue Architectural Improvement Program
- ❑ Market the micro-loan and other small business programs
- ❑ Identify economic development opportunities to lure and retain the "creative class"
- ❑ Work with commercial development partners on projects such as NBT Square, the Airport commercial corner (Pleasant Street & Peace Road), and Peace Road corridor (Shodeen)

**Strategic Goal #5: Enhance and expand the public's mobility and transportation options**

- ❑ Begin design studies for Peace Road widening South of Pleasant Street
- ❑ Continue cooperation with other agencies for the west arterial extension from Twombly Road to Route 38

**Strategic Goal #6: Enhance and Build on the City's Identity as a Leading Community in the Region**

- ❑ Publish a community-wide e-newsletter
- ❑ Design a City logo that promotes the brand identity
- ❑ Enhance the City's web site to have broader appeal
- ❑ Integrate the City's vision statement in all promotional materials
- ❑ Establish a speaker's bureau
- ❑ Establish a neighborhood beautification recognition award
- ❑ Complete Dodge/Orr Farm stormwater improvement project with Park 88 Industrial development
- ❑ Complete Pleasant Street watershed improvements
- ❑ Seek out grants for flooded home buyouts
- ❑ Complete Fairview Bridge reconstruction
- ❑ Investigate and implement if feasible an East Lincoln Highway road diet narrowing from 10th to Peace Road

**Strategic Goal #7: Increase the Effectiveness of Communications from the City to the Public**

- ❑ Webcast City Council meetings
- ❑ Add Geoweb map capabilities to website
- ❑ Add new downloads such as maps and other information
- ❑ Improve "Virtual Newcomer" capability
- ❑ Investigate Spanish language capability
- ❑ Broadcast Plan Commission meetings and other special community events

- ❑ Phase in upgrades of new traffic signal controller

**Strategic Goal #8: Regularly Assess and Analyze the Cost Benefit of Core Services and New Initiatives to Project Financial Consequences of Future Actions**

- ❑ Identify both short and long range goals and projects for implementation
- ❑ Retain the services of consultants with expertise in municipal finance to prepare a long range financial plan
- ❑ Modify financial and budget policies regularly
- ❑ Review financial and budget policies and modify when necessary
- ❑ Report on a quarterly basis the status of the municipal budget and identify trends, concerns and issues
- ❑ Re-examine tax rates regularly
- ❑ Modify fee waiver and other similar development incentive policies as appropriate
- ❑ Examine the effectiveness and utility of all of the boards and commissions and make adjustments if necessary

**Awards and Acknowledgements**

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, 2007. This was the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

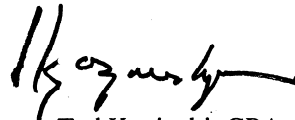
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. 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,



Rudy Espiritu  
Assistant City Manager



Ted Kozinski, CPA  
Comptroller & Treasurer

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**





998 Corporate Boulevard • Aurora, IL 60502

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 accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of DeKalb, Illinois as of and for the year ended June 30, 2008, which collectively comprise the City of DeKalb, Illinois' basic financial statements as listed in the table of contents. We have also audited the financial statements of each nonmajor fund and each fiduciary fund as of and for the year ended June 30, 2008. These financial statements are the responsibility of the City of DeKalb, Illinois' management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of DeKalb, Illinois as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, each individual nonmajor fund and each fiduciary fund financial statement referred to above present fairly, in all material respects, the financial position of each of the individual funds and the changes in financial position and, where applicable, of the cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2008 on our consideration of the City of DeKalb, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the 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.

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

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.

A handwritten signature in dark ink, appearing to read "Schuch LLP", is located in the lower right area of the page.

Aurora, Illinois  
November 19, 2008

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**CITY OF DEKALB, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

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, 2008. This should be read in conjunction with the City's financial statements that follow this section.

<b>FINANCIAL HIGHLIGHTS</b>
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- Net Asset position and performance in total – The City's total net assets increased from \$146,496,203 at June 30, 2007 to \$153,273,215 at June 30, 2008.
- Governmental Activity summary – Net assets for governmental activities grew from an FY 2007 restated balance of \$101,581,101 to an FY 2008 balance of \$107,418,752, a positive change of \$5,837,651.
- Business-type Activity summary – Net assets for business-type activities rose from \$44,915,102 at the end of FY 2007 to \$45,854,463 in FY 2008, an increase of \$939,361.
- General Fund summary – The General Fund's \$2,900,488 fund balance represented a decrease of (\$399,977) from the previous year.
- Budget vs. Actual – Excluding the effects of transfers and other financing sources/(uses), the City's General Fund actual revenues were (\$378,386) less than budgeted revenues while General Fund actual expenditures were less than budgeted expenditures by (\$25,288).
- Capital – Total capital and infrastructure assets of Governmental and Business-Type Activities went from \$179,736,997 at the close of FY 2007 to \$185,187,530 in FY 2008, an increase of \$5,450,533. More detailed information regarding the City's capital assets debt can be found in Note 5 of the financial statements.
- Debt Service – The City refinanced \$2,000,000 of general obligation bond anticipation notes and issued another \$7,500,000 million in new notes to finance redevelopment of the downtown area and begin the first phase of constructing a new police station. In addition, the City funded a variety of equipment and vehicle purchases through a \$1,150,000 lease financing arrangement. More detailed information regarding the City's long-term debt can be found in Note 8 of the financial statements.

<b>OVERVIEW OF THE FINANCIAL STATEMENTS</b>
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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.

	<b>Government-Wide Statements</b>	<b>Fund Statements</b>		
		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 required to provide comparative analysis of government-wide information. The current year comparative statements follow:

### 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, 2008**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
<i>Current and Other Assets</i>	20,706,471	31,127,815	2,391,287	1,363,057	23,097,758	32,490,872
<i>Capital Assets</i>	123,637,455	128,261,959	50,312,735	56,925,571	173,950,190	185,187,530
<b><i>Total Assets</i></b>	<b><i>\$144,343,926</i></b>	<b><i>\$159,389,774</i></b>	<b><i>\$52,704,022</i></b>	<b><i>\$58,288,628</i></b>	<b><i>\$197,047,948</i></b>	<b><i>\$217,678,402</i></b>
<i>Other Liabilities</i>	14,079,855	16,882,100	1,571,736	1,834,026	15,651,591	18,716,126
<i>Long-Term Liabilities</i>	28,666,419	35,088,922	11,547,818	10,600,139	40,214,237	45,689,061
<b><i>Total Liabilities</i></b>	<b><i>\$42,746,274</i></b>	<b><i>\$51,971,022</i></b>	<b><i>\$13,119,554</i></b>	<b><i>\$12,434,165</i></b>	<b><i>\$55,865,828</i></b>	<b><i>\$64,405,187</i></b>
<i>Net Assets:</i>						
<i>Invested in capital assets</i>	109,228,834	113,947,561	39,392,443	46,840,204	148,621,277	160,787,765
<i>Restricted</i>	3,159,513	10,131,297	0	0	3,159,513	10,131,297
<i>Unrestricted</i>	(10,790,695)	(16,660,106)	192,085	(985,741)	(10,598,610)	(17,645,847)
<b><i>Total Net Assets*</i></b>	<b><i>\$101,597,652</i></b>	<b><i>\$107,418,752</i></b>	<b><i>\$39,584,528</i></b>	<b><i>\$45,854,463</i></b>	<b><i>\$141,182,180</i></b>	<b><i>\$153,273,215</i></b>

\*The data from 2007 has not been adjusted for restatements. Please refer to Note 14 of the financial statements for further details on net asset restatements.

## **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 \$146,377,960 to \$153,273,215. As is has been the case for a number of years, the main source of the increase was due to capital asset additions (e.g., land, road and bridge construction, and infrastructure).

Net assets of the City's governmental activities grew from an FY 2007 restated balance of \$101,581,101 to an FY 2008 balance of \$107,418,752, an increase of \$5,837,651. The primary sources of the increase were: completion of the Wayside Horn System (which reduced the nuisance of train whistles and, at the same time, maintained safety), reconstruction of Annie Glidden Road, widening of Bethany Road, the Fairview Drive bridgework, and purchases of land in the downtown area pegged for redevelopment.

Net assets of the City's business-type activities improved from \$44,915,102 at the end of FY 2007 to \$45,854,463 for FY 2008, an increase of \$939,361 that was due largely to additions to the City's water distribution system. The City's business type activities include individual Funds for Water, Refuse, Airport, and Development Services. The total FY 2008 expenses of these Funds (excluding transfers) was \$6,972,575 compared to \$6,898,546 in FY 2007, \$6,579,467 in FY 2006, and \$6,037,692 in FY 2005.

Unrestricted net assets, available to finance the continuing operation of its business type activities, were (\$985,741) compared to (\$805,537) in FY 2007, \$192,085 in FY 2006, \$1,273,772 in FY 2005, and \$1,631,020 in FY 2004. The Water Fund and Airport Fund have been the source of this descending trend over the years and the FY 2008 decrease mainly stemmed from the Airport's operating deficit. To improve the financial situation of the Water Fund, the City underwent a rate analysis in the first half of CY 2007 and the City Council adopted a measure to increase rates incrementally over the next five years.



## 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, 2008**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>
<b>REVENUES</b>						
<i>Program Revenues:</i>						
Charges for Services	\$3,018,858	\$3,152,613	\$6,152,261	\$6,330,971	\$9,171,119	\$9,483,584
Operating grants	2,148,087	2,481,892	0	611	\$2,148,087	\$2,482,503
Capital grants	1,609,289	2,083,090	2,865,831	359,444	\$4,475,120	\$2,442,534
<i>General Revenues:</i>						
Property Taxes	8,799,430	10,366,305	0	0	\$8,799,430	\$10,366,305
Sales Taxes	12,275,585	12,556,557	0	0	\$12,275,585	\$12,556,557
Other Taxes	8,121,889	8,895,500	0	0	\$8,121,889	\$8,895,500
Investment Income	428,938	347,511	0	132	\$428,938	\$347,643
Contributions	1,525,564	5,352,674	3,201,438	1,407,430	\$4,727,002	\$6,760,104
Other	281,650	266,064	43,633	45,400	\$325,283	\$311,464
Special Item	869,786	0	0	0	\$869,786	\$ 0
<b>Total Revenues</b>	<b><u>\$39,079,076</u></b>	<b><u>\$45,502,206</u></b>	<b><u>\$12,263,163</u></b>	<b><u>\$8,143,988</u></b>	<b><u>\$51,342,239</u></b>	<b><u>\$53,646,194</u></b>
<b>EXPENSES</b>						
General Government	\$8,553,164	\$9,084,220	\$0	\$0	\$8,553,164	\$9,084,220
Public Safety	16,371,735	17,889,697	0	0	\$16,371,735	\$17,889,697
Community Improvement	6,133,081	7,844,631	0	0	\$6,133,081	\$7,844,631
Highways And Streets	4,888,810	4,068,000	0	0	\$4,888,810	\$4,068,000
Interest	960,500	1,010,059	0	0	\$960,500	\$1,010,059
Water	0	0	4,206,023	4,146,713	\$4,206,023	\$4,146,713
Refuse	0	0	1,403,778	994,597	\$1,403,778	\$994,597
Airport	0	0	1,039,450	365,050	\$1,039,450	\$365,050
Development Services	0	0	249,295	1,466,215	\$249,295	\$1,466,215
<b>Total Expenses</b>	<b><u>\$36,907,290</u></b>	<b><u>\$39,896,607</u></b>	<b><u>\$6,898,546</u></b>	<b><u>\$6,972,575</u></b>	<b><u>\$43,805,836</u></b>	<b><u>\$46,869,182</u></b>
<b>Change in Net Assets Before Transfers</b>	<b><u>\$2,171,786</u></b>	<b><u>\$5,605,599</u></b>	<b><u>\$5,364,617</u></b>	<b><u>\$1,171,413</u></b>	<b><u>\$7,536,403</u></b>	<b><u>\$6,777,012</u></b>
Transfers In (Out)	168,837	232,052	(168,837)	(232,052)	\$ 0	\$ 0
<b>Change in Net Assets</b>	<b><u>\$2,340,623</u></b>	<b><u>\$5,837,651</u></b>	<b><u>\$5,195,780</u></b>	<b><u>\$939,361</u></b>	<b><u>\$7,536,403</u></b>	<b><u>\$6,777,012</u></b>
<b>Restated Net Assets, July 1*</b>	<b><u>\$99,257,029</u></b>	<b><u>\$101,581,101</u></b>	<b><u>\$39,584,528</u></b>	<b><u>\$44,915,102</u></b>	<b><u>\$138,841,557</u></b>	<b><u>\$146,496,203</u></b>
<b>Net Assets, June 30</b>	<b><u>\$101,597,652</u></b>	<b><u>\$107,418,752</u></b>	<b><u>\$44,780,308</u></b>	<b><u>\$45,854,463</u></b>	<b><u>\$146,377,960</u></b>	<b><u>\$153,273,215</u></b>

\*Please refer to Note 14 of the financial statements for further details on net asset restatements.

## **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 (the year-over-year Consumer Price Index of All Urban Consumers was slightly over 5.02% as of June 30, 2008), 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 construction-related costs.

## **Current Year Impacts-Changes In Net Assets**

### **Governmental Activities**

#### **Revenue:**

Revenues from governmental activities totaled \$45,502,206. Sales taxes continue to be the City's largest source of tax revenues. The \$12,556,557 in sales tax revenues received in FY 2008 compared favorably to last year's \$12,275,585. Although the 2.3% year-over-year growth in the sales tax base represents a reasonably solid achievement, the rate has slowed considerably from the 6.3% pace experienced in FY 2007.

Since Sales and Other Taxes are the primary source of income, a short description of the major categories is included below:

- Municipal Retailers Occupation Tax (also referred to as the “State Sales - Unrestricted” Tax): This tax is collected by the State of Illinois and a portion is distributed back to municipalities based upon the point of sale. The City’s portion of the rate is 1%.
- Home Rule Sales Tax: As an Illinois “home rule” community, the City is allowed by State statute to implement its own sales tax rate on sales within the incorporated area. The rate is set by the City Council and currently stands at 1.25%.
- Restaurant and Bar Tax: The City tax on gross receipts of restaurant and liquor retail sales is 2%.
- Utility Tax: This category includes taxes on the use of electricity, gas, and telecommunications within the City.
- Income Tax: The Illinois income tax is imposed on the privilege of earning or receiving income in, or as a resident of, the State of Illinois. It is collected by the State and remitted back to municipalities based on population.

The largest dollar-changes from FY 2008 were noted in “Property Taxes” and “Contributions”. For DeKalb, property taxes are levied to cover the City’s pension obligations. Contributions are related to federal participation in road construction projects.

Many individual revenue line items increased or decreased from the prior fiscal year due to condition of the overall State and local economy. One area in particular, the slowdown in the housing industry, has also hurt local revenues from Licenses and Permits. More than offsetting this deterioration was the impact of a special census conducted in 2007 which resulted in a 15.9% increase in State income tax distributions.

Expenses:

Expenses for FY 2008 governmental activities totaled \$39,896,607 compared to FY 2007 \$36,907,290. Although expenses were negatively impacted by rising pension and healthcare costs, the additional outlays toward downtown redevelopment is anticipated to significantly boost the local economy through the attraction of new business and residential growth.

**Business Type Activities**

Revenue:

Revenue from business-type activities totaled \$8,143,988 in FY 2008. This (\$4,119,175) decrease from last year was primarily due to fewer capital grants to fund Airport land acquisitions and lesser contributions from water-related construction projects. Capital grant revenue normally varies greatly from year-to-year, so the decrease in revenue from this source was not unexpected.

Expenses:

Expenses for business-type activities totaled \$6,972,575. There were no major changes from last year for the Water, Refuse, Airport, and Development Services Funds.

<b>FINANCIAL ANALYSIS OF THE CITY’S FUNDS</b>
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For the fiscal year ended June 30, 2008, the governmental funds reflect a combined fund balance of \$13,812,238 compared to \$5,384,395 in FY07. This increase was almost entirely due to cash on hand from a) improved TIF property tax revenues and b) the issuance of general obligation bond anticipation notes which will be used in FY09 and future years for the building of a police station and downtown redevelopment.

The General Fund FY 2008 ending fund balance of \$2,900,488 equals about 5 weeks of FY 2009 budgeted expenditures. In order for the FY09 fund balance to move above 12% of budgeted expenditures and transfers, the Council has taken measures to 1) reduce personnel expenditures and 2) raise the tax on home rule sales and restaurant/bar sales by 0.5%.

In October 2007, the City issued \$4,000,000 in general obligation bond anticipation notes to a) refinance \$2,000,000 of existing notes and b) raise \$1,000,000 to fund the architectural design of a police station and c) fund \$1,000,000 for the architectural redesign of the downtown district. Furthermore, in June 2008, the City issued \$5.5 million in general obligation bond anticipation notes to fund the first phase of the downtown redevelopment project. More detailed information regarding the City's long-term debt can be found in Note 8 of the financial statements.

In regards to debt service limitations, Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin. Since the City of DeKalb is a home rule municipality, it is excluded from the limitations of the Act. Therefore, the City is not restricted as to the amount of debt it can issue.

### General Fund Budgetary Highlights

<i>General Fund</i>	<i>FY08 Original Budget</i>	<i>FY08 Amended Budget</i>	<i>FY 2008 Actual</i>	<i>FY 2007 Actual</i>
<i>Revenues</i>				
<i>Taxes</i>	\$23,951,950	\$23,951,950	\$23,646,928	\$21,902,386
<i>Licenses &amp; Permits</i>	630,500	630,500	364,103	448,192
<i>Charges for Services</i>	1,535,000	1,535,000	1,483,576	1,487,590
<i>Fines &amp; Forfeitures</i>	784,000	784,000	766,504	672,403
<i>Other</i>	510,000	510,000	771,953	657,392
<b>Total</b>	<b>\$27,411,450</b>	<b>\$27,411,450</b>	<b>\$27,033,064</b>	<b>\$25,167,963</b>
<i>Expenditures</i>				
<i>General Government</i>	\$4,482,231	\$4,482,231	\$4,660,734	\$4,450,266
<i>Public Safety</i>	16,537,868	16,537,868	16,635,121	15,695,093
<i>Community Improvement</i>	4,830,751	4,830,751	4,529,707	4,425,779
<b>Total</b>	<b>\$25,850,850</b>	<b>\$25,850,850</b>	<b>\$25,825,562</b>	<b>\$24,571,138</b>
<i>Other Financing Sources (Uses)</i>				
<i>Proceeds on Sale of Capital Assets</i>	5,000	5,000	23,819	4,133
<i>Transfers In</i>	525,000	525,000	337,639	377,587
<i>Transfers Out</i>	(1,932,995)	(1,932,995)	(1,968,937)	(1,501,011)
<b>Total</b>	<b>(\$1,402,995)</b>	<b>(\$1,402,995)</b>	<b>(\$1,607,479)</b>	<b>(\$1,119,291)</b>
<b>Change in Fund Balance</b>	<b>\$157,605</b>	<b>\$157,605</b>	<b>(\$399,977)</b>	<b>(\$522,466)</b>

During fiscal year 2008, the City Council made no revenue or expenditure budget amendments. Due largely to shortfalls in budgeted sales taxes, utility taxes, building permits, and planning fees, the actual General Fund revenues came in less than original budgeted revenues by (\$378,386) during FY 2008.

Actual General Fund expenditures were less than the budget by (\$25,288) despite higher fuel prices and costs associated with a reduction in workforce attained through attrition and early retirement.

In looking at other Major Governmental Funds:

- Tax Increment Funds #1 and #2 had FY 2008 ending fund balances of \$8,153,738 and \$233,929 respectively as compared to FY 2007 balances of \$845,262 and (\$458,734). TIF #1 will fully expire in 2020 while TIF # 2 will expire in 2018.
- For the Motor Fuel Tax Fund, 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.

### Water Fund Highlights

<i><b>Water Fund</b></i>	<i><b>FY 2005 Actual</b></i>	<i><b>FY 2006 Actual</b></i>	<i><b>FY 2007 Actual</b></i>	<i><b>FY 2008 Actual</b></i>
<i><b>Revenues</b></i>				
<i>Charges for Services</i>				
<i>Water Sales</i>	\$3,634,382	\$3,979,822	\$3,901,470	\$4,253,270
<i>Permits</i>	649,654	466,622	283,691	134,050
<i>Miscellaneous</i>	31,061	17,796	22,397	29,777
<i><b>Total</b></i>	<i><b>\$4,315,097</b></i>	<i><b>\$4,464,240</b></i>	<i><b>\$4,207,558</b></i>	<i><b>\$4,417,097</b></i>
<i><b>Expenses, Transfers, and Contributions</b></i>				
<i>Operating Expenses</i>	(\$2,496,256)	(\$2,708,143)	(\$2,805,181)	(\$2,833,844)
<i>Depreciation &amp; Amortization</i>	(1,050,606)	(1,088,404)	(1,099,162)	(1,029,619)
<i>Non-Operating Revenues (Expenses)</i>	(300,368)	(325,580)	(105,512)	(232,850)
<i>Transfers In</i>	0	0	0	0
<i>Transfers Out</i>	(426,458)	(397,443)	(377,587)	(322,052)
<i>Developer Contributions</i>	729,577	568,186	482,329	258,345
<i><b>Total</b></i>	<i><b>(\$3,544,111)</b></i>	<i><b>(\$3,951,384)</b></i>	<i><b>(\$3,905,113)</b></i>	<i><b>(\$4,160,020)</b></i>
<i><b>Change in Net Assets</b></i>	<i><b>\$770,986</b></i>	<i><b>\$512,856</b></i>	<i><b>\$302,445</b></i>	<i><b>\$257,077</b></i>

The FY 2008 ending net assets of the Water Fund stands at \$21,118,285 compared to \$20,726,414 last year. Although the change in Net Assets continues to be positive, the upward trend does not reflect the deterioration in the unrestricted portion of those Net Assets which now stands at (\$44,639) compared to (\$148,960) in FY07, \$123,938 in FY06, and \$1,608,613 in FY05. As stated before, water rates and various fees were increased in FY08 to initially stabilize and then, over the next several years, improve the health of the Water Fund.

## CAPITAL ASSETS

At the end of fiscal year 2008, the City's Governmental Funds had invested \$128,261,959 in a variety of capital assets and infrastructure, as reflected in the following schedule.

**Table 3**  
**Governmental Funds**  
**Change in Net Capital Assets**

	<i>Balance June 30, 2007</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2008</i>
<b>Non-Depreciable Assets</b>			
Land, Land Right of Way, & Construction in Progress	\$35,740,433	\$5,905,875	\$41,646,308
<b>Depreciable Capital Assets</b>			
Buildings and Improvements	5,835,094	13,780	5,848,874
Equipment and Vehicles	7,818,096	975,204	8,793,300
Infrastructure	131,849,597	940,000	132,789,597
Accumulated Depreciation on Capital Assets	(57,605,765)	(3,210,355)	(60,816,120)
<b>Totals</b>	<b>\$123,637,455</b>	<b>\$4,624,504</b>	<b>\$128,261,959</b>

The major additions to capital assets during the year included a) substantial street and bridge construction and b) purchases of land for downtown redevelopment. For more detailed information regarding capital assets, please see Note 5 of the financial statements.

At the end of fiscal year 2008, the City's Business-Type Funds had invested \$56,925,571 in capital assets as reflected in the following schedule.

**Table 4**  
**Business-Type Funds**  
**Change in Net Capital Assets**

	<i>Balance June 30, 2007</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2008</i>
<b>Non-Depreciable Assets</b>			
Land, Land Improvements, and Construction in Progress	\$16,148,218	\$1,084,546	\$17,232,764
<b>Depreciable Capital Assets</b>			
Buildings	5,188,975	22,889	5,211,864
Water Distribution System	37,290,360	952,326	38,242,686
Equipment and Vehicles	1,543,630	233,000	1,776,630
Airport Infrastructure	9,546,334	0	9,546,334
Accumulated Depreciation on Capital Assets	(13,617,975)	(1,466,732)	(15,084,707)
<b>Totals</b>	<b>\$56,099,542</b>	<b>\$826,029</b>	<b>\$56,925,571</b>

The major additions to capital assets during the year principally included construction for water distribution system projects. For more detailed information regarding capital assets, please see Note 5 of the financial statements.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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 4<sup>th</sup> Street, DeKalb, Illinois 60115.

