



DeKalb, Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT
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TED KOZINSKI, CPA, COMPTROLLER & TREASURER

CITY OF DEKALB, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
June 30, 2011

Prepared by the Finance Department

Laura Pisarcik
Finance Director

Ted Kozinski
Comptroller/Treasurer

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INTRODUCTORY SECTION

CITY OF DEKALB, ILLINOIS

PRINCIPAL OFFICIALS

June 30, 2011

LEGISLATIVE

Kris Povlsen, Mayor

Alderman David Jacobson, Ward One

Alderman Tom Teresinski, Ward Two

Alderman Kristen Lash, Ward Three

Alderman Brendon Gallagher, Ward Four

Alderman Ronald Naylor, Ward Five

Alderman David Baker, Ward Six

Alderman Monica O’Leary, Ward Seven

Steve Kapitan, City Clerk

ADMINISTRATIVE

Mark Biernacki, City Manager

Rudy Espiritu, Assistant City Manager

William Feithen, Police Chief

Bruce Harrison, Fire Chief

Joel Maurer, City Engineer

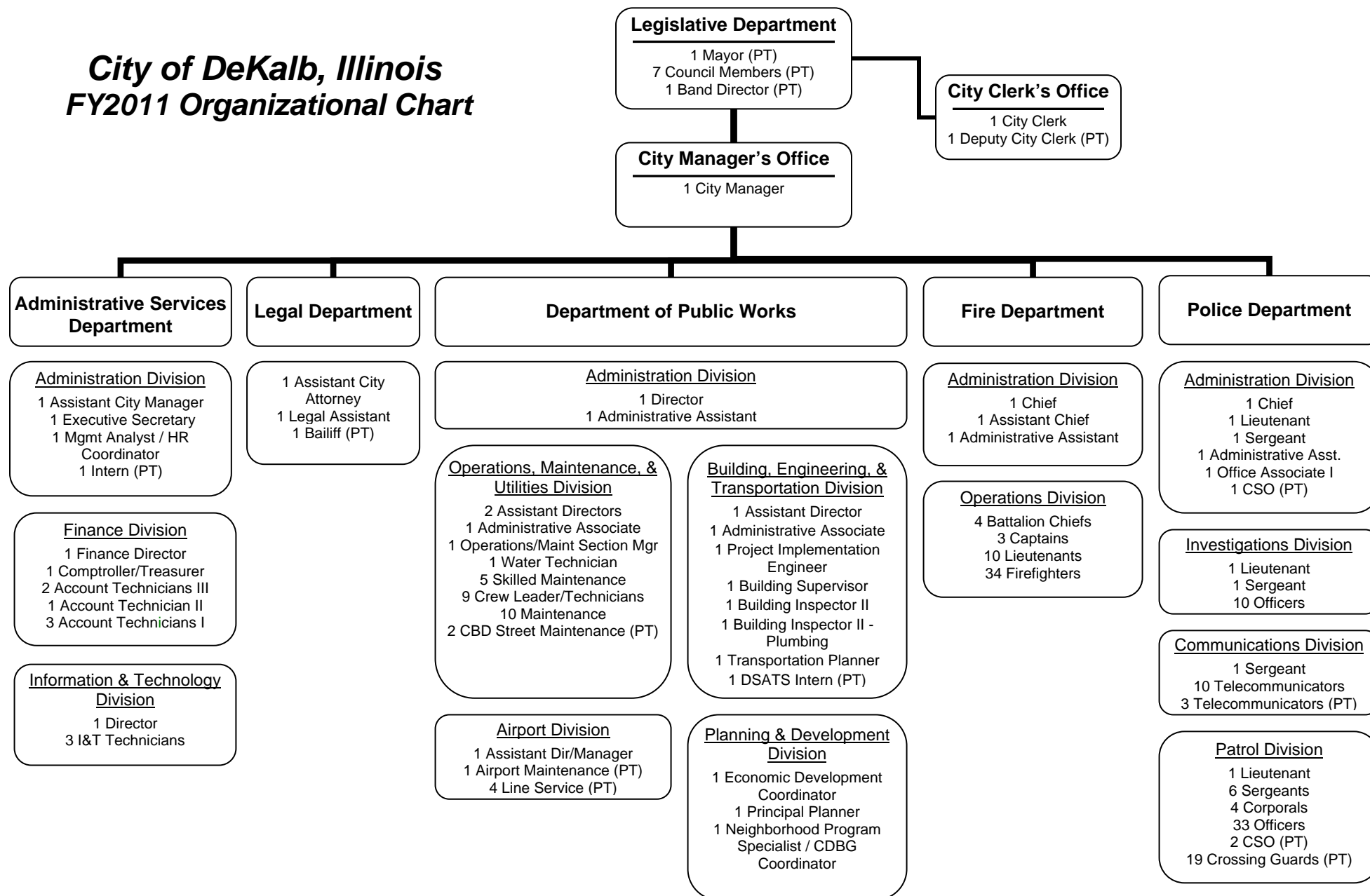
T.J. Moore, Public Works Director

Laura Pisarcik, Finance Director

Ted Kozinski, Comptroller/Treasurer

City of DeKalb, Illinois

FY2011 Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeKalb
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director