## CITY OF DEKALB, ILLINOIS

## STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-Type Activities	Total	Component Unit Library
<b>ASSETS</b>				
Cash and Investments	\$ 17,606,423	\$ 352,777	\$ 17,959,200	\$ 1,571,430
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	6,373,430	-	6,373,430	776,407
Accounts	-	1,557,922	1,557,922	-
Accrued Interest	1,624	-	1,624	2,285
Other	1,480,109	58,531	1,538,640	-
Prepaid Expenses	75,507	56,503	132,010	5,978
Due from Other Governments	3,606,625	93,272	3,699,897	83,750
Due from (to) Other Funds	200,000	(200,000)	-	-
Due from Fiduciary Funds	4,707	-	4,707	-
Advance from (to) Other Funds	670,000	(670,000)	-	-
Restricted Assets				
Restricted Cash and Investments	524,966	-	524,966	-
Deferred Charges	339,000	114,052	453,052	-
Net Pension Asset	245,424	-	245,424	-
Capital Assets				
Not Depreciated	41,646,308	17,232,764	58,879,072	10,000
Depreciated (Net of Accumulated Depreciation)	86,615,651	39,692,807	126,308,458	272,938
<b>Total Assets</b>	<b>159,389,774</b>	<b>58,288,628</b>	<b>217,678,402</b>	<b>2,722,788</b>
<b>LIABILITIES</b>				
Accounts Payable	3,017,682	494,832	3,512,514	12,396
Claims Payable	963,527	-	963,527	-
Accrued Payroll	902,552	92,628	995,180	31,940
Accrued Interest Payable	318,453	148,037	466,490	-
Contracts Payable	7,216	-	7,216	-
Other Payables	116,963	34,074	151,037	-
Unearned Property Taxes	11,340,281	-	11,340,281	1,520,007
Other Unearned Revenue	215,426	219,632	435,058	-
Due to Other Governments	-	844,823	844,823	-
Long-Term Liabilities				
Due Within One Year	3,826,895	663,502	4,490,397	2,702
Due in More than One Year	31,083,096	9,837,854	40,920,950	29,256
Unamortized Premium	178,931	98,783	277,714	-
<b>Total Liabilities</b>	<b>51,971,022</b>	<b>12,434,165</b>	<b>64,405,187</b>	<b>1,596,301</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	113,947,561	46,840,204	160,787,765	282,938
Restricted for				
Public Safety	254,108	-	254,108	-
Economic Development	8,387,667	-	8,387,667	-
Maintenance of Roadways	856,169	-	856,169	-
Specific Purpose	107,476	-	107,476	-
Debt Service	525,877	-	525,877	-
Unrestricted (Deficit)	(16,660,106)	(985,741)	(17,645,847)	843,549
<b>TOTAL NET ASSETS</b>	<b>\$ 107,418,752</b>	<b>\$ 45,854,463</b>	<b>\$ 153,273,215</b>	<b>\$ 1,126,487</b>

See accompanying notes to financial statements.



## CITY OF DEKALB, ILLINOIS

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 9,084,220	\$ 303,453	\$ 813,253	\$ 1,544,716
Public Safety	17,889,697	2,440,715	209,446	-
Community Improvement	7,844,631	333,154	127,957	-
Highways and Streets	4,068,000	75,291	1,331,236	538,374
Interest	1,010,059	-	-	-
Total Governmental Activities	39,896,607	3,152,613	2,481,892	2,083,090
Business-Type Activities				
Water	4,146,713	4,387,320	-	49,968
Airport	994,597	262,783	-	309,476
Development Services	365,050	96,580	611	-
Refuse	1,466,215	1,584,288	-	-
Total Business-Type Activities	6,972,575	6,330,971	611	359,444
TOTAL PRIMARY GOVERNMENT	\$ 46,869,182	\$ 9,483,584	\$ 2,482,503	\$ 2,442,534
COMPONENT UNIT				
Library	\$ 1,515,527	\$ 36,879	\$ 88,797	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	Total	Library
	\$ (6,422,798)	\$ -	\$ (6,422,798)	\$ -
	(15,239,536)	-	(15,239,536)	-
	(7,383,520)	-	(7,383,520)	-
	(2,123,099)	-	(2,123,099)	-
	(1,010,059)	-	(1,010,059)	-
	(32,179,012)	-	(32,179,012)	-
	-	290,575	290,575	-
	-	(422,338)	(422,338)	-
	-	(267,859)	(267,859)	-
	-	118,073	118,073	-
	-	(281,549)	(281,549)	-
	(32,179,012)	(281,549)	(32,460,561)	-
	-	-	-	(1,389,851)
General Revenues				
Taxes				
Property	10,366,305	-	10,366,305	1,213,354
Home Rule Sales	4,301,049	-	4,301,049	-
Utility	3,814,184	-	3,814,184	-
Income	4,274,684	-	4,274,684	-
State Sales - Unrestricted	5,950,520	-	5,950,520	-
Restaurant/Bar	1,660,912	-	1,660,912	-
Local Use	644,076	-	644,076	-
Other	806,632	-	806,632	42,157
Investment Income	347,511	132	347,643	51,137
Miscellaneous	266,064	45,400	311,464	45,831
Contributions	5,352,674	1,407,430	6,760,104	-
Transfers In (Out)	232,052	(232,052)	-	-
Total	38,016,663	1,220,910	39,237,573	1,352,479
CHANGE IN NET ASSETS	5,837,651	939,361	6,777,012	(37,372)
NET ASSETS, JULY 1	101,597,652	44,780,308	146,377,960	1,163,859
Prior Period Adjustment	(16,551)	134,794	118,243	-
NET ASSETS, JULY 1, RESTATED	101,581,101	44,915,102	146,496,203	1,163,859
NET ASSETS, JUNE 30	\$ 107,418,752	\$ 45,854,463	\$ 153,273,215	\$ 1,126,487

See accompanying notes to financial statements.

## CITY OF DEKALB, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2008

	General	Motor Fuel Tax	Tax Increment Financing #1
<b>ASSETS</b>			
Cash and Investments	\$ 1,445,931	\$ 1,637,058	\$ 11,494,639
Restricted Cash and Investments	-	-	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	2,092,318	-	3,355,334
Accrued Interest	-	713	-
Other	1,202,043	100,000	3,700
Prepaid Items	68,577	-	2,807
Due from Other Governments	3,015,481	136,375	222,978
Due from Other Funds	461,373	-	1,631
Due from Fiduciary Funds	-	-	-
Advances to Other Funds	670,000	-	297,000
<b>TOTAL ASSETS</b>	<b>\$ 8,955,723</b>	<b>\$ 1,874,146</b>	<b>\$ 15,378,089</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,046,082	\$ 940,168	\$ 452,818
Accrued Payroll	898,974	-	-
Contracts Payable	-	-	2,890
Other Payables	116,963	-	-
Deferred Property Taxes	2,935,598	-	6,593,643
Other Deferred Revenue	1,057,618	41,436	-
Due to Other Funds	-	36,373	175,000
Advances from Other Funds	-	-	-
<b>Total Liabilities</b>	<b>6,055,235</b>	<b>1,017,977</b>	<b>7,224,351</b>
<b>FUND BALANCES</b>			
Reserved for Prepaid Items	68,577	-	2,807
Reserved for Public Safety	-	-	-
Reserved for Maintenance of Roadways	-	856,169	-
Reserved for Specific Purpose	-	-	-
Reserved for Advances to Other Funds	670,000	-	297,000
Reserved for Debt Service	-	-	-
Unreserved			
Undesignated - General Fund	2,161,911	-	-
Undesignated (Deficit) - Special Revenue Funds	-	-	-
Undesignated (Deficit) - Capital Projects Funds	-	-	7,853,931
<b>Total Fund Balances</b>	<b>2,900,488</b>	<b>856,169</b>	<b>8,153,738</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,955,723</b>	<b>\$ 1,874,146</b>	<b>\$ 15,378,089</b>

Tax Increment	Nonmajor	Total			
Financing	Governmental	Governmental			
#2	Funds	Funds			
\$ 995,487	\$ 1,657,563	\$ 17,230,678			
-	524,966	524,966			
771,212	154,566	6,373,430			
-	911	1,624			
-	171,197	1,476,940			
-	667	72,051			
-	231,791	3,606,625			
-	-	463,004			
-	4,707	4,707			
-	-	967,000			
\$ 1,766,699	\$ 2,746,368	\$ 30,721,025			
\$ 26,294	\$ 332,217	\$ 2,797,579			
-	3,578	902,552			
2,613	1,713	7,216			
-	-	116,963			
1,503,863	307,177	11,340,281			
-	86,769	1,185,823			
-	50,000	261,373			
-	297,000	297,000			
1,532,770	1,078,454	16,908,787			
-	667	72,051			
-	8,242	8,242			
-	-	856,169			
-	117,412	117,412			
-	-	967,000			
-	525,877	525,877			
-	-	2,161,911			
-	(445)	(445)			
233,929	1,016,161	9,104,021			
233,929	1,667,914	13,812,238			
\$ 1,766,699	\$ 2,746,368	\$ 30,721,025			

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, 2008

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 13,812,238
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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	128,261,959
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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:

Interest payable	(318,453)
Compensated absences payable	(4,172,541)
Bonds payable	(16,050,000)
Bond anticipation notes payable	(10,500,000)
Capital lease payable	(1,888,540)
Due to other governments	(998,998)
Other post employment benefit payable	(1,299,912)

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	(178,931)
--	-----------

Issuance costs and losses on refundings are expenditures in governmental funds but are capitalized and amortized on the statement of net assets	339,000
--	---------

Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	759,694
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The net assets of the internal service fund are included in the governmental activities in the statement of net assets	(592,188)
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The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	245,424
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 107,418,752</u></u>
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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, 2008

	General	Motor Fuel Tax	Tax Increment Financing #1
<b>REVENUES</b>			
Taxes	\$ 23,646,928	\$ -	\$ 6,937,329
Licenses and Permits	364,103	-	-
Intergovernmental	335,962	1,604,024	127,957
Charges for Services	1,483,576	-	-
Fines and Forfeitures	766,504	-	-
Investment Income	48,331	80,763	153,677
Miscellaneous	387,660	300,000	33,458
Total Revenues	27,033,064	1,984,787	7,252,421
<b>EXPENDITURES</b>			
Current			
General Government	4,660,734	-	-
Public Safety	16,635,121	-	-
Community Improvement	4,529,707	-	-
Highways and Streets	-	2,322,976	-
Capital Outlay	-	-	4,718,114
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	25,825,562	2,322,976	4,718,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,207,502	(338,189)	2,534,307
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds on Sale of Capital Assets	23,819	-	-
Transfers In	337,639	-	-
Transfers (Out)	(1,968,937)	(90,000)	(1,725,831)
Notes Issued	-	-	6,500,000
Capital Lease Issued	-	-	-
Total Other Financing Sources (Uses)	(1,607,479)	(90,000)	4,774,169
NET CHANGE IN FUND BALANCES	(399,977)	(428,189)	7,308,476
FUND BALANCES (DEFICIT), JULY 1	3,303,177	1,313,038	845,262
Prior Period Adjustment	(2,712)	(28,680)	-
FUND BALANCES (DEFICIT), JULY 1, RESTATED	3,300,465	1,284,358	845,262
FUND BALANCES, JUNE 30	\$ 2,900,488	\$ 856,169	\$ 8,153,738

Tax Increment Financing #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 977,210	\$ 337,206	\$ 31,898,673
-	-	364,103
-	2,279,504	4,347,447
-	237,658	1,721,234
-	-	766,504
-	64,740	347,511
-	13,810	734,928
977,210	2,932,918	40,180,400
-	2,264,721	6,925,455
-	31,080	16,666,201
-	-	4,529,707
-	-	2,322,976
284,547	1,841,062	6,843,723
-	4,465,000	4,465,000
-	882,467	882,467
284,547	9,484,330	42,635,529
692,663	(6,551,412)	(2,455,129)
-	36,412	60,231
-	3,694,768	4,032,407
-	(15,587)	(3,800,355)
-	3,000,000	9,500,000
-	1,107,240	1,107,240
-	7,822,833	10,899,523
692,663	1,271,421	8,444,394
(458,734)	381,652	5,384,395
-	14,841	(16,551)
(458,734)	396,493	5,367,844
\$ 233,929	\$ 1,667,914	\$ 13,812,238

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, 2008

---

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 8,444,394
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	2,851,757
Contributions of capital assets are reported only in the statement of activities	5,352,674
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:	
Bond anticipation notes issued	(9,500,000)
Capital lease issued	(1,107,240)
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	(80,311)
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(95,505)
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	5,215,821
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	(3,484,422)
Interest and amortization of bond issuance costs and loss on refunding	(127,593)
Compensated absences	245,931
Other post employment benefit	(1,299,912)
The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds	(590,490)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	12,547
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,837,651</u>

See accompanying notes to financial statements.



## CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2008

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 11,765	\$ 6,983	\$ 334,029	\$ 352,777	\$ 375,745
Receivables					
Accounts	1,365,463	-	192,459	1,557,922	-
Other	1,923	56,608	-	58,531	3,169
Prepaid Expenses	11,206	45,093	204	56,503	3,456
Due from Other Governments	-	93,272	-	93,272	-
<b>Total Current Assets</b>	<b>1,390,357</b>	<b>201,956</b>	<b>526,692</b>	<b>2,119,005</b>	<b>382,370</b>
<b>NONCURRENT ASSETS</b>					
Advance to Other Funds	730,000	-	420,000	1,150,000	450,000
Deferred Charges	86,545	27,507	-	114,052	-
<b>Total Noncurrent Assets</b>	<b>816,545</b>	<b>27,507</b>	<b>420,000</b>	<b>1,264,052</b>	<b>450,000</b>
<b>CAPITAL ASSETS</b>					
Nondepreciable	907,913	16,324,851	-	17,232,764	-
Depreciable	41,728,253	13,049,261	-	54,777,514	-
Accumulated Depreciation	(12,819,286)	(2,265,421)	-	(15,084,707)	-
<b>Net Capital Assets</b>	<b>29,816,880</b>	<b>27,108,691</b>	<b>-</b>	<b>56,925,571</b>	<b>-</b>
<b>Total Assets</b>	<b>32,023,782</b>	<b>27,338,154</b>	<b>946,692</b>	<b>60,308,628</b>	<b>832,370</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	184,830	63,252	246,750	494,832	9,073
Accrued Payroll	72,074	6,835	13,719	92,628	-
Accrued Interest Payable	111,688	36,349	-	148,037	-
Other Payables	15,622	18,452	-	34,074	-
Unearned Revenue	2,838	23,533	193,261	219,632	327
Due to Other Funds	200,000	-	-	200,000	1,631
Due to Other Governments	844,823	-	-	844,823	-
Claims Payable	-	-	-	-	963,527
General Obligation Bonds Payable	185,000	30,000	-	215,000	-
Capital Lease Payable	21,411	35,394	-	56,805	-
IEPA Loans Payable	351,984	-	-	351,984	-
Compensated Absences Payable	31,743	2,987	4,983	39,713	-
<b>Total Current Liabilities</b>	<b>2,022,013</b>	<b>216,802</b>	<b>458,713</b>	<b>2,697,528</b>	<b>974,558</b>

(This statement is continued on the following page.)

## CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS (Continued)  
PROPRIETARY FUNDS

June 30, 2008

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>LONG-TERM LIABILITIES</b>					
General Obligation Bonds Payable	\$ 2,960,000	\$ 1,220,000	\$ -	\$ 4,180,000	\$ -
Capital Lease Payable	57,678	131,036	-	188,714	-
IEPA Loans Payable	4,994,081	-	-	4,994,081	-
Advance from Other Funds	420,000	1,400,000	-	1,820,000	450,000
Compensated Absences Payable	285,685	26,887	44,845	357,417	-
Net Post Employment Benefit Payable	82,238	11,100	24,304	117,642	-
Unamortized Premium	83,802	14,981	-	98,783	-
Total Long-Term Liabilities	8,883,484	2,804,004	69,149	11,756,637	450,000
Total Liabilities	10,905,497	3,020,806	527,862	14,454,165	1,424,558
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	21,162,924	25,677,280	-	46,840,204	-
Unrestricted (Deficit)	(44,639)	(1,359,932)	418,830	(985,741)	(592,188)
TOTAL NET ASSETS	\$ 21,118,285	\$ 24,317,348	\$ 418,830	\$ 45,854,463	\$ (592,188)

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, 2008

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 4,387,320	\$ 262,783	\$ 1,680,868	\$ 6,330,971	\$ 5,127,835
Miscellaneous	29,777	15,059	-	44,836	47,218
Total Operating Revenues	4,417,097	277,842	1,680,868	6,375,807	5,175,053
OPERATING EXPENSES					
Administration	-	-	-	-	5,766,362
Operations	2,833,844	579,758	1,831,265	5,244,867	-
Depreciation and Amortization	1,029,619	343,215	-	1,372,834	-
Total Operating Expenses	3,863,463	922,973	1,831,265	6,617,701	5,766,362
OPERATING INCOME (LOSS)	553,634	(645,131)	(150,397)	(241,894)	(591,309)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	132	-	-	132	819
Refunds/Reimbursements	-	264	-	264	-
Interest Expense	(283,250)	(71,624)	-	(354,874)	-
Grant Revenue	49,968	309,476	611	360,055	-
Gain on Sale of Capital Assets	300	-	-	300	-
Total Nonoperating Revenues (Expenses)	(232,850)	238,116	611	5,877	819
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	320,784	(407,015)	(149,786)	(236,017)	(590,490)
TRANSFERS					
Transfers In	-	-	90,000	90,000	-
Transfers (Out)	(322,052)	-	-	(322,052)	-
Total Transfers	(322,052)	-	90,000	(232,052)	-
CONTRIBUTIONS					
Contributions of Capital Assets	258,345	1,149,085	-	1,407,430	-
Total Contributions	258,345	1,149,085	-	1,407,430	-
CHANGE IN NET ASSETS	257,077	742,070	(59,786)	939,361	(590,490)
NET ASSETS, JULY 1	20,726,414	23,575,278	478,616	44,780,308	(1,698)
Prior Period Adjustment	134,794	-	-	134,794	-
NET ASSETS, JULY 1, RESTATED	20,861,208	23,575,278	478,616	44,915,102	(1,698)
NET ASSETS, JUNE 30	\$ 21,118,285	\$ 24,317,348	\$ 418,830	\$ 45,854,463	\$ (592,188)

See accompanying notes to financial statements.

## CITY OF DEKALB, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2008

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 4,248,812	\$ 218,864	\$ 1,680,898	\$ 6,148,574	\$ -
Receipts from Interfund Services Transactions	-	-	-	-	5,429,104
Receipts from Miscellaneous Revenues	29,777	15,059	-	44,836	44,376
Payments to Suppliers	(1,389,656)	(367,371)	(1,476,526)	(3,233,553)	(6,018,714)
Payments to Employees	(1,593,481)	(213,492)	(305,338)	(2,112,311)	-
Net Cash from Operating Activities	1,295,452	(346,940)	(100,966)	847,546	(545,234)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental	213,498	314,642	611	528,751	-
Reimbursements/Refunds	-	264	-	264	-
Interfund Receivables	4,100	665,900	183,924	853,924	33,000
Interfund Payables	107,996	(238,000)	-	(130,004)	(31,369)
Transfers In	-	-	90,000	90,000	-
Transfers (Out)	(322,052)	-	-	(322,052)	-
Net Cash from Noncapital Financing Activities	3,542	742,806	274,535	1,020,883	1,631
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Assets Purchased	(482,930)	(304,550)	-	(787,480)	-
Proceeds from Issuance of Capital Lease	-	42,760	-	42,760	-
Principal Payments on Long-Term Debt	(533,749)	(54,509)	-	(588,258)	-
Interest Payments on Long-Term Debt	(290,915)	(71,139)	-	(362,054)	-
Net Cash from Capital and Related Financing Activities	(1,307,594)	(387,438)	-	(1,695,032)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received on Investments	132	-	-	132	819
Net Cash from Investing Activities	132	-	-	132	819
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(8,468)	8,428	173,569	173,529	(542,784)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	20,233	(1,445)	160,460	179,248	918,529
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	\$ 11,765	\$ 6,983	\$ 334,029	\$ 352,777	\$ 375,745

(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, 2008

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 553,634	\$ (645,131)	\$ (150,397)	\$ (241,894)	\$ (591,309)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	1,029,619	343,215	-	1,372,834	-
Changes in Assets and Liabilities					
Accounts Receivable	(139,423)	-	(8,194)	(147,617)	-
Other Receivables	(723)	(47,732)	-	(48,455)	299,096
Prepaid Expenses	(6,044)	(1,657)	(204)	(7,905)	3,105
Accounts Payable	(370,737)	(15,749)	4,148	(382,338)	(56,483)
Accrued Payroll	25,895	131	5,316	31,342	-
Due to Other Governments	115,857	-	-	115,857	-
Claims Payable	-	-	-	-	(198,974)
Other Payables	4,200	577	-	4,777	-
Unearned Revenue	1,638	3,813	8,224	13,675	(669)
Other Post Emploment Benefit	82,238	11,100	24,304	117,642	-
Compensated Absences	(702)	4,493	15,837	19,628	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,295,452	\$ (346,940)	\$ (100,966)	\$ 847,546	\$ (545,234)
CASH AND INVESTMENTS					
Cash and Cash Equivalents	\$ 11,765	\$ 6,983	\$ 334,029	\$ 352,777	\$ 375,745
Investments	-	-	-	-	-
TOTAL CASH AND INVESTMENTS	\$ 11,765	\$ 6,983	\$ 334,029	\$ 352,777	\$ 375,745
NONCASH TRANSACTIONS					
Contributed Capital Assets	\$ 258,345	\$ 1,149,085	\$ -	\$ 1,407,430	\$ -

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

June 30, 2008

---

ASSETS

Cash and Short-Term Investments	\$ 1,771,839
Investments, at Fair Value	
Certificates of Deposit	91,716
Mutual Funds	16,868,811
U.S. Treasury Securities	5,061,975
U.S. Agency Securities	17,063,547
Receivables	
Accrued Interest	<u>267,039</u>
 Total Assets	 <u>41,124,927</u>

LIABILITIES

Accounts Payable	4,698
Due to Other Funds	4,707
Unearned Revenue	<u>1,169,633</u>
 Total Liabilities	 <u>1,179,038</u>

NET ASSETS HELD IN TRUST FOR  
PENSION BENEFITS

\$ 39,945,889

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, 2008

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ADDITIONS

Contributions

Employer Contributions	\$ 2,239,822
Employee Contributions	<u>851,388</u>

Total Contributions	<u>3,091,210</u>
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Investment Income

Net Appreciation (Depreciation) in Fair Value of Investments	(1,951,488)
Interest	<u>1,453,160</u>

Total Investment Income	(498,328)
Less Investment Expense	<u>(60,384)</u>

Net Investment Income	<u>(558,712)</u>
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Total Additions	<u>2,532,498</u>
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DEDUCTIONS

Retirement Benefits	3,115,150
Disability Benefits	184,267
Administrative Expenses	<u>44,283</u>

Total Deductions	<u>3,343,700</u>
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NET INCREASE (DECREASE)	(811,202)
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NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS

July 1	<u>40,757,091</u>
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June 30	<u><u>\$ 39,945,889</u></u>
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See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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CITY OF DEKALB, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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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 GAAP, 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 unit. 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 changes in its financial position. 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 Motor Fuel Tax Fund accounts 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.

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:

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 Firefighters' 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 nonoperating 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 except for sales taxes and telecommunication taxes which are 90 days. 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/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned 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/unearned 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 funds 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 funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent 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 funds 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 and 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 funds 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 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 funds 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 Balance/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. None of the City's net assets are restricted due to enabling legislation adopted by the City. 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.



## 2. LEGAL COMPLIANCE AND ACCOUNTABILITY

### Deficit Fund Balances/Net Assets of Individual Funds

The following funds had deficit fund balances/net assets as of June 30, 2008:

Fund	Deficit Balance
Knolls Special Service Area #4	\$ 220
County Home Tax Increment Financing District	296,297
Development Services	72,326
Workers' Compensation	1,063,283
Liability/Property Insurance	39,096

## 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's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

Permitted Deposits and Investments - The City's investment policy authorizes 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. The Police Pension and Firefighters' Pension investment policies also allow for investing 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.

### A. Deposits

To guard against credit risk for deposits with financial institutions, the City and the Pension Funds investment policies require that deposits with financial institutions in excess of FDIC be collateralized with collateral in excess of the uninsured deposits with the collateral held by a third party acting as the agent of the City and Pension Plans.

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

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of June 30, 2008, the City had the following investments and maturities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
Negotiable Certificates of Deposit	\$ 98,945	\$ 98,945	\$ -	\$ -	\$ -	\$ -
Illinois Funds	15,935,971	-	-	15,935,971	-	-
<b>TOTAL</b>	<b>\$ 16,034,916</b>	<b>\$ 98,945</b>	<b>\$ -</b>	<b>\$ 15,935,971</b>	<b>\$ -</b>	<b>\$ -</b>

As of June 30, 2008, the Police Pension Fund had the following investments and maturities in debt securities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
U.S. Agencies	\$ 11,642,756	\$ 4,148,342	\$ -	\$ 7,490,331	\$ -	\$ 4,083
<b>TOTAL</b>	<b>\$ 11,642,756</b>	<b>\$ 4,148,342</b>	<b>\$ -</b>	<b>\$ 7,490,331</b>	<b>\$ -</b>	<b>\$ 4,083</b>

As of June 30, 2008, the Firefighters' Pension Fund had the following investments and maturities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 month	6 months to 1 year	1-5	6-10	More than 10
U.S. Treasuries	\$ 5,061,975	\$ 536,331	\$ -	\$ 4,181,956	\$ 343,688	\$ -
U.S. Agencies	5,420,791	-	-	1,498,729	1,744,704	2,177,358
Illinois Funds	679,227	-	679,227	-	-	-
<b>TOTAL</b>	<b>\$ 11,161,993</b>	<b>\$ 536,331</b>	<b>\$ 679,227</b>	<b>\$ 5,680,685</b>	<b>\$ 2,088,392</b>	<b>\$ 2,177,358</b>

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Operating Funds

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

In order to limit its exposure to concentration of credit risk, the City's investment policy limits the City's investments to the safest types of securities, pre-qualifies financial institutions, broker/dealers, intermediaries and advisors with which the City does business and diversifies the investment portfolio so that potential losses on individual securities will be minimized. Illinois Funds is "AAA" rated.

At June 30, 2008, the City had greater than 5% of its overall portfolio invested in Illinois Funds (86%). The investment policy does not include any limitations on individual investment types.

GASB 40 - Police Pension Fund

It is the policy of the Police Pension Board to attempt to invest 53% of its portfolio in fixed income securities, 25% in large cap domestic equities, 5% in small cap domestic equities, 7% in mid cap equities, 5% in international equities, 3% in real estate and the remaining 2% in cash and cash equivalents. The Police Pension Fund has hired a fund manager to manage the fixed income portfolio and utilizes its consultant to assist with the equity investments.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The overall ratings of the agency's long-term debt, except for subordinated debt of which the Police Pension Fund does not own any, is "AAA" as rated by Moody's or Standard and Poor's.

At June 30, 2008, the Police Pension Fund had fixed income holdings that were approximately 51.38% of its investment portfolio. The investment policy diversifies its fixed income holdings with a range of 53% to 75% with a target of 53%. The Police Pension Fund had greater than 5% of its fixed income portfolio in FHLB notes.

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Police Pension Fund (Continued)

The Police Pension Fund invests 45.10% of its funds in equities. The Police Pension Fund's investment policy defines the strategy in which the Pension Board follows for the equity investments. The Police Pension Board diversifies its equity holdings as follows:

- International - a range of 0% to 7% with a target of 5%.
- Large Cap Domestic - a range of 21% to 45% with a target of 25%.
- Small Cap Domestic - a range of 0% to 7% with a target of 5%.
- Mid Cap Domestic - a range of 0% to 15% with a target of 7%.
- Real Estate - a range of 0% to 5% with a target of 3%.

The Police Pension Fund, via the investment policy, has an equity criteria and selection process that it follows.

The Police Pension Board limits its exposure to custodial risk by utilizing an independent, third-party institution, selected by the Police Pension Board, to act as custodian for its securities. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Police Pension Board will not be able to recover the value of its investments that are in the possession of an outside party.

GASB 40 - Firefighters' Pension Fund

It is the policy of the Firefighters' Pension Fund Board to invest 60% of its portfolio in fixed income securities, 35% in equities and the remaining 5% in cash and cash equivalents. The Firefighters' Pension Fund has hired a fund manager to manage the fixed income portfolio and utilizes its consultant to assist with the equity investments.

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issues of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The overall ratings of the agency's long-term debt, except for subordinated debt of which the Firefighters' Pension Fund does not own any, is "AAA" as rated by Moody's or Standard and Poor's.

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Firefighters' Pension Fund (Continued)

At June 30, 2008, the Firefighters' Pension Fund had approximately 58.85% of its investment portfolio in fixed income holdings. The investment policy diversifies its fixed income holdings with a range of 40% to 80% with a target of 60%. The Firefighters' Pension Fund had greater than 5% of its fixed income holdings in FHLMC and FNMA investments.

The Firefighters' Pension Fund invests 40% of its funds in equities. The Firefighters' Pension Fund's investment policy defines the strategy in which the Firefighters' Pension Fund Board follows for the equity investments. The Firefighters' Pension Fund Board diversifies its equity holdings by the following allocation guideline, 5% to 45%, with a target of 35%.

The Firefighters' Pension Fund, via the investment policy, has an equity criteria and selection process that it follows.

The Firefighters' Pension Fund Board limits its exposure to custodial risk by utilizing an independent, third-party institution, selected by the Firefighters' Pension Fund Board, to act as custodian for its securities. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Firefighters' Pension Fund Board will not be able to recover the value of its investments that are in the possession of an outside party.

4. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2007 levy year attach as an enforceable lien on January 1, 2007, 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, 2008 and August 1, 2008, and are payable in two installments, on or about June 1, 2008 and September 1, 2008. 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 2007 tax levy has been recorded as unearned/deferred revenue on the financial statements. The 2008 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, 2008, the taxes will not be levied by the City or extended by the County until December 2008 and, therefore, the amount is not measurable at June 30, 2008.

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

5. CAPITAL ASSETS

A. Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 8,306,080	\$ 534,626	\$ -	\$ 8,840,706
Land Right of Way	25,681,407	48,500	-	25,729,907
Construction in Progress	1,752,946	5,751,871	429,122	7,075,695
Total Capital Assets not Being Depreciated	35,740,433	6,334,997	429,122	41,646,308
Capital Assets Being Depreciated				
Buildings and Improvements	5,835,094	13,780	-	5,848,874
Vehicles	5,993,400	557,985	32,500	6,518,885
Equipment	1,824,696	786,791	337,072	2,274,415
Infrastructure	131,849,597	940,000	-	132,789,597
Total Capital Assets Being Depreciated	145,502,787	2,298,556	369,572	147,431,771
Less Accumulated Depreciation for				
Buildings and Improvements	2,590,694	101,796	-	2,692,490
Equipment	1,021,676	123,926	32,500	1,113,102
Vehicles	2,907,315	475,061	241,567	3,140,809
Infrastructure	51,086,080	2,783,639	-	53,869,719
Total Accumulated Depreciation	57,605,765	3,484,422	274,067	60,816,120
Total Capital Assets Being Depreciated, Net	87,897,022	(1,185,866)	95,505	86,615,651
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 123,637,455	\$ 5,149,131	\$ 524,627	\$ 128,261,959
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 15,108,573	\$ -	\$ -	\$ 15,108,573
Land Improvements	407,381	-	-	407,381
Construction in Progress	632,264	1,690,637	606,091	1,716,810
Total Capital Assets not Being Depreciated	16,148,218	1,690,637	606,091	17,232,764
Capital Assets Being Depreciated				
Buildings	5,188,975	22,889	-	5,211,864
Water Distribution System	37,290,360	952,326	-	38,242,686
Vehicles	1,001,620	233,000	-	1,234,620
Equipment	542,010	-	-	542,010
Airport Infrastructure	9,546,334	-	-	9,546,334
Total Capital Assets Being Depreciated	53,569,299	1,208,215	-	54,777,514

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

5. CAPITAL ASSETS (Continued)

A. (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Buildings	\$ 1,211,123	\$ 101,373	\$ -	\$ 1,312,496
Water Distribution System	10,822,257	863,045	-	11,685,302
Vehicles	489,392	230,714	-	720,106
Equipment	336,072	32,942	-	369,014
Airport Infrastructure	759,131	238,658	-	997,789
Total Accumulated Depreciation	13,617,975	1,466,732	-	15,084,707
Total Capital Assets Being Depreciated, Net	39,951,324	(258,517)	-	39,692,807
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 56,099,542	\$ 1,432,120	\$ 606,091	\$ 56,925,571

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

GOVERNMENTAL ACTIVITIES		
General Government		\$ 15,011
Public Safety		360,441
Community Improvement		58,010
Highways and Streets, Including Depreciation of General Infrastructure Assets		3,050,960
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		\$ 3,484,422

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
2007 TIF Street Maintenance	\$ 332,504	\$ 332,504	\$ -
2008 Sidewalk Projects	233,044	54,879	178,165
2008 General Street Patching	250,413	250,413	-
Parking Lot 4 Streetscape	1,624,074	60,690	1,563,384
W. Rt. 38 Watermain Replacement	606,091	606,091	-
Annie Glidden Road Contr #87330	1,620,908	1,089,890	531,018
Annie Glidden Road Contr #87335	274,537	208,571	65,966
Bethany Road Contract #87331	308,300	42,978	265,322
Fairview Bridge Contract #87339	390,878	58,180	332,698
TOTAL	\$ 5,640,749	\$ 2,704,196	\$ 2,936,553

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

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6. RECEIVABLES

A. Other Receivables

The following receivables are included in other receivables on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Municipal Utility Tax	\$ 525,089
Restaurant and Bar	148,416
Fire Contracts	77,995
Ambulance (Net of Allowance)	233,528
Cable Franchise Fee	25,517
Gasoline and Diesel	44,257
Hotel/Motel Tax	21,165
Circuit Court Fines	52,254
Other Miscellaneous	167,967
Health Insurance Reinsurance	327
Lease	155,067
Due from Escrow	16,154
Police Services	12,373
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<hr/> <u>\$ 1,480,109</u>
BUSINESS-TYPE ACTIVITIES	
Water Miscellaneous	\$ 1,923
Lease	42,760
Airport Rentals	13,848
	<hr/>
TOTAL BUSINESS-TYPE ACTIVITIES	<hr/> <u>\$ 58,531</u>

B. Due From Other Governments

The following are reported as due from other governments on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Local Use Tax	\$ 163,883
Sales Tax	1,458,217
City Sales Tax	1,246,195
Auto Rental Tax	2,805
Tax Increment Financing Sales Tax	205,402
Motor Fuel Tax	90,521
Home Rule Fuel Tax	45,854
Mass Transit Grants	203,984
Community Development Grant	2,133
DeKalb County Government	43,250
Other Grants	144,381
	<hr/>
TOTAL GOVERNMENTAL ACTIVITIES	<hr/> <u>\$ 3,606,625</u>
BUSINESS-TYPE ACTIVITIES	
Airport Grants	\$ 93,272
	<hr/>
TOTAL BUSINESS-TYPE ACTIVITIES	<hr/> <u>\$ 93,272</u>



## 7. RISK MANAGEMENT

The City is exposed to various risks including but not limited to losses from workers' compensation, employee health and general liability/property. The City is self-insured for its exposure to general liability/property and workers' compensation. As of January 1, 2008, the City began participating in the Intergovernmental Personnel Benefit Cooperative (IPBC) for employee health insurance.

IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain governmental, quasi governmental, and nonprofit public service entities. The IPBC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers; a Benefit Administrator and a Treasurer. The City does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

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 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 workers' compensation and employee health insurance programs (until June 30, 2008) 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:

Health Insurance - Through December 31, 2007, the City was self-insured for \$100,000 per individual per year with a specific stop loss of \$100,000 and an annual aggregate stop loss of approximately \$1,000,000.

Workers' Compensation - There are no specific or aggregate stop loss policies for the years ended June 30, 2003 to 2008.

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

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

7. RISK MANAGEMENT (Continued)

A reconciliation of claims payable for the fiscal years ended June 30, 2008 and 2007 are as follows:

	Health		Workers' Compensation		Liability/Property	
	2008	2007	2008	2007	2008	2007
CLAIMS PAYABLE, JULY 1	\$ 533,878	\$ 407,554	\$ 528,623	\$ 486,936	\$ 100,000	\$ 90,000
Add Claims Incurred	4,601,357	4,871,587	659,074	606,521	123,961	84,612
Less Claims Paid	(5,134,420)	(4,745,263)	(386,485)	(564,834)	(62,461)	(74,612)
CLAIMS PAYABLE, JUNE 30	\$ 815	\$ 533,878	\$ 801,212	\$ 528,623	\$ 161,500	\$ 100,000

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	Balances June 30	Current Portion
\$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	\$ 2,280,000	\$ -	\$ 190,000	\$ 2,090,000	\$ 220,000
\$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	765,000	-	370,000	395,000	395,000

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	Balances June 30	Current Portion
\$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	\$ 510,000	\$ -	\$ 160,000	\$ 350,000	\$ 170,000
	General Debt Service	95,000	-	30,000	65,000	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	2,810,000	-	205,000	2,605,000	215,000
\$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	1,375,000	-	180,000	1,195,000	185,000
\$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	1,630,000	-	435,000	1,195,000	435,000
\$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	General Debt Service	1,210,000	-	455,000	755,000	445,000

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	Balances June 30	Current Portion
\$8,355,000 2004 Series General Obligation Refunding Bonds, dated December 1, 2004, due in annual installments of \$15,000 to \$1,365,000, plus interest of 2.000% to 4.550% through January 1, 2021						
	Water	\$ 2,805,000	\$ -	\$ 10,000	\$ 2,795,000	\$ 15,000
	Airport	505,000	-	5,000	500,000	5,000
	General Debt Service	4,985,000	-	30,000	4,955,000	30,000
\$800,000 2005 Series General Obligation Taxable Bonds, dated July 1, 2005, due in annual installments of \$10,000 to \$560,000, plus interest of 5.700% through January 1, 2015						
	Airport	770,000	-	20,000	750,000	25,000
TOTAL		\$ 19,740,000	\$ -	\$ 2,090,000	\$ 17,650,000	\$ 2,170,000

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 \$775,000, plus interest of varied rates through January 1, 2013						
	TIF Debt Service	\$ 3,365,000	\$ -	\$ 570,000	\$ 2,795,000	\$ 650,000

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%.

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

*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, 2008, rates were as follows:

INTEREST RATE SWAP

Fixed Payment to Counterparty	Fixed	3.90%
Variable Payment from Counterparty	BMA Index	(1.86)%
NET INTEREST RATE SWAP PAYMENTS		<u>2.04%</u>

*Fair Value* - As of June 30, 2008, the swap had a negative fair value of \$86,100. 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, 2008, 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 Aa3 by Moody's Investors Service as of June 30, 2008.

*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.

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

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

Debt service requirements to maturity for the debt are disclosed at the net interest rate of 2.04% at June 30, 2008. 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
\$2,000,000 General Obligation Bond Anticipation Notes, dated January 23, 2006, due on December 1, 2007, with variable interest at a rate determined by adding 1.00% to the 30-day London InterBank offered rate in effect at the end of each month through December 1, 2007	General Debt Service	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -
\$1,000,000 General Obligation Bond Anticipation Notes, Taxable Series 2007, dated March 13, 2007, due on December 1, 2010, with interest at 5.85%. Interest is due each June 1 and December 1 beginning June 1, 2007.	TIF Debt Service	1,000,000	-	-	1,000,000	-
\$4,000,000 General Obligation Bond Anticipation Notes, dated October 1, 2007, due on December 1, 2009, with variable interest at a rate determined by adding 1.00% to the 30-day London InterBank offered rate in effect at the end of each month through December 1, 2009 (2.42% at June 30, 2008)	General Debt Service	-	3,000,000	-	3,000,000	-
	TIF Debt Service	-	1,000,000	-	1,000,000	-
\$5,500,000 General Obligation Bond Anticipation Notes, Series 2008, dated June 12, 2008, due on June 1, 2010, with variable interest at a rate determined by adding 1.00% to the 30-day London InterBank offered rate in effect at the end of each month through June 1, 2010 (2.43% at June 30, 2008)	TIF Debt Service	-	5,500,000	-	5,500,000	-
<b>TOTAL GENERAL OBLIGATION BOND ANTICIPATION NOTES</b>		<b>\$ 3,000,000</b>	<b>\$ 9,500,000</b>	<b>\$ 2,000,000</b>	<b>\$10,500,000</b>	<b>\$ -</b>

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 vehicle and equipment purchases as follows:

Issue	Fund Debt Retired by	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
Equipment	Capital Projects	\$ 70,522	\$ -	\$ 70,522	\$ -	-
Equipment	Capital Projects	425,872	-	87,737	338,135	91,541
Equipment	Capital Projects	532,227	-	89,062	443,165	92,343
Equipment	Capital Projects	-	1,107,240	-	1,107,240	120,756
Equipment	Water	99,610	-	20,521	79,089	21,412
Equipment	Airport	100,212	-	20,645	79,567	21,541
Equipment	Airport	52,967	-	8,864	44,103	9,190
Equipment	Airport	-	42,760	-	42,760	4,663
TOTAL		\$ 1,281,410	\$ 1,150,000	\$ 297,351	\$ 2,134,059	\$ 361,446

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, 2008 was \$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	\$ 3,124,056	\$ -	\$ 188,471	\$ 2,935,585	\$ 193,279
IEPA Loan II	Waterworks and Sewerage	2,565,236	-	154,756	2,410,480	158,705
TOTAL		\$ 5,689,292	\$ -	\$ 343,227	\$ 5,346,065	\$ 351,984

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
2009	\$ 1,955,000	\$ 526,734	\$ 215,000	\$ 199,281
2010	1,610,000	459,171	230,000	187,377
2011	1,305,000	409,987	240,000	174,719
2012	1,360,000	353,479	240,000	166,287
2013	1,405,000	293,569	260,000	157,542
2014	1,470,000	237,597	265,000	146,632
2015	1,220,000	184,738	870,000	135,522
2016	1,280,000	130,663	315,000	89,900
2017	1,335,000	73,643	330,000	75,725
2018	315,000	14,017	-	60,875
2019	-	-	695,000	60,875
2020	-	-	360,000	33,075
2021	-	-	375,000	16,875
TOTAL	\$ 13,255,000	\$ 2,683,598	\$ 4,395,000	\$ 1,504,685

Fiscal Year Ending June 30,	Revenue Bonds		Capital Leases	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2009	\$ 650,000	\$ 42,757	\$ 304,640	\$ 92,234
2010	715,000	43,751	338,805	62,069
2011	775,000	29,167	352,840	48,033
2012	310,000	13,360	314,919	33,413
2013	345,000	7,037	220,364	21,590
2014	-	-	174,716	13,397
2015	-	-	182,256	5,857
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
TOTAL	\$ 2,795,000	\$ 136,072	\$ 1,888,540	\$ 280,593



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,	Bond Anticipation Notes		Capital Leases	
	Governmental		Business-Type	
	Activities		Activities	
	Principal	Interest	Principal	Interest
2009	\$ -	\$ 289,115	\$ 56,806	\$ 10,479
2010	9,500,000	240,715	60,040	7,244
2011	1,000,000	29,250	62,581	4,706
2012	-	-	40,576	2,056
2013	-	-	11,731	892
2014	-	-	6,747	517
2015	-	-	7,038	226
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
TOTAL	\$ 10,500,000	\$ 559,080	\$ 245,519	\$ 26,120

Fiscal Year Ending June 30,	Due to Other Governments		IEPA Loans	
	Governmental		Business-Type	
	Activities		Activities	
	Principal	Interest	Principal	Interest
2009	\$ 500,000	\$ -	\$ 351,984	\$ 133,304
2010	498,998	-	360,963	124,325
2011	-	-	370,172	115,116
2012	-	-	379,615	105,673
2013	-	-	389,298	95,990
2014	-	-	399,230	86,058
2015	-	-	409,414	75,874
2016	-	-	419,860	65,428
2017	-	-	430,570	54,718
2018	-	-	441,556	43,732
2019	-	-	452,818	32,470
2020	-	-	464,370	20,918
2021	-	-	476,215	9,073
TOTAL	\$ 998,998	\$ -	\$ 5,346,065	\$ 962,679

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, 2008:

	July 1	Additions	Reductions	June 30	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds	\$ 15,150,000	\$ -	\$ 1,895,000	\$ 13,255,000	\$ 1,955,000
Revenue Bonds	3,365,000	-	570,000	2,795,000	650,000
Bond Anticipation Notes	3,000,000	9,500,000	2,000,000	10,500,000	-
Capital Leases	1,028,621	1,107,240	247,321	1,888,540	304,640
Due to Other Governments	1,498,998	-	500,000	998,998	500,000
Compensated Absences	4,418,472	195,916	441,847	4,172,541	417,255
Other Post-Employment Benefit	-	1,299,912	-	1,299,912	-
Unamortized Premium	205,328	-	26,397	178,931	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 28,666,419</b>	<b>\$ 12,103,068</b>	<b>\$ 5,680,565</b>	<b>\$ 35,088,922</b>	<b>\$ 3,826,895</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds					
Water	\$ 3,315,000	\$ -	\$ 170,000	\$ 3,145,000	\$ 185,000
Airport	1,275,000	-	25,000	1,250,000	30,000
Total General Obligation Bonds	4,590,000	-	195,000	4,395,000	215,000
Capital Lease					
Water	99,610	-	20,521	79,089	21,412
Airport	153,179	42,760	29,509	166,430	35,394
Total Capital Lease	252,789	42,760	50,030	245,519	56,806
IEPA Loans					
Water	5,689,292	-	343,227	5,346,065	351,984

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

8. LONG-TERM DEBT (Continued)

H. Changes in Long-Term Liabilities (Continued)

	July 1	Additions	Reductions	June 30	Current Portion
BUSINESS-TYPE ACTIVITIES (Continued)					
Compensated Absences					
Water	\$ 318,130	\$ 31,111	\$ 31,813	\$ 317,428	\$ 31,743
Airport	25,381	7,031	2,538	29,874	2,987
Development Services	33,991	19,236	3,399	49,828	4,982
Total Compensated Absences	377,502	57,378	37,750	397,130	39,712
Other Post-Employment Benefit					
Water	-	82,238	-	82,238	-
Airport	-	11,100	-	11,100	-
Development Services	-	24,304	-	24,304	-
Total Other Post- Employment Benefit	-	117,642	-	117,642	-
Unamortized Premium	106,685	-	7,902	98,783	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 11,016,268	\$ 217,780	\$ 633,909	\$ 10,600,139	\$ 663,502

I. Legal Debt Margin

The City is a home rule municipality. Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes 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.

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

8. LONG-TERM DEBT (Continued)

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, 2008, there was one series of IDRBs outstanding. The aggregate principal amount payable for the one series was \$814,422.

K. Advance Refundings - General Obligation Bonds

On December 13, 2004, the City issued \$8,885,000 Series 2004 General Obligation Refunding Bonds to refund \$7,925,000 General Obligation Bonds, Series 2000. 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, 2008, \$7,925,000 of the Series 2000 bonds remained to be paid from escrow. All of these bonds will be paid from escrow on January 1, 2010.

9. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	Due From	Due To
General		
Tax Increment Financing #1	\$ 175,000	\$ -
Motor Fuel Tax	36,373	-
Water	200,000	-
Nonmajor Governmental	50,000	-
Total General	461,373	-
Motor Fuel Tax		
General	-	36,373
Tax Increment Financing #1		
General	-	175,000
Internal Service	1,631	-
Total Tax Increment Financing #1	1,631	175,000
Nonmajor Governmental		
General	-	50,000
Pension Trust	4,707	-
Total Nonmajor Governmental	4,707	50,000

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

9. INTERFUND ASSETS/LIABILITIES (Continued)

A. Due From/To Other Funds (Continued)

	Due From	Due To
Water		
General	\$ -	\$ 200,000
Pension Trust		
Nonmajor Governmental	-	4,707
Internal Service		
Tax Increment Financing #1	-	1,631
TOTAL	\$ 467,711	\$ 467,711

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

- \$36,373 due to the General Fund from the Motor Fuel Tax Fund consists of operating expenditures paid by the General Fund. Repayment is expected within one year.
- \$200,000 due to the General Fund from the Water Fund consists of cash overdrafts. Repayment is expected within one year.
- \$175,000 due to the General Fund from the Tax Increment Financing #1 Fund consists of administrative and professional services expenditures paid by the General Fund. Repayment is expected within one year.
- \$50,000 due to the General Fund from the Nonmajor Governmental Funds (Capital Projects Fund) consists of cash overdrafts. Repayment is expected within one year.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Airport	\$ 670,000
Tax Increment Financing #1	Nonmajor Governmental	297,000
Water	Airport	730,000
Internal Service	Internal Service	450,000
Nonmajor Enterprise	Water	420,000
TOTAL ALL FUNDS		<u>\$ 2,567,000</u>

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

9. INTERFUND ASSETS/LIABILITIES (Continued)

B. Advances To/From Other Funds (Continued)

In fiscal year 2008, the General Fund advanced \$670,000 to the Airport Fund, which will be repaid from future airport revenues. Also, in fiscal years 2001, 2002 and 2007 the County Home Tax Increment Financing Fund was advanced \$159,889, \$1,000,111 and \$17,000, respectively, by the Tax Increment Financing #1 Fund. \$125,000, \$100,000, \$375,000 and \$280,000 was repaid in 2004, 2005, 2006 and 2008, respectively, leaving a balance advanced at June 30, 2008 of \$297,000, which will be repaid from future incremental tax revenues. The Health Insurance Internal Service Fund and the Worker's Compensation Internal Service Fund advanced \$400,000 and \$50,000, respectively, to the Liability/Property Insurance Fund in fiscal year 2008. The Refuse Fund (Nonmajor Enterprise) advanced \$420,000 to the Water Fund in fiscal 2008 to be paid from future water revenues. Finally, the Water Fund advanced the Airport Fund \$630,000 in 2004 and \$104,100 in 2005. \$4,100 was repaid in 2008, leaving a balance advanced of \$730,000 to be repaid from future airport revenues.