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

December 12, 2011

Mayor Kris Povlsen & DeKalb City Council
Mr. Mark Biernacki, City Manager
Citizens of DeKalb

We are pleased to forward for your consideration the City of DeKalb's FY 2011 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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, 2011. 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. The 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 43,867. 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 186 full-time and 50 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. In FY2011, the library participated in the Prairie Area Library System (PALS) which allowed patrons access to over 300 member agency collections. In July 2011, PALS will merge into the RAILS multi-regional library system to grant DeKalb residents access to more than 3,700 public, private, university, and school library members within a 27,000 square mile area covering northern and western Illinois.

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 re-budgeted 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

For Fiscal Year 2011 budget the Council continues its conservative approach, and has been reflective in this audit year. This budget incorporated wage concessions from all employees and continued the City's attrition policy. However, the effects of the global recession on our local economy were demonstrated through unemployment rates at historical highs; slowing overall EAV growth (particularly in industrial and residential categories); and reduced local taxable sales. With the conservative approach that Council took, the operating revenues in the General Fund came in \$2,339,146 above budget. Also with the cautious approach the expenditures came in \$694,950 under budget. Hence, the General Fund was \$3,344,871 excess of revenues over expenditures this Fiscal Year. So, with Fiscal Year 2011 at a close, the General Fund ended with a positive balance.

Other economic stability occurred in the education and health industries. Northern Illinois University is a comprehensive teaching and research institution with student enrollment of more than 23,000. Kishwaukee Community Hospital also has a significant economic presence that provides employment to more than 1,200 healthcare professionals and staff. Other large private employers include 3M, Walmart, the Target Distribution Center, Tegrant, American Marketing, 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 3.8 percent (2006) to a decade high of 10.0 percent (2011).

Long-term Financial Planning

Excluding amounts reserved or designated for various purposes, the General Fund's June 30th, 2011 fund balance was 10.39 percent of actual expenditures. This amount is below the City's fund balance goal of 25%, which was recently adopted by the City Council in February 2010. In order to attain a 25% fund balance, the City is planning to accumulate 5% per year over a 5-year period and reach the 25% fund balance by FY 2015.

The City has shown with the conservative approach to budgeting, and cuts with expenditures, it has begun the slow climb to the goal of 25% of fund balance for the General Fund.

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 FY2011, 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 \$150,000 of general revenues for the Human Services Program, benefiting numerous local social service agencies
- Sponsored 12 summer concerts by the DeKalb Municipal Band. The band started in 1854 and has had the longest continuous service in the State of Illinois
- 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

- Processed and distributed money in TIF surplus distributions to DeKalb taxing districts
- Renewed a three year term with the Intergovernmental Personnel Benefits Cooperative (IPBC) for our health, dental, pharmacy, and life insurance programs
- Upgraded fiber optics on Fire Station 2 and 3
- Upgraded City Email system and Mail System
- Set up City wide VOIP and voicemail system with auto attendant
- Upgraded Fire Radio System including fiber to the towers
- Installed some Fiber to Water substations (south 7th Street, Dresser Rd., and W. Lincoln Hwy)
- Broadcasting additional meetings on channel 14
- Hired a Finance/Purchasing Director
- Hired a Public Works Director

- Hired an Economic Development Consultant
- Restructured General Fund debt to help with costs for voluntary separation program and reduction in force costs
- Developed a Fleet Replacement Program
- Achieved the Government Finance Officers Association Award “Excellence in Financial Reporting” for the 17th consecutive year.

Legal Service Department

- Coordinate purchase of property for City purposes.
- Implement new police officer training and updates for existing police officers on legal issues.
- Negotiate and draft development agreements for redevelopment of downtown revitalization properties.
- Review and revision of traffic chapter of the Municipal Code.
- Review and implementation of tasks assigned in order to implement the City Council’s strategic goals.
- Coordinate and streamline liquor license administrative tasks and recordkeeping.
- Professional training or certification for staff and mandatory continuing legal education for attorneys.