C. Interfund Transfers

Interfund transfers between funds for the year ended June 30, 2008 were as follows:

	Transfers In	Transfers Out
General		
Nonmajor Governmental	\$ 15,587	\$ 1,968,937
Water	322,052	-
Total General	337,639	1,968,937
Motor Fuel Tax		
Nonmajor Enterprise	-	90,000
Tax Increment Financing #1		
Nonmajor Governmental	\$ -	\$ 1,725,831
Nonmajor Governmental		
General	1,968,937	15,587
Tax Increment Financing #1	1,725,831	-
Total Nonmajor Governmental	3,694,768	15,587
Water		
General	-	322,052
Nonmajor Enterprise		
Motor Fuel Tax	90,000	-
TOTAL	\$ 4,122,407	\$ 4,122,407

9. INTERFUND ASSETS/LIABILITIES (Continued)

C. Interfund Transfers (Continued)

The purpose of significant transfers is as follows:

- \$322,052 transferred from the Water Fund to the General Fund to cover general operating expenses. This transfer will not be repaid.
- \$1,953,350 transferred from the General Fund to the Nonmajor Governmental Funds consists of \$15,587 transferred from the Mass Transit Fund to reimburse prior year subsidies of transit service operations, and \$1,468,937 to the General Debt Service Fund to cover current year debt service payments, and \$500,000 to the Capital Projects Fund to finance various capital related expenditures. These transfers will not be repaid.
- \$90,000 transferred from the Motor Fuel Tax Fund to the Nonmajor Enterprise Funds (Development Services Fund) to cover operating expenses. This transfer will not be repaid.
- \$1,725,831 transferred from the Tax Increment Financing #1 Fund to the Nonmajor Governmental Funds (Tax Increment Financing Debt Service) 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. 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.

10. CONTINGENT LIABILITIES (Continued)

C. 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, 2008, the City has incurred \$1,565,423 in rebates.

The City has entered into an additional development agreement whereby it has committed up to \$775,000 in sales tax rebates through the year February 28, 2013. As of June 30, 2008, the City has incurred \$299,164 in rebates.

11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities.

Benefits Provided

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance care abuse; vision care; dental care and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.



11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Membership

At June 30, 2008, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	110
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	
Vested	111
Nonvested	118
	<hr/>
TOTAL	339
	<hr/>
Participating Employers	1
	<hr/>

Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute a percentage of the actuarially determined premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the health insurance plan (pay as you go). For the fiscal year ended June 30, 2008, retirees contributed \$108,892 and the City contributed \$740,640. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of June 30, 2007 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2008. The City's annual OPEB cost (expense) of \$2,163,129 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of June 30, 2007. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of June 30, 2008):

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

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 2,163,129	\$ 740,640	34.2%	\$ 1,422,489

The net OPEB obligation (NOPEBO) as June 30, 2008, was calculated as follows:

Annual Required Contribution	\$ 2,163,129
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	2,163,129
Contributions Made	740,640
Increase (Decrease) in Net OPEB Obligation	1,422,489
Net OPEB Obligation, Beginning of Year	-
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 1,422,489</u>

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008, was as follows:

Actuarial Accrued Liability (AAL)	\$ 29,419,780
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	29,419,780
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	15,227,815
UAAL as a Percentage of Covered Payroll	193.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 5.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% with an ultimate healthcare cost trend rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008 was 29 years.

12. TERMINATION BENEFITS

On February 10, 2003, the City adopted Resolution 03-12, Adopting an Early Retirement Incentive Program Offered by the Illinois Municipal Retirement Fund (IMRF). Eligible employees were required to enter into an irrevocable pledge to retire by February 15, 2004. For an employee to be eligible to retire under this plan, the employee must have attained age fifty and have at least twenty years of creditable service by his or her retirement date. Eleven employees of the City accepted the early retirement agreement. Under the agreement, the City and the employee were required to contribute an additional five years of contributions to the plan giving the individuals additional creditable service for these five years. The City has amortized its additional contributions over a ten year period with interest charged annually on the remaining balance at 7.5%. These additional contributions are made through regular monthly contributions to IMRF. As of June 30, 2008 (most recent information available), the City's remaining contributions due under the program were \$1,224,233. In accordance with GASB Statement 47, this amount is not reported as a liability on the City's financial statements and is recorded through their IMRF plan under the rules prescribed in GASB Statement 27. The change in the actuarially accrued liability due to the early retirement incentive is not available from IMRF.

### 13. 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 (IMRF)

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, 2007 was 14.18% of covered payroll.

##### 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 Police Pension Plan as a pension trust fund. At June 30, 2008, the Police Pension Plan membership consisted of:

13. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Retirees and Beneficiaries Currently Receiving Benefits	37
Terminated Employees Entitled to Benefits but not yet Receiving Them	2
Current Employees	
Vested	38
Nonvested	24
	<hr/>
TOTAL	<hr/> <hr/> 101

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 Illinois Compiled Statutes 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 Police Pension Plan are financed through investment earnings. The City is required to contribute the remaining amounts necessary to finance the Police Pension 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, 2008, the City's contribution was 19.26% of covered payroll.

13. 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 Firefighters' Pension Plan as a pension trust fund. At June 30, 2008, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	46
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	33
Nonvested	<u>26</u>
TOTAL	<u><u>105</u></u>

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.

13. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 Firefighters' Pension Plan are financed through investment earnings. The City is required to finance the Firefighters' Pension 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, 2008, the City's contribution was 32.15% of covered payroll.

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	\$ 2,752,719
Police Pension	T. Rowe Price Mid Cap Fund	1,234,470
Police Pension	Artisan International Fund	1,134,979
Police Pension	Harbor Capital Appreciation Fund	<u>2,718,620</u>
		<u>\$ 7,840,788</u>
Firefighters' Pension	Vanguard 500 Index Fund	\$ 2,952,159
Firefighters' Pension	Vanguard Mid Cap Index Fund	1,367,141
Firefighters' Pension	Vanguard International Growth	1,161,386
Firefighters' Pension	Vanguard Small Cap Index Fund	<u>1,168,690</u>
		<u>\$ 6,648,376</u>

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2005	June 30, 2008	June 30, 2008
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	25 Years, Closed	26 Years, Closed	26 Years, Closed
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 10.00%	Not Available	Not Available
d) Post-Retirement Benefit Increases	3.00%	3.00%	3.00%



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

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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)	\$ 766,714 995,369 1,072,905	\$ 746,012 806,778 861,580	\$ 1,056,168 1,176,465 1,365,695
Actual Contribution	766,714 995,369 1,072,905	749,471 810,799 865,936	1,062,734 1,183,848 1,373,886
Percentage of APC Contributed	100.0% 100.0 100.0	100.5% 100.5 100.5	100.6% 100.6 100.6
NPO (Asset)	- - -	(66,063) (70,084) (74,440)	(155,410) (162,793) (170,984)

\* Police and Firefighters' Pension information presented is for the fiscal years ended June 30, 2006, 2007 and 2008. The information for the Illinois Municipal Retirement is for the calendar years 2005, 2006 and 2007.

The NPO at June 30, 2008 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 863,331	\$ 1,369,761
Interest on Net Pension Obligation	(5,607)	(13,023)
Adjustment to Annual Required Contribution	3,856	8,957
Annual Pension Cost	861,580	1,365,695
Contributions Made	865,936	1,373,886
Increase (Decrease) in Net Pension Obligation	(4,356)	(8,191)
Net Pension Obligation (Asset) Beginning of Year	(70,084)	(162,793)
NET PENSION OBLIGATION (ASSET) END OF YEAR	\$ (74,440)	\$ (170,984)

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

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13. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status

The funded status of the plans as of June 30, 2008, based on actuarial valuations performed as of December 31, 2007 for Illinois Municipal Retirement and June 30, 2008 for the Police and Firefighters' Pension, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 13-C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 20,883,283	\$ 34,739,394	\$ 38,081,949
Actuarial Value of Plan Assets	16,802,732	22,366,852	17,579,037
Unfunded Actuarial Accrued Liability (UAAL)	4,080,551	12,372,542	20,502,912
Funded Ratio (Actuarial Value of Plan Assets/AAL)	80.46%	64.38%	46.16%
Covered Payroll (Active Plan Members)	7,566,326	4,495,088	4,272,897
UAAL as a Percentage of Covered Payroll	53.93%	275.25%	479.84%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

14. RESTATEMENTS

Net assets used in governmental activities and fund balance of governmental funds was decreased by \$16,551 to properly account for accumulated DUI and forfeiture activity and to account for adjusting County Home Revenue sharing to an accrual basis. Net assets of business-type activities was increased by \$134,794 to properly report 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 financial information for the DeKalb Public Library (the Library) for the fiscal year ended June 30, 2008:

	General	Capital Projects	Permanent	Total	Adjustments	Statement of Net Assets
<b>ASSETS</b>						
Cash and Investments	\$ 1,114,805	\$ 218,014	\$ 238,611	\$ 1,571,430	\$ -	\$ 1,571,430
Receivables						
Property Taxes	776,407	-	-	776,407	-	776,407
Accrued Interest	501	852	932	2,285	-	2,285
Prepaid Items/Expenses	5,978	-	-	5,978	-	5,978
Due from Other Governments	83,750	-	-	83,750	-	83,750
Capital Assets						
Not Being Depreciated	-	-	-	-	10,000	10,000
Net of Accumulated Depreciation	-	-	-	-	272,938	272,938
<b>Total Assets</b>	<b>1,981,441</b>	<b>218,866</b>	<b>239,543</b>	<b>2,439,850</b>	<b>282,938</b>	<b>2,722,788</b>
<b>LIABILITIES</b>						
Accounts Payable	12,396	-	-	12,396	-	12,396
Accrued Payroll	31,940	-	-	31,940	-	31,940
Deferred Property Taxes Compensated	1,520,007	-	-	1,520,007	-	1,520,007
Absences Payable	-	-	-	-	27,023	27,023
Other Post-Employment Benefit	-	-	-	-	4,935	4,935
<b>Total Liabilities</b>	<b>1,564,343</b>	<b>-</b>	<b>-</b>	<b>1,564,343</b>	<b>31,958</b>	<b>1,596,301</b>
<b>FUND BALANCES</b>						
Reserved for Prepaid Items	5,978	-	-	5,978	(5,978)	-
Unreserved	411,120	218,866	239,543	869,529	(869,529)	-
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	282,938	282,938
Unrestricted	-	-	-	-	843,549	843,549
<b>TOTAL FUND BALANCES/ NET ASSETS</b>	<b>\$ 417,098</b>	<b>\$ 218,866</b>	<b>\$ 239,543</b>	<b>\$ 875,507</b>	<b>\$ 250,980</b>	<b>\$ 1,126,487</b>

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
<b>REVENUES</b>						
Property Taxes	\$ 1,213,354	\$ -	\$ -	\$ 1,213,354	\$ -	\$ 1,213,354
Replacement Taxes	42,157	-	-	42,157	-	42,157
State Grants	56,450	-	-	56,450	-	56,450
Federal Grants	27,347	-	-	27,347	-	27,347
Local Grants	5,000	-	-	5,000	-	5,000
Charges for Services	36,879	-	-	36,879	-	36,879
Investment Income	29,095	10,558	11,484	51,137	-	51,137
Miscellaneous	45,831	-	-	45,831	-	45,831
Total Revenues	1,456,113	10,558	11,484	1,478,155	-	1,478,155
<b>EXPENDITURES/EXPENSES</b>						
Culture and Recreation	1,492,263	-	-	1,492,263	23,264	1,515,527
Total Expenditures/Expenses	1,492,263	-	-	1,492,263	23,264	1,515,527
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>						
	(36,150)	10,558	11,484	(14,108)	(23,264)	(37,372)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	7,464	30,000	-	37,464	(37,464)	-
Transfers (Out)	(30,000)	-	(7,464)	(37,464)	37,464	-
Total Other Financing Sources (Uses)	(22,536)	30,000	(7,464)	-	-	-
<b>NET CHANGE IN FUND BALANCES/NET ASSETS</b>						
	(58,686)	40,558	4,020	(14,108)	(23,264)	(37,372)
<b>FUND BALANCES/NET ASSETS, JULY 1</b>						
	475,784	178,308	235,523	889,615	274,244	1,163,859
<b>FUND BALANCES/NET ASSETS, JUNE 30</b>						
	\$ 417,098	\$ 218,866	\$ 239,543	\$ 875,507	\$ 250,980	\$ 1,126,487

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 Illinois Funds.

To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in excess of the uninsured deposits with the collateral held by a third party acting as the agent of the Library.

As of June 30, 2008, the Library had the following investments and maturities.

	Investment Maturities (in Years)				
	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
U.S. Treasuries	\$ 164,738	\$ -	\$ 72,135	\$ 92,603	\$ -
TOTAL	\$ 164,738	\$ -	\$ 72,135	\$ 92,603	\$ -

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

In order to limit its exposure to concentration of credit risk, the Library's investment policy limits the Library's investments to the safest types of securities, pre-qualifies financial institutions, broker/dealers, intermediaries and advisors with which the City does business and diversifies the investment portfolio so that potential losses on individual securities will be minimized.

At June 30, 2008, the Library had greater than 5% of its overall portfolio invested in U.S. Treasury Securities (32.02%). The investment policy does not include any limitations on individual investment types.

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

The Library Board limits its exposure to custodial risk by utilizing an independent, third-party institution, selected by the Library Board, to act as custodian for its securities. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Library Board will not be able to recover the value of its investments that are in the possession of an outside party.

C. Receivables

Property taxes for the 2007 levy year attach as an enforceable lien on January 1, 2007, 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, 2008 and August 1, 2008, and are payable in two installments, on or about June 1, 2008 and September 1, 2008. 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 2007 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds. The 2008 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, 2008, the taxes will not be levied by the Library or extended by the County until December 2008 and, therefore, the amount is not measurable at June 30, 2008.

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.

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

15. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

D. Capital Assets (Continued)

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

	Years
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	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	561,806	-	-	561,806
Equipment	52,331	-	-	52,331
Total Capital Assets Being Depreciated	614,137	-	-	614,137
Less Accumulated Depreciation for				
Buildings	283,091	9,235	-	292,326
Equipment	46,056	2,817	-	48,873
Total Accumulated Depreciation	329,147	12,052	-	341,199
Total Capital Assets Being Depreciated, Net	284,990	(12,052)	-	272,938
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 294,990	\$ (12,052)	\$ -	\$ 282,938

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	\$ 20,746	\$ 7,759	\$ 1,482	\$ 27,023	\$ 2,702
Other Post-Employment Benefit	-	4,935	-	4,935	-
TOTAL	\$ 20,746	\$ 12,694	\$ 1,482	\$ 31,958	\$ 2,702

## **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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ 23,951,950	\$ 23,951,950	\$ 23,646,928
Licenses and Permits	630,500	630,500	364,103
Intergovernmental	-	-	335,962
Charges for Services	1,535,000	1,535,000	1,483,576
Fines and Forfeitures	784,000	784,000	766,504
Investment Income	175,000	175,000	48,331
Miscellaneous	335,000	335,000	387,660
Total Revenues	27,411,450	27,411,450	27,033,064
<b>EXPENDITURES</b>			
General Government	4,482,231	4,482,231	4,660,734
Public Safety	16,537,868	16,537,868	16,635,121
Community Improvement	4,830,751	4,830,751	4,529,707
Total Expenditures	25,850,850	25,850,850	25,825,562
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,560,600	1,560,600	1,207,502
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds on Sale of Capital Assets	5,000	5,000	23,819
Transfers In	525,000	525,000	337,639
Transfers (Out)	(1,932,995)	(1,932,995)	(1,968,937)
Total Other Financing Sources (Uses)	(1,402,995)	(1,402,995)	(1,607,479)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 157,605</b>	<b>\$ 157,605</b>	<b>(399,977)</b>
<b>FUND BALANCE, JULY 1</b>			3,303,177
Prior Period Adjustment			(2,712)
<b>FUND BALANCE, JULY 1, RESTATED</b>			3,300,465
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 2,900,488</b>

(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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
State Motor Fuel Tax	\$ 1,300,000	\$ 1,300,000	\$ 1,291,678
Local Fuel Tax	-	-	64,217
Federal Grants	-	-	39,558
State Grants	-	-	208,571
Investment Income	20,000	20,000	80,763
Miscellaneous	-	-	300,000
Total Revenues	1,320,000	1,320,000	1,984,787
<b>EXPENDITURES</b>			
Current			
Highways and Streets			
Motor Fuel Tax Projects	2,206,000	2,206,000	2,322,976
Total Expenditures	2,206,000	2,206,000	2,322,976
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	(886,000)	(886,000)	(338,189)
<b>OTHER FINANCING (USES)</b>			
Transfer (Out)	(90,000)	(90,000)	(90,000)
Total Other Financing (Uses)	(90,000)	(90,000)	(90,000)
<b>NET CHANGE IN FUND BALANCE</b>			
	\$ (976,000)	\$ (976,000)	(428,189)
<b>FUND BALANCE, JULY 1</b>			
			1,313,038
Prior Period Adjustment			(28,680)
<b>FUND BALANCE, JULY 1, RESTATED</b>			
			1,284,358
<b>FUND BALANCE, JUNE 30</b>			
			\$ 856,169

(See independent auditor's report.)

# CITY OF DEKALB, ILLINOIS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

### 1. 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. During the year, there were no budget amendments.

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, there were no budget transfers.

### 2. 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
Motor Fuel Tax	\$ 116,976
Foreign Fire Insurance Tax	531
Housing Rehabilitation	29,088
General Debt Service	2,009,727
TIF Debt Service	44
Refuse	36,215
Workers' Compensation	247,962
Health Insurance	124,494
Liability/Property Insurance	87,598

## CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2008

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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)
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%
2004	11,608,618	16,015,846	72.48%	4,407,228	6,224,708	70.80%
2005	13,165,532	17,993,285	73.17%	4,827,753	6,643,966	72.66%
2006	15,476,579	20,079,812	77.08%	4,603,233	7,014,583	65.62%
2007	16,802,732	20,883,283	80.46%	4,080,551	7,566,326	53.93%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

POLICE PENSION FUND

June 30, 2008

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)
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%
2005	19,192,559	28,595,427	67.12%	9,402,868	3,848,702	244.31%
2006	20,716,777	30,810,308	67.24%	10,093,531	3,985,743	253.24%
2007	23,101,860	32,253,546	71.63%	9,151,686	4,262,706	214.69%
2008	22,366,852	34,739,394	64.38%	12,372,542	4,495,088	275.25%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS  
SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

June 30, 2008

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)
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%
2005	14,601,317	28,274,498	51.64%	13,673,181	3,478,832	393.04%
2006	15,749,950	31,856,437	49.44%	16,106,487	3,809,902	422.75%
2007	17,655,231	35,169,427	50.20%	17,514,196	4,048,510	432.61%
2008	17,579,037	38,081,949	46.16%	20,502,912	4,272,897	479.84%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFIT

June 30, 2008

---

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)
2007	\$ -	\$ 29,419,780	0.00%	\$ 29,419,780	\$ 15,227,815	193.20%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. Information for prior years is not available.

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2008

---

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 370,954	\$ 370,954	100.00%
2003	60,914	60,914	100.00%
2004	572,051	572,051	100.00%
2005	766,714	766,714	100.00%
2006	995,369	995,369	100.00%
2007	1,072,905	1,072,905	100.00%

(See independent auditor's report.)



CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

June 30, 2008

---

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 510,760	\$ 511,381	99.88%
2004	652,502	647,960	100.70%
2005	711,075	707,922	100.45%
2006	749,471	747,742	100.23%
2007	810,799	808,519	100.28%
2008	865,936	863,331	100.30%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

June 30, 2008

---

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 785,808	\$ 786,780	99.88%
2004	909,103	902,800	100.70%
2005	1,019,255	1,014,769	100.44%
2006	1,062,734	1,060,282	100.23%
2007	1,183,848	1,180,561	100.28%
2008	1,373,886	1,369,761	100.30%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFIT

June 30, 2008

---

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ 740,670	\$ 2,163,129	34.24%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008.  
Information for prior years is not available.

(See independent auditor's report.)

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

## **MAJOR GOVERNMENTAL FUNDS**

## CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 3,520,000	\$ 3,520,000	\$ 3,721,026
Home Rule Sales	4,676,250	4,676,250	4,381,360
Income	4,000,000	4,000,000	4,274,684
Local Use	588,500	588,500	644,076
Utilities	4,050,000	4,050,000	3,814,184
State Sales	4,801,000	4,801,000	4,373,962
Franchise	420,000	420,000	416,056
Replacement	180,000	180,000	182,349
Restaurant/Bar	1,562,200	1,562,200	1,660,912
Hotel/Motel	140,000	140,000	163,622
Miscellaneous	14,000	14,000	14,697
Total Taxes	23,951,950	23,951,950	23,646,928
Licenses and Permits			
Licenses			
Amusement	-	-	4,300
Liquor	175,000	175,000	143,580
Rooming House	15,000	15,000	15,350
Other	20,000	20,000	40,044
Permits			
Building	300,000	300,000	87,558
Electric	50,000	50,000	22,537
HVAC	50,000	50,000	20,068
Parking	500	500	3,331
Other	20,000	20,000	27,335
Total Licenses and Permits	630,500	630,500	364,103
Intergovernmental			
Federal Grants	-	-	264,994
State Grants	-	-	70,968
Total Intergovernmental	-	-	335,962
Charges for Services			
Fire Protection	700,000	700,000	785,794
Ambulance Fees	750,000	750,000	666,740
Police Services	20,000	20,000	8,232
Planning/Zoning Fees	50,000	50,000	15,500
Engineering Plan Review	-	-	-
Zoning Fees	15,000	15,000	5,030

(This schedule is continued on the following pages.)

## CITY OF DEKALB, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES (Continued)</b>			
Charges for Services (Continued)			
Rents	\$ -	\$ -	\$ 1,200
Other	-	-	1,080
Total Charges for Services	1,535,000	1,535,000	1,483,576
Fines and Forfeitures			
Circuit Court	400,000	400,000	347,680
Parking	20,000	20,000	23,323
Police	270,000	270,000	265,699
Abatement	20,000	20,000	25,195
False Fire Alarm	2,000	2,000	-
Other	72,000	72,000	104,607
Total Fines and Forfeitures	784,000	784,000	766,504
Investment Income	175,000	175,000	48,331
Miscellaneous			
Refunds/Reimbursements	150,000	150,000	175,335
Miscellaneous	185,000	185,000	212,325
Total Miscellaneous	335,000	335,000	387,660
Total Revenues	27,411,450	27,411,450	27,033,064
<b>EXPENDITURES</b>			
General Government			
Legislative			
Personal Services	149,128	149,128	145,556
Commodities	3,200	3,200	1,271
Contractual Services	297,000	297,000	295,335
Other Services	18,000	18,000	14,866
Total Legislative	467,328	467,328	457,028
Administrative Services			
Personal Services	2,325,085	2,325,085	2,288,190
Commodities	64,425	64,425	47,119
Contractual Services	115,844	115,844	100,375
Other Services	162,500	162,500	151,013
Equipment	16,275	16,275	6,036
Total Administrative Services	2,684,129	2,684,129	2,592,733

(This schedule is continued on the following pages.)

## CITY OF DEKALB, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
City Clerk			
Personal Services	\$ 188,525	\$ 188,525	\$ 180,128
Commodities	1,950	1,950	1,939
Contractual Services	9,925	9,925	5,011
Total City Clerk	200,400	200,400	187,078
Legal			
Personal Services	401,436	401,436	399,145
Commodities	4,800	4,800	3,784
Contractual Services	23,512	23,512	13,912
Other Services	7,500	7,500	5,950
Total Legal	437,248	437,248	422,791
General Fund Support Service			
Personal Services	123,226	123,226	492,148
Commodities	137,200	137,200	180,278
Contractual Services	368,000	368,000	393,992
Other Services	66,200	66,200	139,134
Total General Fund Support Service	694,626	694,626	1,205,552
Total General Government	4,483,731	4,483,731	4,865,182
Less Administrative Costs Charged to Other Departments and Funds	(1,500)	(1,500)	(204,448)
Net General Government	4,482,231	4,482,231	4,660,734
Public Safety			
Police Protection			
Personal Services	7,942,894	7,942,894	7,946,628
Commodities	204,550	204,550	277,870
Contractual Services	167,441	167,441	162,471
Equipment	10,500	10,500	4,318
Total Police Protection	8,325,385	8,325,385	8,391,287

(This schedule is continued on the following pages.)



## CITY OF DEKALB, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Protection			
Fire Administration Services			
Personal Services	\$ 591,686	\$ 591,686	\$ 590,208
Commodities	49,500	49,500	63,849
Contractual Services	58,658	58,658	77,179
Total Fire Administration Services	699,844	699,844	731,236
Fire Service			
Personal Services	7,210,900	7,210,900	7,169,319
Commodities	138,560	138,560	188,827
Contractual Services	158,179	158,179	146,746
Other Services	5,000	5,000	4,908
Equipment	-	-	2,798
Total Fire Service	7,512,639	7,512,639	7,512,598
Total Fire Protection	8,212,483	8,212,483	8,243,834
Total Public Safety	16,537,868	16,537,868	16,635,121
Community Improvement			
Public Works			
Personal Services	2,400,716	2,400,716	2,482,083
Commodities	457,800	457,800	449,453
Contractual Services	624,570	624,570	524,175
Other Services	24,500	24,500	23,687
Equipment	20,600	20,600	11,176
Total Public Works	3,528,186	3,528,186	3,490,574
Community Development			
Personal Services	1,544,813	1,544,813	1,344,607
Commodities	26,500	26,500	20,335
Contractual Services	65,424	65,424	106,650
Equipment	2,960	2,960	-
Total Community Development	1,639,697	1,639,697	1,471,592

(This schedule is continued on the following page.)

## CITY OF DEKALB, ILLINOIS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Community Improvement (Continued)			
Engineering Services			
Personal Services	\$ 398,269	\$ 398,269	\$ 427,105
Commodities	13,400	13,400	12,007
Contractual Services	23,270	23,270	17,967
Other Services	5,350	5,350	1,068
Total Engineering Services	440,289	440,289	458,147
Total Community Improvement	5,608,172	5,608,172	5,420,313
Less Administrative Costs Charged to Other Departments and Funds	(777,421)	(777,421)	(890,606)
Net Community Improvement	4,830,751	4,830,751	4,529,707
Total Expenditures	25,850,850	25,850,850	25,825,562
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,560,600	1,560,600	1,207,502
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	5,000	5,000	23,819
Transfers In			
Water Fund	525,000	525,000	322,052
Mass Transit Fund	-	-	15,587
Total Transfers In	525,000	525,000	337,639
Transfers (Out)			
Mass Transit Fund	(43,209)	(43,209)	-
General Debt Service Fund	(1,459,211)	(1,459,211)	(1,468,937)
Capital Projects Fund	(430,575)	(430,575)	(500,000)
Total Transfers (Out)	(1,932,995)	(1,932,995)	(1,968,937)
Total Other Financing Sources (Uses)	(1,402,995)	(1,402,995)	(1,607,479)
NET CHANGE IN FUND BALANCE	\$ 157,605	\$ 157,605	(399,977)
FUND BALANCE, JULY 1			3,303,177
Prior Period Adjustment			(2,712)
FUND BALANCE, JULY 1, RESTATED			3,300,465
FUND BALANCE, JUNE 30			\$ 2,900,488

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 1,300,000	\$ 1,300,000	\$ 1,291,678
Local Fuel Tax	-	-	64,217
Federal Grants	-	-	39,558
State Grants	-	-	208,571
Investment Income	20,000	20,000	80,763
Miscellaneous	-	-	300,000
Total Revenues	1,320,000	1,320,000	1,984,787
EXPENDITURES			
Current			
Highways and Streets			
Contractual Services	101,000	101,000	341,890
Permanent Improvements	2,105,000	2,105,000	1,981,086
Total Expenditures	2,206,000	2,206,000	2,322,976
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(886,000)	(886,000)	(338,189)
OTHER FINANCING (USES)			
Transfer (Out)			
Development Services Fund	(90,000)	(90,000)	(90,000)
Total Other Financing (Uses)	(90,000)	(90,000)	(90,000)
NET CHANGE IN FUND BALANCE			
	\$ (976,000)	\$ (976,000)	(428,189)
FUND BALANCE, JULY 1			
			1,313,038
Prior Period Adjustment			(28,680)
FUND BALANCE, JULY 1, RESTATED			
			1,284,358
FUND BALANCE, JUNE 30			
			\$ 856,169

(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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 5,356,102	\$ 5,356,102	\$ 5,360,771
Sales	1,536,573	1,536,573	1,576,558
Intergovernmental			
Federal Grants	-	-	127,957
Investment Income	50,000	50,000	153,677
Miscellaneous			
Rental	-	-	7,295
Refunds/Reimbursements	-	-	6,163
Recouped Loans	-	-	20,000
Total Revenues	6,942,675	6,942,675	7,252,421
<b>EXPENDITURES</b>			
Capital Outlay			
Contractual Services	350,000	350,000	1,052,569
Permanent Improvements	6,899,859	6,899,859	3,665,545
Total Expenditures	7,249,859	7,249,859	4,718,114
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(307,184)	(307,184)	2,534,307
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (Out)			
Airport Fund	(143,000)	(143,000)	-
TIF Debt Service Fund	(2,543,929)	(2,543,929)	(1,725,831)
Notes Issued	9,000,000	9,000,000	6,500,000
Total Other Financing Sources (Uses)	6,313,071	6,313,071	4,774,169
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 6,005,887</u>	<u>\$ 6,005,887</u>	7,308,476
<b>FUND BALANCE, JULY 1</b>			<u>845,262</u>
<b>FUND BALANCE, JUNE 30</b>			<u><u>\$ 8,153,738</u></u>

(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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 976,220	\$ 976,220	\$ 977,210
Total Revenues	976,220	976,220	977,210
EXPENDITURES			
Capital Outlay			
Contractual Services	220,000	220,000	122,069
Permanent Improvements	180,000	180,000	162,478
Total Expenditures	400,000	400,000	284,547
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 576,220	\$ 576,220	692,663
FUND BALANCE (DEFICIT), JULY 1			(458,734)
FUND BALANCE, JUNE 30			\$ 233,929

(See independent auditor's report.)

**NONMAJOR GOVERNMENTAL FUNDS**

## CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 286,462	\$ -	\$ 1,371,101	\$ 1,657,563
Restricted Cash and Investments	-	524,966	-	524,966
Receivables				
Property Taxes	12,189	-	142,377	154,566
Accrued Interest	-	911	-	911
Other	-	-	171,197	171,197
Prepaid Items	667	-	-	667
Due from Other Governments	180,558	-	51,233	231,791
Due from Fiduciary Funds	4,707	-	-	4,707
<b>TOTAL ASSETS</b>	<b>\$ 484,583</b>	<b>\$ 525,877</b>	<b>\$ 1,735,908</b>	<b>\$ 2,746,368</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 286,202	\$ -	\$ 46,015	\$ 332,217
Accrued Payroll	3,578	-	-	3,578
Other Payables	1,713	-	-	1,713
Deferred Property Taxes	22,422	-	284,755	307,177
Other Deferred Revenues	44,792	-	41,977	86,769
Due to Other Funds	-	-	50,000	50,000
Advances from Other Funds	-	-	297,000	297,000
<b>Total Liabilities</b>	<b>358,707</b>	<b>-</b>	<b>719,747</b>	<b>1,078,454</b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	667	-	-	667
Reserved for Public Safety	8,242	-	-	8,242
Reserved for Specific Purpose	117,412	-	-	117,412
Reserved for Debt Service	-	525,877	-	525,877
Unreserved - Undesignated (Deficit)	(445)	-	1,016,161	1,015,716
<b>Total Fund Balances (Deficit)</b>	<b>125,876</b>	<b>525,877</b>	<b>1,016,161</b>	<b>1,667,914</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 484,583</b>	<b>\$ 525,877</b>	<b>\$ 1,735,908</b>	<b>\$ 2,746,368</b>

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, 2008

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 56,812	\$ -	\$ 280,394	\$ 337,206
Intergovernmental	2,249,701	-	29,803	2,279,504
Charges for Services	-	-	237,658	237,658
Investment Income	3,215	27,726	33,799	64,740
Miscellaneous	13,810	-	-	13,810
Total Revenues	2,323,538	27,726	581,654	2,932,918
EXPENDITURES				
Current				
General Government	2,264,721	-	-	2,264,721
Public Safety	31,080	-	-	31,080
Capital Outlay	-	-	1,841,062	1,841,062
Debt Service				
Principal Retirement	-	4,465,000	-	4,465,000
Interest and Fiscal Charges	-	882,467	-	882,467
Total Expenditures	2,295,801	5,347,467	1,841,062	9,484,330
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	27,737	(5,319,741)	(1,259,408)	(6,551,412)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	36,412	36,412
Transfers In		3,194,768	500,000	3,694,768
Transfers (Out)	(15,587)	-	-	(15,587)
Capital Lease Issued	-	-	1,107,240	1,107,240
Proceeds from Notes Issued	-	2,000,000	1,000,000	3,000,000
Total Other Financing Sources (Uses)	(15,587)	5,194,768	2,643,652	7,822,833
NET CHANGE IN FUND BALANCES	12,150	(124,973)	1,384,244	1,271,421
FUND BALANCES (DEFICIT), JULY 1	113,726	650,850	(382,924)	381,652
Prior Period Adjustment	-	-	14,841	14,841
FUND BALANCES (DEFICIT), JULY 1, RESTATED	113,726	650,850	(368,083)	396,493
FUND BALANCES, JUNE 30	\$ 125,876	\$ 525,877	\$ 1,016,161	\$ 1,667,914

See accompanying notes to financial statements.



## **NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR 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.

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.

Greek Row Special Service Area #6 Fund - to account for the accumulation of resources for improvements for Special Service Area #6.

CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2008

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation
<b>ASSETS</b>			
Cash and Investments	\$ 8,721	\$ 147,325	\$ 93,902
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	-	-
Prepaid Items	442	225	-
Due from Other Governments	-	178,425	-
Due from Fiduciary Funds	-	-	4,707
<b>TOTAL ASSETS</b>	<b>\$ 9,163</b>	<b>\$ 325,975</b>	<b>\$ 98,609</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 479	\$ 277,905	\$ 4,088
Accrued Payroll	-	3,578	-
Other Payables	-	-	-
Deferred Property Taxes	-	-	-
Other Deferred Revenues	-	44,492	-
<b>Total Liabilities</b>	<b>479</b>	<b>325,975</b>	<b>4,088</b>
<b>FUND BALANCES</b>			
Reserved for Prepaid Items	442	225	-
Reserved for Public Safety	8,242	-	-
Reserved for Specific Purpose	-	-	94,521
Unreserved - Undesignated (Deficit)	-	(225)	-
<b>Total Fund Balances (Deficit)</b>	<b>8,684</b>	<b>-</b>	<b>94,521</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,163</b>	<b>\$ 325,975</b>	<b>\$ 98,609</b>

Heritage Ridge Special Service Area #3	Community Development Block Grant	Knolls Special Service Area #4	Greek Row Special Service Area #6	Total
\$ 4,546	\$ 10,996	\$ 5,277	\$ 15,695	\$ 286,462
497	-	5,330	6,362	12,189
-	-	-	-	667
-	2,133	-	-	180,558
-	-	-	-	4,707
\$ 5,043	\$ 13,129	\$ 10,607	\$ 22,057	\$ 484,583
\$ 70	\$ 2,134	\$ 405	\$ 1,121	\$ 286,202
-	-	-	-	3,578
-	1,713	-	-	1,713
1,000	-	10,422	11,000	22,422
-	300	-	-	44,792
1,070	4,147	10,827	12,121	358,707
-	-	-	-	667
-	-	-	-	8,242
3,973	8,982	-	9,936	117,412
-	-	(220)	-	(445)
3,973	8,982	(220)	9,936	125,876
\$ 5,043	\$ 13,129	\$ 10,607	\$ 22,057	\$ 484,583

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, 2008

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation
REVENUES			
Taxes	\$ 29,908	\$ -	\$ -
Intergovernmental	-	1,827,245	34,243
Investment Income	-	-	3,215
Miscellaneous	-	1,650	3,178
Total Revenues	29,908	1,828,895	40,636
EXPENDITURES			
Current			
General Government	-	1,813,308	50,088
Public Safety	31,080	-	-
Total Expenditures	31,080	1,813,308	50,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,172)	15,587	(9,452)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers (Out)	-	(15,587)	-
Total Other Financing Sources (Uses)	-	(15,587)	-
NET CHANGE IN FUND BALANCES	(1,172)	-	(9,452)
FUND BALANCES (DEFICIT), JULY 1	9,856	-	103,973
FUND BALANCES (DEFICIT), JUNE 30	\$ 8,684	\$ -	\$ 94,521

Heritage Ridge Special Service Area #3	Community Development Block Grant	Knolls Special Service Area #4	Greek Row Special Service Area #6	Total
\$ 1,171	\$ -	\$ 9,945	\$ 15,788	\$ 56,812
-	388,213	-	-	2,249,701
-	-	-	-	3,215
-	8,982	-	-	13,810
1,171	397,195	9,945	15,788	2,323,538
855	388,213	1,932	10,325	2,264,721
-	-	-	-	31,080
855	388,213	1,932	10,325	2,295,801
316	8,982	8,013	5,463	27,737
-	-	-	-	-
-	-	-	-	(15,587)
-	-	-	-	(15,587)
316	8,982	8,013	5,463	12,150
3,657	-	(8,233)	4,473	113,726
\$ 3,973	\$ 8,982	\$ (220)	\$ 9,936	\$ 125,876

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, 2008

	Original Budget	Final Budget	Actual
<hr/>			
REVENUES			
Taxes			
Foreign Fire Insurance Tax	\$ 27,500	\$ 27,500	\$ 29,908
	<hr/>		
Total Revenues	27,500	27,500	29,908
	<hr/>		
EXPENDITURES			
Current			
Public Safety			
Commodities	14,764	14,764	13,517
Contractual Services	3,800	3,800	4,471
Equipment	11,985	11,985	13,092
	<hr/>		
Total Expenditures	30,549	30,549	31,080
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ (3,049)	\$ (3,049)	(1,172)
	<hr/>		
FUND BALANCE, JULY 1			9,856
	<hr/>		
FUND BALANCE, JUNE 30			\$ 8,684
	<hr/>		

(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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Federal Grants	\$ 593,830	\$ 593,830	\$ 282,529
State Grants	1,540,000	1,540,000	1,544,716
Miscellaneous	-	-	1,650
Total Revenues	2,133,830	2,133,830	1,828,895
<b>EXPENDITURES</b>			
Current			
General Government			
Personal Services	119,124	119,124	84,601
Commodities	4,700	4,700	637
Professional/Contractual Services	1,265,629	1,265,629	1,728,070
Equipment	787,311	787,311	-
Total Expenditures	2,176,764	2,176,764	1,813,308
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,934)	(42,934)	15,587
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)			
General Fund	43,209	43,209	-
General Fund	-	-	(15,587)
Total Other Financing Sources (Uses)	43,209	43,209	(15,587)
NET CHANGE IN FUND BALANCE	\$ 275	\$ 275	-
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  
HOUSING REHABILITATION FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Federal Grants	\$ -	\$ -	\$ 34,243
Investment Income	1,000	1,000	3,215
Miscellaneous			
Miscellaneous	-	-	61
Recouped Loan	-	-	3,117
Total Revenues	1,000	1,000	40,636
<b>EXPENDITURES</b>			
Current			
General Government			
Contractual Services	1,000	1,000	1,401
Other Services	10,000	10,000	43,687
Permanent Improvements	10,000	10,000	5,000
Total Expenditures	21,000	21,000	50,088
<b>NET CHANGE IN FUND BALANCE</b>			
	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(9,452)
<b>FUND BALANCE, JULY 1</b>			<u>103,973</u>
<b>FUND BALANCE, JUNE 30</b>			<u><u>\$ 94,521</u></u>

(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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 1,168	\$ 1,168	\$ 1,171
Total Revenues	1,168	1,168	1,171
EXPENDITURES			
General Government			
Commodities	100	100	-
Contractual Services	850	850	855
Permanent Improvements	100	100	-
Total Expenditures	1,050	1,050	855
NET CHANGE IN FUND BALANCE	\$ 118	\$ 118	316
FUND BALANCE, JULY 1			3,657
FUND BALANCE, JUNE 30			\$ 3,973

(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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ 422,807	\$ 422,807	\$ 388,213
Miscellaneous			
Refunds/reimbursements	-	-	8,982
	<u>422,807</u>	<u>422,807</u>	<u>397,195</u>
<b>EXPENDITURES</b>			
General Government			
Commodities	-	-	61
Contractual Services	265,842	265,842	252,300
Other Services	21,965	21,965	12,948
Permanent Improvements	135,000	135,000	122,904
	<u>422,807</u>	<u>422,807</u>	<u>388,213</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	8,982
<b>FUND BALANCE, JULY 1</b>			<u>-</u>
<b>FUND BALANCE, JUNE 30</b>			<u><u>\$ 8,982</u></u>

(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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 9,924	\$ 9,924	\$ 9,945
Total Revenues	9,924	9,924	9,945
EXPENDITURES			
General Government			
Contractual Services	3,750	3,750	1,739
Permanent Improvements	100	100	193
Total Expenditures	3,850	3,850	1,932
NET CHANGE IN FUND BALANCE	<u>\$ 6,074</u>	<u>\$ 6,074</u>	8,013
FUND BALANCE (DEFICIT), JULY 1			<u>(8,233)</u>
FUND BALANCE (DEFICIT), JUNE 30			<u>\$ (220)</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GREEK ROW SPECIAL SERVICE AREA #6 FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 15,751	\$ 15,751	\$ 15,788
Total Revenues	15,751	15,751	15,788
EXPENDITURES			
General Government			
Contractual Services	-	-	10,325
Permanent Improvements	15,000	15,000	-
Total Expenditures	15,000	15,000	10,325
NET CHANGE IN FUND BALANCE	\$ 751	\$ 751	5,463
FUND BALANCE, JULY 1			4,473
FUND BALANCE, JUNE 30			\$ 9,936

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **NONMAJOR 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.

Tax Increment Financing 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, 2008

	General Debt Service	Tax Increment Financing Debt Service	Total
<b>ASSETS</b>			
Restricted Cash and Investments	\$ -	\$ 524,966	\$ 524,966
Accrued Interest Receivable	-	911	911
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 525,877</b>	<b>\$ 525,877</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
None	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reserved for Debt Service	-	525,877	525,877
<b>Total Fund Balances</b>	<b>-</b>	<b>525,877</b>	<b>525,877</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 525,877</b>	<b>\$ 525,877</b>

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, 2008

	General Debt Service	Tax Increment Financing Debt Service	Total
REVENUES			
Investment Income	\$ -	\$ 27,726	\$ 27,726
Total Revenues	-	27,726	27,726
EXPENDITURES			
Debt Service			
Principal Retirement	2,910,000	1,555,000	4,465,000
Interest	558,937	323,530	882,467
Total Expenditures	3,468,937	1,878,530	5,347,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,468,937)	(1,850,804)	(5,319,741)
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Fund	1,468,937	-	1,468,937
Tax Increment Financing Fund	-	1,725,831	1,725,831
Proceeds from Notes Issued	2,000,000	-	2,000,000
Total Other Financing Sources (Uses)	3,468,937	1,725,831	5,194,768
NET CHANGE IN FUND BALANCES	-	(124,973)	(124,973)
FUND BALANCES, JULY 1	-	650,850	650,850
FUND BALANCES, JUNE 30	\$ -	\$ 525,877	\$ 525,877

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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Debt Service			
Principal Retirement	910,000	910,000	2,910,000
Interest and Fiscal Charges	549,210	549,210	558,937
Total Expenditures	1,459,210	1,459,210	3,468,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,459,210)	(1,459,210)	(3,468,937)
OTHER FINANCING SOURCES (USES)			
Transfer In			
General Fund	1,459,210	1,459,210	1,468,937
Proceeds from Notes Issued	-	-	2,000,000
Total Other Financing Sources (Uses)	1,459,210	1,459,210	3,468,937
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
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  
TAX INCREMENT FINANCING DEBT SERVICE FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Investment Income	\$ 32,000	\$ 32,000	\$ 27,726
Total Revenues	32,000	32,000	27,726
EXPENDITURES			
Debt Service			
Principal Retirement	1,555,000	1,555,000	1,555,000
Interest and Fiscal Charges	323,486	323,486	323,530
Total Expenditures	1,878,486	1,878,486	1,878,530
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,846,486)	(1,846,486)	(1,850,804)
OTHER FINANCING SOURCES (USES)			
Transfer In			
Tax Increment Financing Fund	-	-	1,725,831
Total Other Financing Sources (Uses)	-	-	1,725,831
NET CHANGE IN FUND BALANCE	\$ (1,846,486)	\$ (1,846,486)	(124,973)
FUND BALANCE, JULY 1			650,850
FUND BALANCE, JUNE 30			\$ 525,877

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **NONMAJOR 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, 2008

	Capital Projects	County Home Tax Increment Financing District	Total
<b>ASSETS</b>			
Cash and Investments	\$ 1,228,020	\$ 143,081	\$ 1,371,101
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	142,377	142,377
Other	171,197	-	171,197
Due from Other Governments	51,233	-	51,233
<b>TOTAL ASSETS</b>	<b>\$ 1,450,450</b>	<b>\$ 285,458</b>	<b>\$ 1,735,908</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 46,015	\$ -	\$ 46,015
Deferred Property Taxes	-	284,755	284,755
Other Deferred Revenue	41,977	-	41,977
Due to Other Funds	50,000	-	50,000
Advances from Other Funds	-	297,000	297,000
<b>Total Liabilities</b>	<b>137,992</b>	<b>581,755</b>	<b>719,747</b>
<b>FUND BALANCES</b>			
Unreserved - Undesignated (Deficit)	1,312,458	(296,297)	1,016,161
<b>Total Fund Balances (Deficit)</b>	<b>1,312,458</b>	<b>(296,297)</b>	<b>1,016,161</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,450,450</b>	<b>\$ 285,458</b>	<b>\$ 1,735,908</b>

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, 2008

	Capital Projects	County Home Tax Increment Financing District	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 280,394	\$ 280,394
Intergovernmental	29,803	-	29,803
Charges for Services	237,658	-	237,658
Investment Income	33,799	-	33,799
Total Revenues	301,260	280,394	581,654
<b>EXPENDITURES</b>			
Capital Outlay			
Commodities	27,121	-	27,121
Contractual Services	53,712	-	53,712
Other Services	284,592	-	284,592
Equipment	1,046,938	-	1,046,938
Permanent Improvements	428,699	-	428,699
Total Expenditures	1,841,062	-	1,841,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,539,802)	280,394	(1,259,408)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Sale of Capital Assets	36,412	-	36,412
Transfers In	500,000	-	500,000
Proceeds from Notes Issued	1,000,000	-	1,000,000
Capital Lease Issued	1,107,240	-	1,107,240
Total Other Financing Sources (Uses)	2,643,652	-	2,643,652
NET CHANGE IN FUND BALANCES	1,103,850	280,394	1,384,244
FUND BALANCES (DEFICIT), JULY 1	193,767	(576,691)	(382,924)
Prior Period Adjustment	14,841	-	14,841
FUND BALANCES (DEFICIT), JULY 1, RESTATED	208,608	(576,691)	(368,083)
FUND BALANCES (DEFICIT), JUNE 30	\$ 1,312,458	\$ (296,297)	\$ 1,016,161

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, 2008

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Federal Grants	\$ -	\$ -	\$ 11,705
State Grants	-	-	18,098
Charges for Services			
Rental Income	75,000	75,000	98,083
Traffic Impact Fees	20,000	20,000	12,000
Refunds/Reimbursements	150,000	150,000	116,500
Public Building Construction Fees	-	-	11,075
Investment Income	10,000	10,000	33,799
Total Revenues	255,000	255,000	301,260
<b>EXPENDITURES</b>			
Capital Outlay			
Commodities	139,100	139,100	27,121
Contractual Services	90,000	90,000	53,712
Other Services	284,592	284,592	284,592
Equipment	962,450	962,450	1,046,938
Permanent Improvements	401,600	401,600	428,699
Total Expenditures	1,877,742	1,877,742	1,841,062
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	(1,622,742)	(1,622,742)	(1,539,802)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Sale of Capital Assets	10,000	10,000	36,412
Transfer In			
General Fund	430,575	430,575	500,000
Capital Lease Issued	786,900	786,900	1,107,240
Proceeds from Notes Issued	-	-	1,000,000
Total Other Financing Sources (Uses)	1,227,475	1,227,475	2,643,652
<b>NET CHANGE IN FUND BALANCE</b>			
	\$ (395,267)	\$ (395,267)	1,103,850
<b>FUND BALANCE, JULY 1</b>			
			193,767
Prior Period Adjustment			14,841
<b>FUND BALANCE, JULY 1, RESTATED</b>			
			208,608
<b>FUND BALANCE, JUNE 30</b>			
			\$ 1,312,458

(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, 2008

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 279,723	\$ 279,723	\$ 280,394
Total Revenues	279,723	279,723	280,394
EXPENDITURES			
None	-	-	-
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 279,723</u>	<u>\$ 279,723</u>	280,394
FUND BALANCE (DEFICIT), JULY 1			<u>(576,691)</u>
FUND BALANCE (DEFICIT), JUNE 30			<u>\$ (296,297)</u>

(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, 2008

	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	\$ 4,614,461	\$ 4,614,461	\$ 4,253,270	\$ -	\$ -	\$ -	\$ 4,614,461	\$ 4,614,461	\$ 4,253,270
Permits	160,000	160,000	50,995	150,000	150,000	83,055	310,000	310,000	134,050
Miscellaneous	27,700	27,700	29,777	-	-	-	27,700	27,700	29,777
Total Operating Revenues	4,802,161	4,802,161	4,334,042	150,000	150,000	83,055	4,952,161	4,952,161	4,417,097
OPERATING EXPENSES EXCLUDING DEPRECIATION									
Personal Services	1,547,035	1,547,035	1,700,912	-	-	-	1,547,035	1,547,035	1,700,912
Commodities	432,400	432,400	359,828	-	-	-	432,400	432,400	359,828
Contractual Services	677,000	677,000	726,118	-	-	-	677,000	677,000	726,118
Other Services/Expenses	25,000	25,000	25,000	-	-	-	25,000	25,000	25,000
Equipment	224,000	224,000	21,986	-	-	-	224,000	224,000	21,986
Permanent Improvements	127,000	127,000	-	-	-	-	127,000	127,000	-
Total Operating Expenses Excluding Depreciation	3,032,435	3,032,435	2,833,844	-	-	-	3,032,435	3,032,435	2,833,844
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	1,769,726	1,769,726	1,500,198	150,000	150,000	83,055	1,919,726	1,919,726	1,583,253
DEPRECIATION AND AMORTIZATION	-	-	1,029,619	-	-	-	-	-	1,029,619
OPERATING INCOME (LOSS)	1,769,726	1,769,726	470,579	150,000	150,000	83,055	1,919,726	1,919,726	553,634



	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	\$ -	\$ -	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132
Interest Expense	(824,664)	(824,664)	(283,250)	-	-	-	(824,664)	(824,664)	(283,250)
Grant Revenue	-	-	12,402	-	-	37,566	-	-	49,968
Gain on Sale of Capital Assets	-	-	300	-	-	-	-	-	300
Total Nonoperating Revenues (Expenses)	(824,664)	(824,664)	(270,416)	-	-	37,566	(824,664)	(824,664)	(232,850)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	945,062	945,062	200,163	150,000	150,000	120,621	1,095,062	1,095,062	320,784
TRANSFERS									
Transfers (Out)									
General Fund	(525,000)	(525,000)	(322,052)	-	-	-	(525,000)	(525,000)	(322,052)
Total Transfers	(525,000)	(525,000)	(322,052)	-	-	-	(525,000)	(525,000)	(322,052)
CONTRIBUTIONS									
Contributions of Capital Assets	-	-	258,345	-	-	-	-	-	258,345
CHANGE IN NET ASSETS	\$ 420,062	\$ 420,062	136,456	\$ 150,000	\$ 150,000	120,621	\$ 570,062	\$ 570,062	257,077
NET ASSETS, JULY 1			19,673,727			1,052,687			20,726,414
Prior Period Adjustment			134,794			-			134,794
NET ASSETS, JULY 1, RESTATED			19,808,521			1,052,687			20,861,208
NET ASSETS, JUNE 30			\$ 19,944,977			\$ 1,173,308			21,118,285

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION  
WATER FUND

For the Year Ended June 30, 2008

	Capital Assets				Accumulated Depreciation				
	Balances July 1, Restated	Additions	Retirements	Balances June 30	Balances July 1, Restated	Provisions	Retirements	Balances June 30	Asset Value
Land	\$ 528,648	\$ -	\$ -	\$ 528,648	\$ -	\$ -	\$ -	\$ -	\$ 528,648
Construction in Progress	632,264	353,092	606,091	379,265	-	-	-	-	379,265
Buildings and Improvements	2,544,389	-	-	2,544,389	499,012	50,888	-	549,900	1,994,489
Water System	37,290,360	952,326	-	38,242,686	10,822,257	863,045	-	11,685,302	26,557,384
Vehicles	616,258	-	-	616,258	329,716	56,043	-	385,759	230,499
Equipment	324,920	-	-	324,920	171,783	26,542	-	198,325	126,595
TOTAL	<u>\$ 41,936,839</u>	<u>\$ 1,305,418</u>	<u>\$ 606,091</u>	<u>\$ 42,636,166</u>	<u>\$ 11,822,768</u>	<u>\$ 996,518</u>	<u>\$ -</u>	<u>\$ 12,819,286</u>	<u>\$ 29,816,880</u>

(See independent auditor's report.)