Police Department

- Grants received:
 - 3M grant to purchase two laptop computers - \$1,000
 - ILEAS grant to purchase five in-car computers - \$34,170
 - Illinois Criminal Justice Authority vehicle grant - \$20,000
 - ILEAS Intelligence Liaison Officer grant – received laptop, printer, camera and training.
- Remodeled and moved E911 dispatch center in old conference room to allow more room and allowed for an additional workstation.
- Remodeled records room to allow more room and purged arrest files.
- Remodeled old E911 dispatch center to a conference room.
- New portable radios purchased and StarCom radio system activated.
- Provided gang presentations to various governmental groups.
- Accidents within City decreased.
- Five police vehicles purchased.
- Drug arrests increased.
- Major Case investigations were successful in:
 - Antoinette “Toni” Keller homicide
 - Moises Arguello drug induced homicide
 - Devon Butler attempted homicide
 - Arrests made with heroin dealer, weapons recovered, at local hotel.
 - Drug sweep resulted in 16 arrested.
- Purchased new tactical response equipment.
- Added one additional in-car video camera

Fire Department

- Continued partnerships within the community and the region to enhance the service level to our citizens.
- Continued Citywide NIMS implementation.
- Continued to provide training for Resident Assistants at NIU.
- Continued to inspect all rooming houses, restaurants, gas stations, and places of assembly.
- 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

- Bid Annie Glidden Road sign reflectivity project using IDOT highway safety funds.
- Added ADA accessible sidewalk ramps at intersection corners of North 1st Street during the resurfacing project between Dresser Road and McCormick Drive.
- Updated ADA assessable sidewalk ramps at Edens Garden, N. 11th Street, Laurel Lane, Locust Street, and Huntington Road.
- Parkway tree trimming completed in the Hillcrest Subdivision streets
- Inspection staff was cross-trained by the DeKalb Police Department personnel to assist in the enforcement of parking prohibitions on emergency snow routes.
- Continue neighborhood sidewalk and alley program for TIF areas and areas with needs
- Coordinated storm water improvements on south 11th St. to ease street flooding.
- Coordinated both private and public interests in working with School District 428 in the preparation and execution of an annexation, annexation agreement and a development agreement for the District’s new High School on West Dresser Road.
- Coordinated efforts with the NIU Greek Community to create an annual roadside litter collection program.
- Coordinated with other agencies bike lane paving along the new Dresser Road High School, for a continuous one mile path from 1st Street to DeKalb County Nursing and Rehab Center.
- Coordinated installation of new temporary signal at Dresser Road and Annie Glidden Road as required for the new high school traffic.
- Completed the Neighborhood Improvement Coordination Effort Program (NICE Program) in concert with the NIU Cares Day program as a means to promote positive community relationships in the pursuit of addressing property maintenance initiative.
- Work with all Departments and ReNew DeKalb for review and construction implementation of Downtown upgrades for additional parking, street tree placement, and city building demolitions.
- Assist Police and Public Works Departments for implementation of upgraded Police department space.
- Executed an agreement with Waste Management for residential waste collections for the City.
- Implemented a residential “toter” pilot program with Waste Management to test the public’s reaction to using toters for residential waste collection city wide.
- Continued utilization of downtown part-time maintenance crews.
- Maintained Hanging Flower Pots, banners, public parking lots.
- Served as staff representatives to promote and implement the Downtown Revitalization Plan public rights-of-way improvements.

- Continued public education efforts on landscape waste disposal practices
- Initiated the East Lincoln Highway “Green Up Project” in an effort to enlist the participation of approximately 100 private property owners to plant an estimated 100 trees to improve the City’s east corridor entryway.
- Completed project studies, design, and GE right of way acquisition for widening Peace Road between Pleasant Street and Route 38. Managed capital improvement projects of one million dollars including alley repairs, sidewalk replacement, TIF Street Maintenance, crack sealing, and patching.
- Completed construction of the federal job stimulus funded intersection project at Dresser Road and Normal Road.
- Five flooded homes acquired and demolished using CDBG or FEMA funds.
- Completed construction of the East Lincoln Highway Traffic Enhancement project East of 4th Street.
- Coordinated consultant design and started the downtown streetscape projects for downtown parking lot upgrades and signage.
- Maintained City Parking Lots.
- Continued a multi-year alley and sidewalk replacement program for TIF areas
- Coordinated downtown construction with streetscape features on East Lincoln Highway and Locust Streets.
- Promoted through TIF grant a bioswale drainage improvement along DIMCO Oak Street property.
- Continued a multi-year alley and sidewalk replacement program for TIF areas and within the 2nd ward.
- Building and Code Division worked with the Central Business District property owners to improve security lighting in the district’s alleys, repair broken windows, paint, and post addresses.
- Coordinated downtown construction with streetscape features on East Lincoln Highway and Locust Streets.