## 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, 2008

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services			
Rents/Taxes	\$ 337,000	\$ 337,000	\$ 255,566
Airport Operators	17,000	17,000	7,217
Miscellaneous	432,000	432,000	15,059
Total Operating Revenues	786,000	786,000	277,842
<b>OPERATING EXPENSES</b>			
Boards/Commissions	350	350	-
Personal Services	201,509	201,509	229,216
Commodities	46,850	46,850	53,944
Contractual Services	130,050	130,050	145,686
Other Services	307,650	307,650	48,741
Equipment	83,000	83,000	12,995
Permanent Improvements	5,769,650	5,769,650	89,176
Total Operating Expenses	6,539,059	6,539,059	579,758
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>			
	(5,753,059)	(5,753,059)	(301,916)
<b>DEPRECIATION AND AMORTIZATION</b>			
	-	-	343,215
<b>OPERATING INCOME (LOSS)</b>			
	(5,753,059)	(5,753,059)	(645,131)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Refunds/Reimbursements	85,000	85,000	264
Interest Expense	(125,640)	(125,640)	(71,624)
Grant Revenue	5,476,575	5,476,575	309,476
Total Nonoperating Revenues (Expenses)	5,435,935	5,435,935	238,116
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>			
	(317,124)	(317,124)	(407,015)

(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, 2008

	Original Budget	Final Budget	Actual
TRANSFERS IN (OUT)			
Tax Increment Financing Fund	\$ 143,000	\$ 143,000	\$ -
Property/Liability Insurance Fund	(7,500)	(7,500)	-
Total Transfers In (Out)	135,500	135,500	-
CONTRIBUTIONS			
Contributions of Capital Assets	-	-	1,149,085
CHANGE IN NET ASSETS	<u>\$ (181,624)</u>	<u>\$ (181,624)</u>	742,070
NET ASSETS, JULY 1			<u>23,575,278</u>
NET ASSETS, JUNE 30			<u>\$ 24,317,348</u>

(See independent auditor's report.)

## **NONMAJOR ENTERPRISE FUNDS**

Development Services Fund - to provide inspection and plan review services primarily in support of new development within the community.

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

## CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

June 30, 2008

	Development Services	Refuse	Total Nonmajor Enterprise
<hr/>			
CURRENT ASSETS			
Cash and Investments	\$ 15,682	\$ 318,347	\$ 334,029
Receivables			
Accounts	-	192,459	192,459
Prepaid Expenses	204	-	204
	<hr/>		
Total Current Assets	15,886	510,806	526,692
	<hr/>		
NONCURRENT ASSETS			
Advance to Other Funds	-	420,000	420,000
	<hr/>		
Total Noncurrent Assets	-	420,000	420,000
	<hr/>		
Total Assets	15,886	930,806	946,692
	<hr/>		
CURRENT LIABILITIES			
Accounts Payable	361	246,389	246,750
Accrued Payroll	13,719	-	13,719
Unearned Revenue	-	193,261	193,261
Compensated Absences Payable	4,983	-	4,983
	<hr/>		
Total Current Liabilities	19,063	439,650	458,713
	<hr/>		
LONG-TERM LIABILITIES			
Compensated Absences Payable	44,845	-	44,845
Other Post Employment Benefit Payable	24,304	-	24,304
	<hr/>		
Total Long-Term Liabilities	69,149	-	69,149
	<hr/>		
Total Liabilities	88,212	439,650	527,862
	<hr/>		
NET ASSETS			
Unrestricted (Deficit)	(72,326)	491,156	418,830
	<hr/>		
TOTAL NET ASSETS	\$ (72,326)	\$ 491,156	\$ 418,830
	<hr/>		

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2008

	Development Services	Refuse	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 96,580	\$ 1,584,288	\$ 1,680,868
Total Operating Revenues	96,580	1,584,288	1,680,868
OPERATING EXPENSES			
Personal Services	350,795	-	350,795
Commodities	7,197	-	7,197
Contractual Services	7,058	1,466,215	1,473,273
Total Operating Expenses	365,050	1,466,215	1,831,265
OPERATING INCOME (LOSS)	(268,470)	118,073	(150,397)
NONOPERATING REVENUES			
Grant Revenue	611	-	611
Total nonoperating revenues	611	-	611
INCOME (LOSS) BEFORE TRANSFERS	(267,859)	118,073	(149,786)
TRANSFERS IN			
Motor Fuel Tax Fund	90,000	-	90,000
Total Transfers In	90,000	-	90,000
CHANGE IN NET ASSETS	(177,859)	118,073	(59,786)
NET ASSETS, JULY 1	105,533	373,083	478,616
NET ASSETS, JUNE 30	\$ (72,326)	\$ 491,156	\$ 418,830

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2008

	Development Services	Refuse	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 96,580	\$ 1,584,318	\$ 1,680,898
Payments to Suppliers	(14,914)	(1,461,612)	(1,476,526)
Payments to Employees	(305,338)	-	(305,338)
Net Cash from Operating Activities	(223,672)	122,706	(100,966)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental Receipts	611	-	611
Interfund Receivables/Advance To	47,924	136,000	183,924
Transfers In	90,000	-	90,000
Net Cash from Noncapital Financing Activities	138,535	136,000	274,535
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
None	-	-	-
Net Cash from Investing Activities	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(85,137)	258,706	173,569
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	100,819	59,641	160,460
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	\$ 15,682	\$ 318,347	\$ 334,029
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (268,470)	\$ 118,073	\$ (150,397)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivables	-	(8,194)	(8,194)
Prepaid Expenses	(204)	-	(204)
Accounts Payable	(455)	4,603	4,148
Accrued Payroll	5,316	-	5,316
Deferred Revenue	-	8,224	8,224
Other Post Employment Benefit	24,304	-	24,304
Compensated Absences	15,837	-	15,837
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ (223,672)	\$ 122,706	\$ (100,966)
<b>CASH AND INVESTMENTS</b>			
Cash and Cash Equivalents	\$ 15,682	\$ 318,347	\$ 334,029

See accompanying notes to financial statements.



## CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
DEVELOPMENT SERVICES FUND

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
<hr/>			
OPERATING REVENUES			
Charges for Services			
Permits	\$ 195,000	\$ 195,000	\$ 96,580
Total Operating Revenues	195,000	195,000	96,580
OPERATING EXPENSES			
Personal Services	326,864	326,864	350,795
Commodities	11,700	11,700	7,197
Contractual Services	11,600	11,600	7,058
Equipment	2,700	2,700	-
Total Operating Expenses	352,864	352,864	365,050
OPERATING INCOME (LOSS)	(157,864)	(157,864)	(268,470)
NONOPERATING REVENUES			
Intergovernmental	-	-	611
Total nonoperating revenues	-	-	611
INCOME (LOSS) BEFORE TRANSFERS	(157,864)	(157,864)	(267,859)
TRANSFERS IN			
Motor Fuel Tax Fund	90,000	90,000	90,000
Total Transfers In	90,000	90,000	90,000
CHANGE IN NET ASSETS	<u>\$ (67,864)</u>	<u>\$ (67,864)</u>	(177,859)
NET ASSETS, JULY 1			<u>105,533</u>
NET ASSETS (DEFICIT), JUNE 30			<u><u>\$ (72,326)</u></u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 1,500,000	\$ 1,500,000	\$ 1,584,288
Total Operating Revenues	1,500,000	1,500,000	1,584,288
OPERATING EXPENSES			
Contractual Services	1,400,000	1,400,000	1,466,215
Equipment	30,000	30,000	-
Total Operating Expenses	1,430,000	1,430,000	1,466,215
CHANGE IN NET ASSETS	\$ 70,000	\$ 70,000	118,073
NET ASSETS, JULY 1			373,083
NET ASSETS, JUNE 30			\$ 491,156

(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, 2008

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Total
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 188,739	\$ 178,028	\$ 8,978	\$ 375,745
Receivables				
Other	-	327	2,842	3,169
Prepaid Expenses	-	2,000	1,456	3,456
Total Current Assets	188,739	180,355	13,276	382,370
<b>NONCURRENT ASSETS</b>				
Advance to Other Funds	-	400,000	50,000	450,000
Total Noncurrent Assets	-	400,000	50,000	450,000
Total Assets	188,739	580,355	63,276	832,370
<b>CURRENT LIABILITIES</b>				
Accounts Payable	810	7,522	741	9,073
Unearned Revenue	-	327	-	327
Due to Other Funds	-	-	1,631	1,631
Claims Payable	801,212	815	161,500	963,527
Total Current Liabilities	802,022	8,664	163,872	974,558
<b>LONG-TERM LIABILITIES</b>				
Advance from Other Funds	450,000	-	-	450,000
Total Long-Term Liabilities	450,000	-	-	450,000
Total Liabilities	1,252,022	8,664	163,872	1,424,558
<b>NET ASSETS</b>				
Unrestricted (Deficit)	(1,063,283)	571,691	(100,596)	(592,188)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (1,063,283)</b>	<b>\$ 571,691</b>	<b>\$ (100,596)</b>	<b>\$ (592,188)</b>

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, 2008

	Workers' Compensation			Health Insurance		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
OPERATING REVENUES						
Charges for Services						
Contributions	\$ 568,211	\$ 568,211	\$ 615,621	\$ 3,986,902	\$ 3,986,902	\$ 4,429,714
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	568,211	568,211	615,621	3,986,902	3,986,902	4,429,714
OPERATING EXPENSES						
Administration						
Commodities	400	400	-	-	-	-
Contractual Services	34,100	34,100	28,659	516,990	516,990	289,243
Claims	398,000	398,000	651,803	4,229,818	4,229,818	4,582,059
Other	-	-	-	-	-	-
Total Operating Expenses	432,500	432,500	680,462	4,746,808	4,746,808	4,871,302
OPERATING INCOME (LOSS)	135,711	135,711	(64,841)	(759,906)	(759,906)	(441,588)
NONOPERATING REVENUES						
Investment Income	-	-	53	9,000	9,000	766
Total Nonoperating Revenues	-	-	53	9,000	9,000	766
CHANGE IN NET ASSETS	<u>\$ 135,711</u>	<u>\$ 135,711</u>	(64,788)	<u>\$ (750,906)</u>	<u>\$ (750,906)</u>	(440,822)
NET ASSETS (DEFICIT), JULY 1			<u>(998,495)</u>			<u>1,012,513</u>
NET ASSETS (DEFICIT), JUNE 30			<u>\$ (1,063,283)</u>			<u>\$ 571,691</u>

Liability/ Property Insurance			Totals		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 82,500	\$ 82,500	\$ 82,500	\$ 4,637,613	\$ 4,637,613	\$ 5,127,835
40,000	40,000	47,218	40,000	40,000	47,218
122,500	122,500	129,718	4,677,613	4,677,613	5,175,053
-	-	-	400	400	-
76,000	76,000	89,637	627,090	627,090	407,539
50,000	50,000	123,961	4,677,818	4,677,818	5,357,823
1,000	1,000	1,000	1,000	1,000	1,000
127,000	127,000	214,598	5,306,308	5,306,308	5,766,362
(4,500)	(4,500)	(84,880)	(628,695)	(628,695)	(591,309)
-	-	-	9,000	9,000	819
-	-	-	9,000	9,000	819
\$ (4,500)	\$ (4,500)	(84,880)	\$ (619,695)	\$ (619,695)	(590,490)
		(15,716)			(1,698)
		\$ (100,596)			\$ (592,188)

(See independent auditor's report.)

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

For the Year Ended June 30, 2008

	Workers'	Health	Liability/ Property	
	Compensation	Insurance	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Interfund Services Transactions	\$ 619,621	\$ 4,726,983	\$ 82,500	\$ 5,429,104
Receipts from Miscellaneous Revenue	-	-	44,376	44,376
Payments to Suppliers	(407,118)	(5,452,381)	(159,215)	(6,018,714)
Net Cash from Operating Activities	212,503	(725,398)	(32,339)	(545,234)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund Receivables/Advances to	-	-	33,000	33,000
Interfund Payables/Advances from	(33,000)	-	1,631	(31,369)
Net Cash from Noncapital Financing Activities	(33,000)	-	34,631	1,631
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received on Investments	53	766	-	819
Net Cash from Investing Activities	53	766	-	819
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	179,556	(724,632)	2,292	(542,784)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	9,183	902,660	6,686	918,529
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 188,739</u>	<u>\$ 178,028</u>	<u>\$ 8,978</u>	<u>\$ 375,745</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (64,841)	\$ (441,588)	\$ (84,880)	\$ (591,309)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities				
Changes in Assets and Liabilities				
Other Receivables	4,000	297,938	(2,842)	299,096
Prepaid Expenses	-	3,105	-	3,105
Accounts Payable	755	(51,121)	(6,117)	(56,483)
Claims Payable	272,589	(533,063)	61,500	(198,974)
Deferred Revenue	-	(669)	-	(669)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 212,503</u>	<u>\$ (725,398)</u>	<u>\$ (32,339)</u>	<u>\$ (545,234)</u>
<b>CASH AND INVESTMENTS</b>				
Cash and Cash Equivalents	<u>\$ 188,739</u>	<u>\$ 178,028</u>	<u>\$ 8,978</u>	<u>\$ 375,745</u>
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 188,739</u>	<u>\$ 178,028</u>	<u>\$ 8,978</u>	<u>\$ 375,745</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, 2008

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and Short-Term Investments	\$ 796,661	\$ 975,178	\$ 1,771,839
Investments, at Fair Value			
Certificates of Deposit	-	91,716	91,716
Mutual Funds	10,219,435	6,649,376	16,868,811
U.S. Treasury Securities	-	5,061,975	5,061,975
U.S. Agency Securities	11,642,756	5,420,791	17,063,547
Receivables			
Accrued Interest	140,224	126,815	267,039
Total Assets	22,799,076	18,325,851	41,124,927
LIABILITIES			
Accounts Payable	4,698	-	4,698
Due to Other Funds	4,707	-	4,707
Unearned Revenue	422,819	746,814	1,169,633
Total Liabilities	432,224	746,814	1,179,038
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
	\$ 22,366,852	\$ 17,579,037	\$ 39,945,889

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, 2008

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer Contributions	\$ 865,936	\$ 1,373,886	\$ 2,239,822
Employee Contributions	430,914	420,474	851,388
Total Contributions	1,296,850	1,794,360	3,091,210
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(1,124,483)	(827,005)	(1,951,488)
Interest	657,444	795,716	1,453,160
Total Investment Income	(467,039)	(31,289)	(498,328)
Less Investment Expense	(19,308)	(41,076)	(60,384)
Net Investment Income	(486,347)	(72,365)	(558,712)
Total Additions	810,503	1,721,995	2,532,498
DEDUCTIONS			
Retirement Benefits	1,493,260	1,621,890	3,115,150
Disability Benefits	38,375	145,892	184,267
Administrative Expenses	13,876	30,407	44,283
Total Deductions	1,545,511	1,798,189	3,343,700
NET INCREASE	(735,008)	(76,194)	(811,202)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
July 1	23,101,860	17,655,231	40,757,091
June 30	\$ 22,366,852	\$ 17,579,037	\$ 39,945,889

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, 2008

	General Obligation					
	Compensated Absences	Capital Lease	Other Government Payable	Bond Series of 1997A	Bond Series of 1997B	Bond Series of 2000
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	4,172,541	1,888,540	998,998	2,090,000	395,000	65,000
TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT	\$ 4,172,541	\$ 1,888,540	\$ 998,998	\$ 2,090,000	\$ 395,000	\$ 65,000
GENERAL LONG-TERM DEBT PAYABLE						
Due to Other Governments	\$ -	\$ -	\$ 998,998	\$ -	\$ -	\$ -
Compensated Absences Payable	4,172,541	-	-	-	-	-
Bond Anticipation Note Payable	-	-	-	-	-	-
Capital Lease Payable	-	1,888,540	-	-	-	-
General Obligation Bonds Payable	-	-	-	2,090,000	395,000	65,000
Revenue Bonds Payable	-	-	-	-	-	-
TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ 4,172,541	\$ 1,888,540	\$ 998,998	\$ 2,090,000	\$ 395,000	\$ 65,000

General Obligation					Bond	Bond	Bond	TIF Revenue	
Bond Series of 2002	Bond Series of 2002A	Bond Series of 2003A	Bond Series of 2003B	Bond Series of 2004	Anticipation Note of 2007	Anticipation Note of 2008	Anticipation Note of 2008	Bond Series of 2003	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525,877	\$ 525,877
2,605,000	1,195,000	1,195,000	755,000	4,955,000	1,000,000	4,000,000	5,500,000	2,269,123	33,084,202
\$ 2,605,000	\$ 1,195,000	\$ 1,195,000	\$ 755,000	\$ 4,955,000	\$ 1,000,000	\$ 4,000,000	\$ 5,500,000	\$ 2,795,000	\$ 33,610,079
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,998
-	-	-	-	-	-	-	-	-	4,172,541
-	-	-	-	-	1,000,000	4,000,000	5,500,000	-	10,500,000
-	-	-	-	-	-	-	-	-	1,888,540
2,605,000	1,195,000	1,195,000	755,000	4,955,000	-	-	-	-	13,255,000
-	-	-	-	-	-	-	-	2,795,000	2,795,000
\$ 2,605,000	\$ 1,195,000	\$ 1,195,000	\$ 755,000	\$ 4,955,000	\$ 1,000,000	\$ 4,000,000	\$ 5,500,000	\$ 2,795,000	\$ 33,610,079

(See independent auditor's report.)

## **SUPPLEMENTAL DATA**

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
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>\$ 2,090,000</u>	<u>\$ 302,495</u>	<u>\$ 2,392,495</u>		<u>\$ 151,248</u>		<u>\$ 151,247</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007	\$ 395,000	\$ 17,775	\$ 412,775	2008	\$ 8,888	2009	\$ 8,887
	<u>\$ 395,000</u>	<u>\$ 17,775</u>	<u>\$ 412,775</u>		<u>\$ 8,888</u>		<u>\$ 8,887</u>

(See independent auditor's report.)



CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007		\$ 11,932	\$ 11,932			2008	\$ 11,932
2008	\$ 200,000	18,112	218,112	2009	\$ 11,931	2009	6,181
2009	215,000	6,181	221,181	2010	6,181		
	<u>\$ 415,000</u>	<u>\$ 36,225</u>	<u>\$ 451,225</u>		<u>\$ 18,112</u>		<u>\$ 18,113</u>

Bond principal of \$7,925,000 and interest payments for the periods of January 1, 2011 through January 1, 2021 were defeased and will be paid from escrow on January 1, 2010.

(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, 2008

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
2007		\$ 1,869	\$ 1,869			2008	\$ 1,869
2008	\$ 30,000	2,875	32,875	2009	\$ 1,869	2009	1,006
2009	35,000	1,006	36,006	2010	1,006		
	<u>\$ 65,000</u>	<u>\$ 5,750</u>	<u>\$ 70,750</u>		<u>\$ 2,875</u>		<u>\$ 2,875</u>

Bond principal of \$4,765,000 and interest payments for the periods of January 1, 2011 through January 1, 2021 were defeased and will be paid from escrow on January 1, 2010.

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007		\$ 10,063	10,063	2008		2008	\$ 10,063
2008	\$ 170,000	15,237	185,237	2009	\$ 10,062	2009	5,175
2009	180,000	5,175	185,175	2010	5,175		
	<u>\$ 350,000</u>	<u>\$ 30,475</u>	<u>\$ 380,475</u>		<u>\$ 15,237</u>		<u>\$ 15,238</u>

Bond principal of \$2,710,000 and interest payments for the periods of January 1, 2011 through January 1, 2021 were defeased and will be paid from escrow on January 1, 2010.

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007		\$ -	\$ -			2008	\$ -
2008	\$ -	-	-	2009	\$ -	2009	-
2009	-	-	-	2010	-		
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

Bond principal of \$450,000 and interest payments for the periods of January 1, 2011 through January 1, 2021 were defeased and will be paid from escrow on January 1, 2010.

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2002

June 30, 2008

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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
2007		\$ 52,382	\$ 52,382			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>\$ 2,605,000</u>	<u>\$ 636,861</u>	<u>\$ 3,241,861</u>		<u>\$ 318,430</u>		<u>\$ 318,431</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007	\$ 185,000	\$ 23,431	\$ 208,431			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>\$ 1,195,000</u>	<u>\$ 146,756</u>	<u>\$ 1,341,756</u>		<u>\$ 61,663</u>		<u>\$ 85,093</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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 2.04% at June 30, 2008)
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
2007		\$ 21,379	\$ 21,379			2008	\$ 21,379
2008	\$ 650,000	43,254	693,254	2009	\$ 21,378	2009	21,876
2009	715,000	36,459	751,459	2010	21,875	2010	14,584
2010	775,000	21,263	796,263	2011	14,583	2011	6,680
2011	310,000	10,199	320,199	2012	6,680	2012	3,519
2012	345,000	3,518	348,518	2013	3,518		
	<u>\$ 2,795,000</u>	<u>\$ 136,072</u>	<u>\$ 2,931,072</u>		<u>\$ 68,034</u>		<u>\$ 68,038</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007	\$ 435,000	\$ 17,513	\$ 452,513			2008	\$ 17,513
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>\$ 1,195,000</u>	<u>\$ 68,669</u>	<u>\$ 1,263,669</u>		<u>\$ 25,578</u>		<u>\$ 43,091</u>

(See independent auditor's report.)



CITY OF DEKALB, ILLINOIS

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

June 30, 2008

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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
2007	\$ 445,000	\$ 10,212	\$ 455,212			2008	\$ 10,212
2008	310,000	9,300	319,300	2009	\$ 4,650	2009	4,650
	<u>\$ 755,000</u>	<u>\$ 19,512</u>	<u>\$ 774,512</u>		<u>\$ 4,650</u>		<u>\$ 14,862</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004 (TOTAL ISSUE)

June 30, 2008

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Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$8,355,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
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
2007		\$ 174,037	\$ 174,037	2008		2008	\$ 174,037
2008	\$ 50,000	347,372	397,372	2009	\$ 174,036	2009	173,336
2009	50,000	345,924	395,924	2010	173,336	2010	172,588
2010	275,000	340,772	615,772	2011	172,586	2011	168,186
2011	285,000	331,598	616,598	2012	168,185	2012	163,413
2012	1,100,000	304,825	1,404,825	2013	163,412	2013	141,413
2013	1,150,000	259,824	1,409,824	2014	141,412	2014	118,412
2014	1,240,000	208,926	1,448,926	2015	118,413	2015	90,513
2015	1,305,000	151,662	1,456,662	2016	90,512	2016	61,150
2016	1,365,000	91,587	1,456,587	2017	61,150	2017	30,437
2017	-	60,876	60,876	2018	30,438	2018	30,438
2018	695,000	46,975	741,975	2019	30,437	2019	16,538
2019	360,000	24,974	384,974	2020	16,537	2020	8,437
2020	375,000	8,438	383,438	2021	8,438		
	<u>\$ 8,250,000</u>	<u>\$ 2,697,790</u>	<u>\$ 10,947,790</u>		<u>\$ 1,348,892</u>		<u>\$ 1,348,898</u>

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

## LONG-TERM DEBT REQUIREMENTS

## GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004 (DEBT SERVICE FUND SHARE)

June 30, 2008

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Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$5,025,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
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
2007		\$ 105,692	\$ 105,692			2008	\$ 105,692
2008	\$ 30,000	210,962	240,962	2009	\$ 105,691	2009	105,271
2009	30,000	210,093	240,093	2010	105,271	2010	104,822
2010	65,000	208,602	273,602	2011	104,821	2011	103,781
2011	75,000	206,306	281,306	2012	103,781	2012	102,525
2012	870,000	187,650	1,057,650	2013	102,525	2013	85,125
2013	915,000	151,950	1,066,950	2014	85,125	2014	66,825
2014	945,000	112,387	1,057,387	2015	66,825	2015	45,562
2015	990,000	68,851	1,058,851	2016	45,563	2016	23,288
2016	1,035,000	23,287	1,058,287	2017	23,287		
	<u>\$ 4,955,000</u>	<u>\$ 1,485,780</u>	<u>\$ 6,440,780</u>		<u>\$ 742,889</u>		<u>\$ 742,891</u>

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004 (WATER FUND SHARE)

June 30, 2008

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Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$2,825,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
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
2007		\$ 57,611	\$ 57,611			2008	\$ 57,611
2008	\$ 15,000	115,012	130,012	2009	\$ 57,611	2009	57,401
2009	15,000	114,579	129,579	2010	57,402	2010	57,177
2010	205,000	111,072	316,072	2011	57,176	2011	53,896
2011	205,000	104,359	309,359	2012	53,896	2012	50,463
2012	225,000	96,425	321,425	2013	50,462	2013	45,963
2013	230,000	87,324	317,324	2014	45,962	2014	41,362
2014	240,000	77,326	317,326	2015	41,363	2015	35,963
2015	250,000	66,299	316,299	2016	35,962	2016	30,337
2016	265,000	54,713	319,713	2017	30,338	2017	24,375
2017	-	48,750	48,750	2018	24,375	2018	24,375
2018	555,000	37,650	592,650	2019	24,375	2019	13,275
2019	290,000	20,025	310,025	2020	13,275	2020	6,750
2020	300,000	6,750	306,750	2021	6,750		
	<u>\$ 2,795,000</u>	<u>\$ 997,895</u>	<u>\$ 3,792,895</u>		<u>\$ 498,947</u>		<u>\$ 498,948</u>

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

## LONG-TERM DEBT REQUIREMENTS

## GENERAL OBLIGATION REFUNDING BOND SERIES OF 2004 (AIRPORT FUND SHARE)

June 30, 2008

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Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$505,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
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
2007		\$ 10,734	\$ 10,734			2008	\$ 10,734
2008	\$ 5,000	21,398	26,398	2009	\$ 10,734	2009	10,664
2009	5,000	21,252	26,252	2010	10,663	2010	10,589
2010	5,000	21,098	26,098	2011	10,589	2011	10,509
2011	5,000	20,933	25,933	2012	10,508	2012	10,425
2012	5,000	20,750	25,750	2013	10,425	2013	10,325
2013	5,000	20,550	25,550	2014	10,325	2014	10,225
2014	55,000	19,213	74,213	2015	10,225	2015	8,988
2015	65,000	16,512	81,512	2016	8,987	2016	7,525
2016	65,000	13,587	78,587	2017	7,525	2017	6,062
2017	-	12,126	12,126	2018	6,063	2018	6,063
2018	140,000	9,325	149,325	2019	6,062	2019	3,263
2019	70,000	4,949	74,949	2020	3,262	2020	1,687
2020	75,000	1,688	76,688	2021	1,688		
	<u>\$ 500,000</u>	<u>\$ 214,115</u>	<u>\$ 714,115</u>		<u>\$ 107,056</u>		<u>\$ 107,059</u>

(See independent auditor's report.)

## CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2005 (AIRPORT FUND)

June 30, 2008

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Date of Issue	July 1, 2005
Date of Maturity	January 1, 2015
Authorized Issue	\$800,000
Denomination of Notes	\$5,000
Interest Rates	5.70%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1 and July 1
Payable at	Depository Trust Company, New York, NY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2007		\$ 21,375	\$ 21,375			2008	\$ 21,375
2008	\$ 25,000	41,753	66,753	2009	\$ 21,090	2009	20,663
2009	30,000	40,043	70,043	2010	20,235	2010	19,808
2010	30,000	38,333	68,333	2011	19,380	2011	18,953
2011	30,000	36,622	66,622	2012	18,525	2012	18,097
2012	30,000	34,912	64,912	2013	17,670	2013	17,242
2013	30,000	33,202	63,202	2014	16,815	2014	16,387
2014	575,000	15,960	590,960	2015	15,960		
	<u>\$ 750,000</u>	<u>\$ 262,200</u>	<u>\$ 1,012,200</u>		<u>\$ 129,675</u>		<u>\$ 132,525</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND ANTICIPATION NOTE OF 2007

June 30, 2008

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Date of Issue	March 13, 2007
Date of Maturity	December 1, 2010
Authorized Issue	\$1,000,000
Denomination of Notes	\$5,000
Interest Rates	5.85%
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	December 1	Amount	June 1	Amount
2009	\$ -	\$ 58,500	\$ 58,500	2008	\$ 29,250	2009	\$ 29,250
2010	-	58,500	58,500	2009	29,250	2010	29,250
2011	1,000,000	29,250	1,029,250	2010	29,250		
	<u>\$ 1,000,000</u>	<u>\$ 146,250</u>	<u>\$ 1,146,250</u>		<u>\$ 87,750</u>		<u>\$ 58,500</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND ANTICIPATION NOTE OF 2007

June 30, 2008

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Date of Issue	October 1, 2007
Date of Maturity	December 1, 2009
Authorized Issue	\$4,000,000
Denomination of Notes	\$5,000
Interest Rates	Variable rate of 70% of the rate per annum determined by adding 1.00% to the 30-day London InterBank offered rates in effect on the next to last business day of each month (2.42% at June 30, 2008)
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	December 1	Amount	June 1	Amount
2009	\$ -	\$ 96,800	\$ 96,800	2008	\$ 48,400	2009	\$ 48,400
2010	4,000,000	48,400	4,048,400	2009	48,400		
	<u>\$ 4,000,000</u>	<u>\$ 145,200</u>	<u>\$ 4,145,200</u>		<u>\$ 96,800</u>		<u>\$ 48,400</u>

(See independent auditor's report.)



CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND ANTICIPATION NOTE OF 2008

June 30, 2008

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Date of Issue	June 12, 2008
Date of Maturity	June 1, 2010
Authorized Issue	\$5,500,000
Denomination of Notes	\$5,000
Interest Rates	Variable rate of 70% of the rate per annum determined by adding 1.00% to the 30-day London InterBank offered rates in effect on the next to last business day of each month (2.43% at June 30, 2007)
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	December 1	Amount	June 1	Amount
2009	\$ -	\$ 133,815	\$ 133,815	2008	\$ 66,908	2009	\$ 66,907
2010	5,500,000	133,815	5,633,815	2009	66,908	2010	66,907
	<u>\$ 5,500,000</u>	<u>\$ 267,630</u>	<u>\$ 5,767,630</u>		<u>\$ 133,816</u>		<u>\$ 133,814</u>

(See independent auditor's report.)

## STATISTICAL SECTION

This part of the City of DeKalb, Illinois' statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	144-150
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	151-157
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	158-161
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	162-163
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	164-167

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of DeKalb, Illinois implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

## CITY OF DEKALB, ILLINOIS

## NET ASSETS BY COMPONENT

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>						
Invested in Capital Assets						
Net of Related Debt	\$ 67,806,348	\$ 79,281,779	\$ 104,193,560	\$ 107,038,191	\$ 109,228,834	\$ 113,947,561
Restricted	5,554,546	3,395,377	1,524,630	3,295,898	3,159,513	10,131,297
Unrestricted (Deficit)	(17,759,129)	(14,013,207)	(10,463,117)	(12,063,288)	(10,790,695)	(16,660,106)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 55,601,765</b>	<b>\$ 68,663,949</b>	<b>\$ 95,255,073</b>	<b>\$ 98,270,801</b>	<b>\$ 101,597,652</b>	<b>\$ 107,418,752</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Invested in Capital Assets						
Net of Related Debt	\$ 26,779,195	\$ 34,483,474	\$ 37,052,275	\$ 39,392,443	\$ 45,585,845	\$ 46,840,204
Restricted	-	-	-	-	-	-
Unrestricted	2,237,149	1,631,020	1,273,772	(279,115)	(805,537)	(985,741)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 29,016,344</b>	<b>\$ 36,114,494</b>	<b>\$ 38,326,047</b>	<b>\$ 39,113,328</b>	<b>\$ 44,780,308</b>	<b>\$ 45,854,463</b>
<b>PRIMARY GOVERNMENT</b>						
Invested in Capital Assets						
Net of Related Debt	\$ 94,585,543	\$ 113,765,253	\$ 141,245,835	\$ 146,430,634	\$ 154,814,679	\$ 160,787,765
Restricted	5,554,546	3,395,377	1,524,630	3,295,898	3,159,513	10,131,297
Unrestricted	(15,521,980)	(12,382,187)	(9,189,345)	(12,342,403)	(11,596,232)	(17,645,847)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 84,618,109</b>	<b>\$ 104,778,443</b>	<b>\$ 133,581,120</b>	<b>\$ 137,384,129</b>	<b>\$ 146,377,960</b>	<b>\$ 153,273,215</b>
<b>COMPONENT UNIT:</b>						
<b>DEKALB PUBLIC LIBRARY</b>						
Invested in Capital Assets						
Net of Related Debt	\$ 80,551	\$ 73,269	\$ -	\$ 87,992	\$ 294,990	\$ 282,938
Restricted	-	-	-	-	-	-
Unrestricted	903,959	733,968	820,776	841,774	868,869	843,549
<b>TOTAL COMPONENT UNIT GOVERNMENT ACTIVITIES</b>	<b>\$ 984,510</b>	<b>\$ 807,237</b>	<b>\$ 820,776</b>	<b>\$ 929,766</b>	<b>\$ 1,163,859</b>	<b>\$ 1,126,487</b>

The implementation of GASB Statement No. 34 was completed for fiscal year ending June 30, 2003. Therefore, information prior to fiscal year 2003 is unavailable.

Data Source

Audited Financial Statements

## CITY OF DEKALB, ILLINOIS

## CHANGE IN NET ASSETS

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>EXPENSES</b>						
Governmental Activities						
General Government	\$ 4,025,445	\$ 3,800,583	\$ 6,565,079	\$ 6,505,926	\$ 8,553,164	\$ 9,084,220
Public Safety	11,921,125	13,161,608	14,495,797	14,009,805	16,371,735	17,889,697
Community Improvement	6,675,918	5,880,017	5,455,783	7,706,447	6,133,081	7,844,631
Highways and Streets	8,232,178	4,872,446	10,481,051	4,743,859	4,888,810	4,068,000
Interest	912,735	1,049,120	1,026,539	1,154,903	960,500	1,010,059
Total Governmental Activities Expenses	31,767,401	28,763,774	38,024,249	34,120,940	36,907,290	39,896,607
Business-Type Activities						
Water	3758743	3830129	3,876,880	4,131,341	4,206,023	4,146,713
Airport	466286	692739	766,597	839,450	1,039,450	994,597
Developmental Services	1194973	1256963	194,977	294,791	249,295	365,050
Refuse	-	-	1,199,238	1,313,885	1,403,778	1,466,215
Total Business-Type Activities Expenses	5,420,002	5,779,831	6,037,692	6,579,467	6,898,546	6,972,575
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 37,187,403</b>	<b>\$ 34,543,605</b>	<b>\$ 44,061,941</b>	<b>\$ 40,700,407</b>	<b>\$ 43,805,836</b>	<b>\$ 46,869,182</b>
<b>PROGRAM REVENUES</b>						
Governmental Activities						
Charges for Services						
General Government	\$ 255,956	\$ 248,199	\$ 266,806	\$ 337,340	\$ 259,887	\$ 303,453
Public Safety	1,614,741	2,021,775	4,961,170	2,281,500	2,325,586	2,440,715
Community Improvement	762,876	1,147,291	791,567	555,022	433,385	333,154
Highways and Streets	226,137	196,922	667,701	-	-	75,291
Operating Grants and Contributions	2,006,762	2,521,542	3,378,028	2,867,194	2,148,087	2,481,892
Capital Grants and Contributions	282,853	537,433	2,197,952	3,036,831	1,609,289	2,083,090
Total Governmental Activities Program Revenues	5,149,325	6,673,162	12,263,224	9,077,887	6,776,234	7,717,595
Business-Type Activities						
Charges for Services						
Water	4,088,655	4,634,512	4,284,036	4,446,444	4,185,161	4,387,320
Airport	251,265	245,688	264,547	280,532	235,999	262,783
Development Services	-	-	81,349	249,957	230,060	96,580
Refuse	1,240,911	1,277,131	1,318,513	1,407,499	1,501,041	1,584,288
Operating Grants and Contributions	-	-	-	611	-	611
Capital Grants and Contributions	85,918	18,015	1,521,358	257,211	2,865,831	359,444
Total Business-Type Activities Program Revenues	5,666,749	6,175,346	7,469,803	6,642,254	9,018,092	6,691,026
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 10,816,074</b>	<b>\$ 12,848,508</b>	<b>\$ 19,733,027</b>	<b>\$ 15,720,141</b>	<b>\$ 15,794,326</b>	<b>\$ 14,408,621</b>
<b>NET (EXPENSE) REVENUE</b>						
Governmental Activities	\$ (26,618,076)	\$ (22,090,612)	\$ (25,761,025)	\$ (25,043,053)	\$ (30,131,056)	\$ (32,179,012)
Business-type Activities	246,747	395,515	1,432,111	62,787	2,119,546	(281,549)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (26,371,329)</b>	<b>\$ (21,695,097)</b>	<b>\$ (24,328,914)</b>	<b>\$ (24,980,266)</b>	<b>\$ (28,011,510)</b>	<b>\$ (32,460,561)</b>

## CITY OF DEKALB, ILLINOIS

## CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
<b>COMPONENT UNIT:</b>						
<b>DEKALB PUBLIC LIBRARY</b>						
Program Expenses	\$ 1,122,163	\$ 1,269,783	\$ 1,096,560	\$ 1,081,637	\$ 1,352,920	\$ 1,515,527
Total Component Unit Program Expenses	\$ 1,122,163	\$ 1,269,783	\$ 1,096,560	\$ 1,081,637	\$ 1,352,920	\$ 1,515,527
Program Revenues						
Charges for Services	\$ 33,936	\$ 33,624	\$ 46,235	\$ 36,149	\$ 37,784	\$ 36,879
Operating Grants and Contributions	113,346	128,959	52,733	82,439	300,084	88,797
Capital Grants and Contributions	-	-	-	-	-	-
Total Component Unit Program Revenues	\$ 147,282	\$ 162,583	\$ 98,968	\$ 118,588	\$ 337,868	\$ 125,676
<b>TOTAL COMPONENT UNIT NET (EXPENSE) REVENUE</b>	<b>\$ (974,881)</b>	<b>\$ (1,107,200)</b>	<b>\$ (997,592)</b>	<b>\$ (963,049)</b>	<b>\$ (1,015,052)</b>	<b>\$ (1,389,851)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
<b>Governmental Activities</b>						
Taxes						
Property	\$ 5,700,437	\$ 6,506,752	\$ 6,907,239	\$ 7,408,007	\$ 8,799,430	\$ 10,366,305
Home Rule Sales	1,988,464	3,968,456	4,947,494	5,670,587	4,296,267	4,301,049
State Sales	4,327,436	4,040,222	3,790,727	3,960,365	5,864,315	5,950,520
Local Use	-	-	459,261	517,848	557,376	644,076
Franchise Tax	289,125	313,263	337,088	361,374	414,003	416,056
Utility	3,425,787	3,426,971	3,596,132	3,671,553	3,663,782	3,814,184
State Income	2,544,001	2,322,932	3,023,210	3,362,748	3,689,547	4,274,684
Restaurant/Bar	1,170,231	1,231,736	1,261,936	1,404,579	1,557,627	1,660,912
Other	261,576	281,406	286,863	329,846	354,557	390,576
Investment Income	247,457	106,229	169,202	340,505	428,938	347,511
Miscellaneous	205,287	263,369	324,002	353,141	281,650	266,064
Gain on Sale of Capital Assets	(14,677)	(4,998)	-	-	-	-
Contributions	2,730,508	12,498,893	12,257,511	1,004,424	1,525,564	5,352,674
Transfers In (Out)	115,450	227,600	122,958	172,713	168,837	232,052
Special Item	-	-	-	-	869,786	-
Total Governmental Activities	22,991,082	35,182,831	37,483,623	28,557,690	32,471,679	38,016,663
<b>Business-Type Activities</b>						
Property Tax	74,587	75,539	74,674	75,194	-	-
Investment Income	119,957	30,607	30,356	9,214	-	132
Miscellaneous	97,075	47,864	37,269	41,634	43,633	45,400
Gain on Sale of Capital Assets	-	13,823	-	-	-	-
Contributions	1,398,700	4,987,144	729,577	771,776	3,201,438	1,407,430
Transfers In (Out)	(115,450)	(227,600)	(122,958)	(172,713)	(168,837)	(232,052)
Total Business-Type Activities	1,574,869	4,927,377	748,918	725,105	3,076,234	1,220,910
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 24,565,951</b>	<b>\$ 40,110,208</b>	<b>\$ 38,232,541</b>	<b>\$ 29,282,795</b>	<b>\$ 35,547,913</b>	<b>\$ 39,237,573</b>

## CITY OF DEKALB, ILLINOIS

## CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008
CHANGE IN NET ASSETS						
Governmental Activities	\$ (3,626,994)	\$ 13,092,219	\$ 11,722,598	\$ 3,514,637	\$ 2,340,623	\$ 5,837,651
Business-Type Activities	1,821,616	5,322,892	2,181,029	787,892	5,195,780	939,361
Prior Period Adjustment						
Governmental Activities	\$ (30,956)	\$ (30,035)	\$ 14,868,526	\$ (498,909)	\$ 986,228	\$ (16,551)
Business-Type Activities	11,511,976	1,775,258	30,524	-	471,200	134,794
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ 9,675,642	\$ 20,160,334	\$ 28,802,677	\$ 3,803,620	\$ 8,993,831	\$ 6,895,255
COMPONENT UNIT GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
General Revenues						
Property Tax	\$ 842,901	\$ 888,769	\$ 931,257	\$ 976,603	\$ 1,078,384	\$ 1,213,354
Other Taxes	20,347	22,879	26,800	34,409	38,246	42,157
Investment Income	30,280	3,589	31,316	27,541	62,378	51,137
Miscellaneous	13,311	14,690	21,232	33,486	70,137	45,831
Total Component Unit Activities	906,839	929,927	1,010,605	1,072,039	1,249,145	1,352,479
CHANGE IN NET ASSETS						
Component Unit Activities	(68,042)	(177,273)	13,013	108,990	234,093	(37,372)
Prior Period Adjustment	80,551	-	526	-	-	-
TOTAL COMPONENT UNIT CHANGE IN NET ASSETS	\$ 906,839	\$ 929,927	\$ 13,539	\$ 108,990	\$ 234,093	\$ (37,372)

Data Source

## Audited Financial Statements

The implementation of GASB Statement No. 34 was completed for fiscal year ending June 30, 2003. Therefore, information prior to fiscal year 2003 is unavailable.

## CITY OF DEKALB, ILLINOIS

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL FUND										
Reserved	\$ 42,029	\$ 53,600	\$ 746,246	\$ 75,865	\$ 62,650	\$ 105,452	\$ 58,705	\$ 70,296	\$ 147,508	\$ 738,577
Unreserved - Designated										
Designated for Compensated Absences	-	-	-	-	-	363,544	392,659	368,156	-	-
Unreserved - Undesignated	3,535,542	4,396,608	3,790,422	3,022,286	2,546,211	2,791,825	3,139,542	3,387,191	2,713,822	2,161,911
TOTAL GENERAL FUND	\$ 3,577,571	\$ 4,450,208	\$ 4,536,668	\$ 3,098,151	\$ 2,608,861	\$ 3,260,821	\$ 3,590,906	\$ 3,825,643	\$ 3,303,177	\$ 2,900,488
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 1,979,770	\$ 1,959,711	\$ 2,890,207	\$ 3,568,683	\$ 3,851,405	\$ 4,323,494	\$ 3,345,268	\$ 4,643,715	\$ 3,166,191	\$ 1,808,174
Unreserved, Undesignated (Deficit) Reported In										
Special Revenue Funds	(158,217)	(119,644)	(249,071)	951,911	862,086	(22,476)	(20,788)	(18,120)	(8,808)	(445)
Capital Project Funds	2,075,875	365,932	(2,831,186)	(5,225,145)	(2,023,015)	(2,446,767)	(1,991,201)	(1,346,797)	(1,076,165)	9,104,021
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 3,897,428	\$ 2,205,999	\$ (190,050)	\$ (704,551)	\$ 2,690,476	\$ 1,854,251	\$ 1,333,279	\$ 3,278,798	\$ 2,081,218	\$ 10,911,750

Data Source

Audited Financial Statements

## CITY OF DEKALB, ILLINOIS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES</b>										
Taxes	\$ 16,936,098	\$ 18,238,747	\$ 18,445,896	\$ 19,259,411	\$ 19,851,614	\$ 22,032,400	\$ 24,548,569	\$ 26,710,135	\$ 29,097,231	\$ 31,898,673
Licenses and Permits	251,359	213,893	327,385	277,282	487,590	846,571	618,029	598,657	448,192	364,103
Intergovernmental	1,964,591	6,188,512	2,718,625	3,472,940	2,361,278	3,061,974	5,522,101	4,558,814	3,724,715	4,347,447
Charges for Services	936,684	1,059,119	1,275,196	1,265,342	1,503,096	1,840,495	4,613,201	1,796,958	1,685,991	1,721,234
Fines and Forfeitures	454,261	452,612	445,129	494,815	468,009	638,815	654,353	696,551	672,403	766,504
Investment Income	393,812	524,068	752,626	462,446	247,457	106,229	169,202	340,505	428,938	347,511
Miscellaneous	380,887	241,311	309,432	270,064	273,079	351,754	399,324	2,794,723	515,750	734,928
<b>Total Revenues</b>	<b>21,317,692</b>	<b>26,918,262</b>	<b>24,274,289</b>	<b>25,502,300</b>	<b>25,192,123</b>	<b>28,878,238</b>	<b>36,524,779</b>	<b>37,496,343</b>	<b>36,573,220</b>	<b>40,180,400</b>
<b>EXPENDITURES</b>										
General Government	2,977,696	3,292,070	3,208,680	3,287,387	3,426,581	4,088,975	5,619,515	5,990,453	6,740,822	6,925,455
Public Safety	8,521,496	9,140,755	9,816,496	10,561,436	11,388,426	12,432,869	13,915,879	14,990,271	15,719,852	16,666,201
Community Improvement	4,381,877	4,438,812	4,797,312	4,891,235	4,406,307	3,928,040	3,432,725	3,780,017	4,425,779	4,529,707
Highways and Streets	1,245,709	623,037	973,772	1,219,971	1,255,596	763,579	3,609,518	2,821,395	1,843,360	2,322,976
Culture and Recreation	487,170	1,474,184	339,074	666,392	-	-	-	-	-	-
Capital Outlay	5,915,026	7,980,029	6,218,592	5,338,715	10,333,537	6,432,217	8,157,674	8,835,397	6,647,200	6,843,723
Debt Service										
Principal Retirement	923,537	953,747	6,184,795	953,313	1,185,000	1,545,000	1,810,000	2,220,000	2,835,214	4,465,000
Interest and Fiscal Charges	1,012,238	1,036,818	944,902	1,046,318	884,632	1,071,575	1,032,874	1,085,767	906,585	882,467
<b>Total Expenditures</b>	<b>25,464,749</b>	<b>28,939,452</b>	<b>32,483,623</b>	<b>27,964,767</b>	<b>32,880,079</b>	<b>30,262,255</b>	<b>37,578,185</b>	<b>39,723,300</b>	<b>39,118,812</b>	<b>42,635,529</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,147,057)</b>	<b>(2,021,190)</b>	<b>(8,209,334)</b>	<b>(2,462,467)</b>	<b>(7,687,956)</b>	<b>(1,384,017)</b>	<b>(1,053,406)</b>	<b>(2,226,957)</b>	<b>(2,545,592)</b>	<b>(2,455,129)</b>



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 4,376,082	\$ 3,818,689	\$ 3,020,151	\$ 3,827,469	\$ 2,890,076	\$ 3,242,930	\$ 3,282,821	\$ 4,631,683	\$ 4,054,351	\$ 4,032,407
Transfers (Out)	(3,925,695)	(3,368,084)	(2,525,151)	(3,327,469)	(2,774,626)	(3,015,330)	(3,202,021)	(4,458,970)	(3,885,514)	(3,800,355)
Bonds Issued	-	-	5,425,982	-	9,900,000	4,890,000	5,025,000	-	-	-
Premium (Discount) on Bonds Issued	-	-	-	-	52,164	46,962	191,795	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	(4,871,180)	(5,145,695)	-	-	-
Notes Issued	5,000,000	650,000	-	-	-	-	-	3,450,000	1,000,000	9,500,000
Capital Lease Issued	-	109,825	-	-	552,502	447,498	598,102	651,958	79,114	1,107,240
Sale of Capital Assets	2,707	18,347	39,488	9,449	4,533	7,744	112,517	18,309	36,433	60,231
Total Other Financing Sources (Uses)	5,453,094	1,228,777	5,960,470	509,449	10,624,649	748,624	862,519	4,292,980	1,284,384	10,899,523
NET CHANGE IN FUND BALANCES	\$ 1,306,037	\$ (792,413)	\$ (2,248,864)	\$ (1,953,018)	\$ 2,936,693	\$ (635,393)	\$ (190,887)	\$ 2,066,023	\$ (1,261,208)	\$ 8,444,394
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.90%	7.90%	22.88%	7.49%	6.79%	9.01%	7.72%	9.76%	10.38%	13.44%

Data Source

Audited Financial Statements

## CITY OF DEKALB, ILLINOIS

## TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Merchandise	\$ 92,307,914	\$ 102,303,583	\$ 107,398,627	\$ 116,785,242	\$ 128,539,781	\$ 142,530,983	\$ 160,665,590	\$ 163,641,647	\$ 170,225,753	\$ 171,985,064
Food	46,073,908	45,632,341	48,695,221	50,842,583	48,701,136	43,870,967	37,275,809	43,927,833	47,170,335	53,207,066
Drinking and Eating Places	37,138,476	37,894,038	40,056,975	44,122,259	45,196,455	49,213,644	52,351,156	52,849,443	60,927,328	65,260,253
Apparel	3,691,822	4,063,605	4,844,688	4,578,283	8,827,618	8,578,046	8,087,885	8,247,873	10,754,613	9,626,133
Furniture & H.H. & Radio	7,414,490	7,261,674	8,956,866	9,391,436	9,544,614	13,100,491	25,392,698	28,350,657	29,988,920	33,834,022
Lumber, Building Hardware	38,640,661	43,492,760	32,325,368	26,466,524	26,441,207	27,609,867	28,061,388	26,795,706	27,977,040	26,936,010
Automobile and Filling Stations	69,325,851	75,264,172	80,161,850	84,676,584	78,031,930	76,853,556	79,773,554	85,140,723	91,978,172	93,408,943
Drugs and Miscellaneous Retail	44,155,349	50,094,636	53,136,670	56,952,023	64,099,407	65,747,938	67,637,829	70,477,891	81,006,583	83,283,571
Agriculture and All Others	28,537,752	30,839,707	43,483,031	42,302,269	46,850,438	48,715,480	47,817,252	48,845,881	48,715,922	41,446,148
Manufacturers	8,034,508	6,860,199	3,811,216	2,240,756	2,666,709	1,500,600	6,481,064	11,253,745	12,975,167	15,254,811
TOTAL	\$ 375,320,731	\$ 403,706,715	\$ 422,870,512	\$ 438,357,959	\$ 458,899,295	\$ 477,721,572	\$ 513,544,225	\$ 539,531,399	\$ 581,719,833	\$ 594,242,021
CITY DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

## CITY OF DEKALB, ILLINOIS

## TAXABLE SALES BY CATEGORY - HOME RULE

Last Ten Calendar Years

Calendar Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Merchandise	\$ 64,467,872	\$ 70,180,573	\$ 72,077,700	\$ 77,180,871	\$ 83,069,119	\$ 91,964,969	\$ 103,347,408	\$ 107,910,203	\$ 111,235,234	\$ 110,641,629
Food	9,540,380	10,049,008	13,528,915	15,369,629	15,137,372	14,016,749	11,255,490	12,926,058	14,228,867	16,220,246
Drinking and Eating Places	36,788,723	37,702,125	39,979,040	43,719,836	44,382,469	48,265,899	51,038,005	51,883,076	59,524,764	63,696,181
Apparel	3,691,667	4,058,336	4,842,752	4,577,347	8,814,596	8,576,497	8,081,341	8,247,458	10,750,251	9,619,122
Furniture, H.H. and Radio	7,413,392	7,261,117	8,904,828	9,390,829	9,531,051	13,071,912	25,258,574	28,326,789	29,956,258	33,782,135
Lumber, Building Hardware	38,639,464	43,482,664	32,318,163	26,465,701	26,387,077	27,609,659	27,928,079	26,795,221	27,950,165	26,884,766
Automobile and Filling Stations	16,424,581	20,174,633	25,330,233	20,696,897	23,011,393	26,521,109	30,939,395	34,610,098	38,130,323	43,057,278
Drugs and Miscellaneous Retail	34,990,743	37,794,115	38,375,132	40,812,307	48,040,163	48,469,493	49,234,368	50,940,432	58,390,055	58,432,889
Agriculture and All Others	25,456,440	27,481,135	40,107,583	38,181,264	42,675,080	44,057,392	42,983,219	44,282,933	41,914,235	37,826,626
Manufacturers	7,782,720	6,638,668	3,741,736	2,220,680	2,357,819	1,099,009	5,952,384	11,013,882	12,663,868	14,914,125
TOTAL	\$ 245,195,982	\$ 264,822,374	\$ 279,206,082	\$ 278,615,361	\$ 303,406,139	\$ 323,652,688	\$ 356,018,263	\$ 376,936,150	\$ 404,744,020	\$ 415,074,996
CITY DIRECT SALES TAX RATE	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.25%	1.25%	1.25%	1.25%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

CITY OF DEKALB, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Calendar Years

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Calendar Year	City Home Rule Rate	Municipal Retailers Occupation Tax	County Rate	State Rate	Total
1998	0.75%	1.00%	0.25%	5.00%	7.00%
1999	0.75%	1.00%	0.25%	5.00%	7.00%
2000	0.75%	1.00%	0.25%	5.00%	7.00%
2001	0.75%	1.00%	0.25%	5.00%	7.00%
2002	0.75%	1.00%	0.25%	5.00%	7.00%
2003	0.75%	1.00%	0.25%	5.00%	7.00%
2004	1.25%	1.00%	0.25%	5.00%	7.50%
2005	1.25%	1.00%	0.25%	5.00%	7.50%
2006	1.25%	1.00%	0.25%	5.00%	7.50%
2007	1.25%	1.00%	0.25%	5.00%	7.50%

Data Source

City, County, and State 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
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	2,120,977	2,118,402	99.88%	0.2108	844,000	842,901	99.87%	0.7407	2,964,977	2,961,303	99.88%
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	2,644,082	101.70%	0.2130	928,000	931,257	100.35%	0.8097	3,527,938	3,575,339	101.34%
2004	0.6000	2,861,055	2,740,571	95.79%	0.2135	974,400	975,324	100.09%	0.8135	3,835,455	3,715,895	96.88%
2005	0.5930	3,022,052	3,023,467	100.05%	0.2110	1,075,498	1,075,972	100.04%	0.8041	4,097,550	4,099,439	100.05%
2006	0.5967	3,400,000	3,410,256	100.30%	0.2124	1,210,003	1,213,354	100.28%	0.8091	4,610,003	4,623,610	100.30%
2007	0.6000	3,794,128	2,012,913 *	53.05%	0.2437	1,520,000	743,600 *	48.92%	0.8437	5,314,128	2,756,513	51.87%

Data Source

Office of the County Clerk

\* Amount reflects collections through June 30, 2008

## CITY OF DEKALB, ILLINOIS

## EQUALIZED ASSESSED VALUES BY PROPERTY CLASS

Last Ten Levy Years

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Total
1998	\$ 204,363,466	\$ 105,739,111	\$ 19,975,133	\$ 675,486	\$ 404,595	\$ 331,157,791
1999	215,841,683	113,732,914	24,995,674	716,072	394,379	355,680,722
2000	223,083,073	120,621,718	30,027,874	714,414	411,299	374,858,378
2001	240,103,156	128,376,794	30,653,801	724,766	429,997	400,288,514
2002	249,835,479	131,987,707	31,572,837	784,642	511,155	414,691,820
2003	269,635,069	133,004,731	31,995,654	585,425	553,020	435,773,899
2004	283,926,434	137,737,281	33,506,906	548,207	623,213	456,342,041
2005	325,079,355	145,545,712	37,922,484	488,038	587,227	509,622,816
2006	369,659,572	155,565,480	43,514,766	494,098	572,356	569,806,272
2007	407,662,378	163,615,149	51,250,520	666,539	628,255	623,822,841

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>TAX RATES</b>										
City of DeKalb	0.5208	0.5089	0.5049	0.5299	0.6057	0.5967	0.6000	0.5930	0.5967	0.6000
DeKalb Library	0.2205	0.2154	0.2145	0.2108	0.2132	0.2130	0.2135	0.2110	0.2124	0.2437
	0.7413	0.7243	0.7194	0.7407	0.8189	0.8097	0.8135	0.8041	0.8091	0.8437
DeKalb County	0.8343	0.8497	0.8531	0.8672	0.8666	0.8622	0.8679	0.8547	0.8668	0.8449
DeKalb Township	0.3604	0.3579	0.3569	0.3532	0.3525	0.3494	0.3480	0.3361	0.3084	0.2990
Forest Preserve District	0.0274	0.0272	0.0274	0.0278	0.0278	0.0274	0.0276	0.0269	0.0548	0.0677
Sanitary District	0.1116	0.1113	0.1088	0.1075	0.1085	0.1079	0.1078	0.1015	0.0952	0.0913
School Districts	5.6071	5.7041	5.7976	5.8063	5.7035	5.6659	5.6217	5.5142	5.4362	5.2785
Park District	0.6454	0.6363	0.6206	0.6055	0.6108	0.6235	0.6106	0.5826	0.5494	0.5247
<b>TOTAL TAX RATE PER \$100 ASSESSED VALUATION</b>										
	8.3275	8.4108	8.4838	8.5082	8.4886	8.4460	8.3970	8.2200	8.1199	7.9498
<b>SHARE OF TOTAL TAX RATE LEVIED BY CITY OF DEKALB AND THE DEKALB LIBRARY</b>										
	8.90%	8.61%	8.48%	8.71%	9.65%	9.59%	9.69%	9.78%	9.96%	10.61%

Data Source

Office of the County Clerk

## CITY OF DEKALB, ILLINOIS

## PRINCIPAL TAXPAYERS

June 30, 2008

Taxpayers	Type of Business	2007 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1998 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Target	Warehouse/Distributor	\$ 14,351,446	1	2.30%	\$ -		
Goodyear	Warehouse/Distributor	8,611,728	2	1.38%	-		
Nestle	Warehouse/Distributor	7,917,129	3	1.27%	7,085,958	1	2.23%
Northland Plaza	Retail	6,345,371	4	1.02%	-		
Panduit Corporation	Manufacturing	6,172,503	5	0.99%	-		
3M	Warehouse/Distributor	5,412,680	6	0.87%	4,517,885	2	1.42%
University Village I & II	Apartments	4,913,082	7	0.79%	3,664,398	3	1.16%
Dream Fund LLC	Apartments	4,648,471	8	0.75%	-		
JLAR	Apartments/Retail	4,028,159	9	0.65%	1,653,623	11	0.52%
DeKalb Area Retirement Center	Retirement Center	3,686,624	10	0.59%	1,983,360	9	0.63%
Walmart Stores	Retail	-			2,460,618	4	0.78%
Paul Sauser	Apartments	-			1,663,515	10	0.52%
EW & Barbara Steenburgh	Apartments	-			2,310,057	5	0.73%
Herbert Katz	Apartments	-			2,177,253	6	0.69%
Robert Cagann	Apartments	-			2,139,961	7	0.67%
A.O. Smith	Manufacturing	-			2,079,628	8	0.66%
TOTAL		<u>\$ 66,087,193</u>		<u>10.61%</u>	<u>\$ 31,736,256</u>		<u>10.01%</u>

Data Source

County Assessors Office (not adjusted for unreported title transfers)  
City of DeKalb



## CITY OF DEKALB, ILLINOIS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income*	Per Capita*
	G.O. Bonds	G.O. Bond Anticipation Notes	Due to Other Governments	Tax Increment Financing Revenue Bonds	Tax Increment Financing Note	Capital Leases	G.O. Bonds	G.O. Bond Anticipation Notes	IEPA Loan Payable	Capital Leases			
1999	\$ 24,305,912	\$ 5,944,019	\$ 5,498,998	\$ -	\$ -	\$ 263,880	\$ 3,943,379	\$ -	\$ -	\$ -	\$ 39,956,188	2.01%	1,066.04
2000	22,049,044	6,817,152	4,998,998	-	-	277,725	3,389,811	-	-	-	37,532,730	1.95%	1,033.53
2001	26,351,112	481,760	4,498,998	-	-	254,102	9,475,884	-	-	-	41,061,856	1.98%	1,052.38
2002	24,365,505	428,938	3,998,998	-	-	42,098	8,632,957	-	9,056,628	-	46,525,124	2.25%	1,192.40
2003	28,824,415	-	3,498,998	5,151,978	-	485,853	8,549,101	414,220	8,742,456	-	55,667,021	2.69%	1,426.70
2004	25,942,116	-	2,998,998	5,024,958	-	689,400	7,580,117	404,740	8,256,764	-	50,897,093	2.22%	1,178.94
2005	23,391,241	-	2,498,998	4,486,748	-	1,297,964	6,495,554	401,387	7,764,608	110,994	46,447,494	1.98%	1,050.23
2006	20,901,293	2,126,473	1,998,998	3,850,284	1,450,000	1,417,995	6,715,057	-	7,279,320	337,075	46,076,495	1.93%	1,023.85
2007	18,422,582	2,044,300	1,498,998	3,383,188	1,204,750	1,136,932	6,304,679	-	6,794,032	280,806	41,070,267	1.69%	897.73
2008	15,938,598	11,059,080	998,998	2,931,072	-	2,169,133	5,899,685	-	6,308,744	271,639	45,576,949	1.87%	993.03

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

\* See the Schedule of Demographic and Economic Statistics for personal income and population data.

## CITY OF DEKALB, ILLINOIS

## DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2008

Governmental Unit	Gross Bonded Debt <sup>1</sup>	Percentage of Debt Applicable to the City	City's Share of Debt
City of DeKalb	\$ 26,550,000	100.00%	\$ 26,550,000
<u>Overlapping</u>			
DeKalb County	14,350,000	29.91	4,292,085
DeKalb Community Unit School District #428	36,025,000	77.85	28,045,463
Kishwaukee College #523	17,650,000	36.19	6,387,535
DeKalb Sanitary District	250,000	99.00	247,500
DeKalb Park District	<u>7,220,000</u>	98.54	<u>7,114,588</u>
Total Overlapping	<u>\$ 75,495,000</u>		<u>\$ 46,087,171</u>
PER CAPITA OVERLAPPING DEBT			<u>\$ 1,004.14</u>

<sup>1</sup> 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.

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

June 30, 2008

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The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution 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.

## CITY OF DEKALB, ILLINOIS

## PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Tax Increment Financing Bonds and Notes						
	Incremental Property Taxes	Incremental Sales Tax	Less: Excluded Contractual Obligations	Available for Debt Service	Debt Service		Coverage
					Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA
2000	-	-	-	-	-	-	NA
2001	-	-	-	-	-	-	NA
2002	-	-	-	-	-	-	NA
2003 <sup>1</sup>	3,020,094	-	(500,000)	2,520,094	-	146,083	17.25
2004	3,248,202	1,000,678	(500,000)	3,748,880	-	167,439	22.39
2005	3,421,773	942,246	(500,000)	3,864,019	110,000	174,964	13.56
2006 <sup>2</sup>	3,727,681	1,329,249	(500,000)	4,556,930	450,000	312,377	5.98
2007 <sup>3</sup>	4,596,145	1,506,288	(500,000)	5,602,433	1,005,214	112,592	5.01
2008	5,360,771	1,576,559	(500,000)	6,437,330	570,000	87,629	9.79

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

NA = Information Unavailable

<sup>1</sup> The City issued a Tax Increment Financing Revenue Bond in the amount of \$4,350,000.

<sup>2</sup> The City issued Tax Increment Financing Notes in the amount of \$1,450,000 which was paid off in FY07.

<sup>3</sup> The City issued Tax Increment Financing Notes in the amount of \$1,000,000

CITY OF DEKALB, ILLINOIS  
DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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Fiscal Year	Population	Equalized Assessed Value	Personal Income	Median Family Income	Unemployment Rate
1999	37,481	\$ 331,157,791	\$ 1,987,130,177	\$ 53,017	3.0 %
2000	36,315	355,680,722	1,925,312,355	53,017	3.1 %
2001	39,018	374,858,378	2,068,617,306	53,017	3.9 %
2002	39,018	400,288,514	2,068,617,306	53,017	4.5 %
2003	39,018	414,691,820	2,068,617,306	53,017	5.6 %
2004	43,172	435,773,899	2,288,849,924	53,017	4.7 %
2005	44,226	456,342,041	2,344,729,842	53,017	4.8 %
2006	45,003	509,622,816	2,385,924,051	53,017	4.3 %
2007	45,749	569,806,272	2,425,474,733	53,017	4.0%
2008	45,897	623,822,841	2,433,321,249	53,017	5.3%

Data Source

City Records, U.S. Census Bureau, Illinois Department of Employment Security, and Office of the County Clerk

## CITY OF DEKALB, ILLINOIS

## PRINCIPAL EMPLOYERS

2008 and Nine Years Ago

Employer	2008			1999		
	Rank	Employees	% of Total City Population	Rank	Employees	% of Total City Population
Northern Illinois University	1	3596	7.83%	1	3465	9.24%
Kishwaukee Community Hospital	2	700	1.53%	2	500	1.33%
Walmart	3	550	1.20%	5	300	0.80%
3M	4	525	1.14%			
Target Distribution Center	5	505	1.10%			
Tegran	6	364	0.79%	3	400	1.07%
Nestle Distribution	7	250	0.54%	7	200	0.53%
Jewel/Osco	8	200	0.44%	6	240	0.64%
Ideal Industries	9	125	0.27%	11	125	0.33%
GE Motors	10	100	0.22%	10	130	0.35%
Electro Mechanical Devices			0.00%	4	375	1.00%
Spaulding Composites			0.00%	9	150	0.40%
Caterpillar			0.00%	3	400	1.07%
A. O. Smith Harvestore			0.00%	8	195	0.52%
DeKalb Genetics			0.00%	2	500	1.33%

Data Source

Illinois Manufacturers Directory, Illinois Services Directory, DeKalb County  
Economic Development Corporation, City Records

## CITY OF DEKALB, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES (Budgeted) <sup>1</sup>

Last Seven Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008
General Government							
Legislative <sup>2</sup>	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Administrative Services	20.70	20.70	20.00	28.00	28.00	25.00	25.00
City Clerk	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Legal	-	-	-	-	-	4.20	4.20
General Fund Support	-	-	-	-	-	-	-
	32.20	32.20	31.50	39.50	39.50	40.70	40.70
Public Safety							
Police							
Officers	54.00	57.00	57.00	60.00	60.00	61.00	63.00
Civilians	20.32	20.57	21.57	20.32	20.57	22.57	21.07
	74.32	77.57	78.57	80.32	80.57	83.57	84.07
Fire							
Firefighters	52.00	55.00	56.00	56.00	59.00	59.00	59.00
Staff	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	54.00	57.00	58.00	58.00	61.00	61.00	61.00
Community Improvement							
Community Development	18.00	18.00	19.00	16.00	17.00	16.50	19.00
Engineering Services	-	-	-	3.50	3.50	3.50	3.50
Public Works							
Administration	2.00	2.00	2.00	1.50	1.50	1.50	1.50
Public Facilities	3.00	2.00	2.00	2.00	2.00	2.50	2.50
Engineering	5.00	5.00	5.00	0.00	0.00	0.00	0.00
Information & Technology	7.00	7.00	6.00	0.00	0.00	0.00	0.00
Streets	20.00	22.10	23.80	24.80	20.00	25.80	25.80
	55.00	56.10	57.80	47.80	44.00	49.80	52.30
Water Division	14.00	16.00	18.00	18.00	17.00	16.50	16.50
Airport Division	-	1.50	1.50	2.50	2.50	3.00	3.00
Development Services	-	-	-	3.00	3.00	3.50	3.50
Mass Transit	-	-	0.35	1.35	1.35	1.85	1.85
Total Full-time Equivalent Employees	229.52	240.37	245.72	250.47	248.92	259.92	262.92

(1) This schedule lists positions budgeted but not necessarily filled

(2) These positions are part-time

Data Source

City Budget Records

Information prior to 2002 is not available

## CITY OF DEKALB, ILLINOIS

## OPERATING INDICATORS

Last Seven Fiscal Years

	2002	2003	2004	2005	2006	2007	2008
<b>GENERAL GOVERNMENT</b>							
Finance							
Accounts Payable Checks Processed	7,490	7,620	6,250	6,805	6,664	6,589	5,895
Accounts Payable Invoices Processed	16,781	16,069	14,641	15,658	15,788	15,798	14,300
Payroll Checks Issued	8,249	8,176	7,771	7,939	8,037	7,789	7,765
Utility Bills Issued: Originals	41,184	41,476	43,586	44,393	43,376	43,566	45,045
Utility Bills Issued: Past Due	7,084	7,164	7,755	10,440	10,235	8,701	9,654
Receipts Processed	51,190	52,024	55,844	61,396	62,473	59,464	60,218
Community Development							
Building Permits Issued							
Residential Permits Issued:							
New Construction	N/A	172	332	293	206	76	43
Remodel	N/A	56	77	71	78	84	58
Industrial/Commercial Permits Issued:							
New Construction	N/A	38	33	18	24	27	33
Remodel	N/A	43	31	42	26	23	60
Other Permits	N/A	729	835	698	793	700	726
Total Number of Permits	N/A	1,038	1,308	1,122	1,127	910	920
Total Building Permit Valuation	N/A	\$ 48,722,649	\$ 82,646,830	\$ 67,271,969	\$ 62,775,315	\$ 22,371,977	\$ 32,871,346
<b>PUBLIC SAFETY</b>							
Police							
Physical arrests	2,105	2,041	2,212	2,524	2,339	2,396	2,359
Traffic violations	3,918	4,259	4,739	4,847	4,665	4,576	6,102
Parking violations	16,622	17,050	17,774	16,150	17,418	17,405	13,386
Fire							
Fire Responses (Fire & Non-Fire)	1,715	1,949	2,050	2,275	2,397	2,333	2,908
Emergency Medical Services Responses	2,713	3,029	3,029	3,197	3,284	4,035	4,091



	2002	2003	2004	2005	2006	2007	2008
<b>PUBLIC WORKS</b>							
Vehicles Maintained by Dept	93	97	119	99	101	126	130
Street construction (miles)	2.07	1.77	1.94	3.68	1.49	0.43	0.00
Street reconstruction (miles)	0.49	0.26	0.32	0.74	0.70	-	1.30
Street resurfacing (miles)	1.29	1.42	2.80	0.85	0.75	0.92	1.48
<b>WATER</b>							
Average Daily Consumption 12/31:							
Industrial/Commercial	581,272	516,196	527,834	544,202	564,535	565,607	529,012
Residential	2,345,978	2,214,748	2,279,568	2,255,327	2,359,087	2,368,852	2,279,998
Government/Church/School	813,449	884,843	737,971	776,854	705,645	689,974	676,948
	3,740,699	3,615,787	3,545,373	3,576,383	3,629,267	3,624,433	3,485,958
Water Billing Accounts on 12/31:							
Industrial/Commercial	661	685	701	719	728	747	774
Residential	8,184	8,355	8,599	9,005	9,384	9,838	9,993
Government/Church/School	166	170	195	206	206	210	230
	9,011	9,210	9,495	9,930	10,318	10,795	10,997

NA = Information Unavailable or Program Non-Existent

Data Source

Various City Departments

Information prior to 2002 is not available.

## CITY OF DEKALB, ILLINOIS

## CAPITAL ASSET STATISTICS

Last Seven Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008
PUBLIC SAFETY							
Police							
Stations/Municipal Center	1	1	1	1	1	1	1
Patrol Vehicles	21	24	26	28	29	26	26
Fire							
Stations	3	3	3	3	3	3	3
Ambulances	5	5	5	5	5	5	5
Fire Trucks	5	5	5	4	4	5	6
PUBLIC WORKS							
Residential Streets (miles)	112	114	116	119	124	125	125
Traffic Signals	17	18	19	19	20	20	22
WATER							
Water Towers	5	5	5	5	5	5	5
Storage capacity (MG)	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Water Wells	9.00	9.00	9.00	9.00	9.00	9.00	9
Water Mains (miles)	145	151	155	159	167	170	172

Data Source

Various City Departments

Information prior to 2002 is not available.