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 2012 will include the following initiatives:

Goal 1. Enhance Public Safety for Our Community and Our Residents

- A. Continue to maintain DeKalb as a safe community for its citizens
 - Continue working closely with various groups (Chamber, Renew, neighborhood watch groups, etc.) to promote and secure safe neighborhoods and a downtown environment.
 - Install security cameras in strategically located public places in selected neighborhoods and downtown
 - Continue deployment of portable truck scales in downtown area
 - Continue federal traffic safety enforcement grant
 - Decrease gang involvement and presence in the community’s neighborhoods
 - Expand computerized gang intelligence file
 - Continue to formalize procedure for sharing gang intelligence with other departments.
 - Increase gang awareness presentations
 - Obtain additional grant monies from Illinois Liquor Commission to continue tobacco compliance checks

- Seek grant assistance to fund completion of missing sidewalks or bikepaths for pedestrian safety such as for Bethany Road, Fairview Drive (1st – 4th) and Eden's Garden
 - Seek grants for mandated street sign reflectivity upgrade for improved nighttime safety
 - Develop technology and devices for public information sharing
 - Develop public safety performance measures
- B. Continue to promote and provide opportunities for public education and awareness
- Continue presentations on fraud and scam to community
 - Consider adopting a business registration program to improve our emergency response contact information
 - Seek opportunity to provide life safety education information to the community in a cost effective manner
 - Expand the use of the City's website for distributing public information
- C. Maintain fire safety, fire prevention, and other zoning/housing code programs
- Continue to inspect all rooming houses, restaurants, gas stations, and places of assembly.
 - Re-examine the need for a rental housing licensing and inspection program
 - Participate in a crime free housing program
 - Re-examine the need for the nuisance property abatement ordinance
 - Support the Install, Inspect, Protect Campaign with smoke detector replacement program to ensure that every residence in the City of DeKalb has a working smoke detector
 - Assess fire sprinkler and sprinkler application in the community
 - Create hotel/motel inspection and licensing program
- D. Encourage community policing policies and practices
- Reinstitute the citizen's fire and police academy efforts as funding and staffing allow
 - Continue the take-home-squad-car program and expand as funding is available
 - Encourage "Neighborhood Watch" programs
 - Participate in the annual community block party at Hopkins Park
- E. Continue to strengthen community relationships, citizen contacts and other positive interaction.
- Continued to provide training for Resident Assistants at NIU.
 - Continue to maintain police foot patrol, motorcycle patrol and bike patrols in residential areas and increase where possible
 - Continue Incident Management Team as inter-operational platform for agency information sharing
 - Consider Public Safety focus meetings with community
- F. Maintain positive intergovernmental and City/University relations
- Implement an on-going and coordinated effort at co-policing the university area with NIU PD
 - Monitor and enhance contractual relationships on fire and EMS services with NIU
 - Support Communiversit Incident Management Team
 - Maintain positive relationship with NIU athletics and participate in crime prevention education and career education with athletic recruits
- G. Promptly respond to the public's call for service
- Improve response times for police calls, fire suppression and EMS delivery
 - Seek funding for PSAP/911 next generation upgrade
 - Find funding avenue for public safety radio operations and interoperability
 - Effectively staff for increasing call volume and consistent clustering of calls

- Seek alternative service delivery systems that keep citizens safe but does so in a more cost-effective and efficient manner

H. Continue to pursue partnerships within the community and region to enhance the service level to our citizens.

- Continue participation in multi-cultural and school safety committees
- Maintain the two school resource officer program in high school and middle schools
- Continue to partner with Target Corporation to promote National Night Out
- Evaluate further Public Safety opportunities to facilitate communication and information sharing with community

I. Enhance the level of training using resources available through state and federal funds to reduce local costs.

- Continue training dedicated to the National Incident Management System and Homeland Security initiatives
- Continue to seek support and networking regionally to maintain state Hazardous Materials and Technical Rescue teams
- Seek funding for training for Aircraft Rescue Fire Fighting through a grant from the Department of Homeland Security/U.S. Fire Administration/Federal Aviation Administration
- Develop a network in the region to support MABAS statewide team
- Seek interoperable communication funds for local and regional application
- Continue to seek funding for rail safety education, training and enforcement through the Public Education and Enforcement Research Study (PEERS) from the Illinois Commerce Commission and Federal Railroad Administration

Goal 2. Enhance Communications and Relationships with our Residents, our Community Partners, and the City's Employees

A. Regularly communicate the range of City services, issues, policies, and programs and the challenges of delivering the same

- Develop a communication strategy to educate the community about the City's programs and policies
- Integrate and publish the City's strategic goals in all promotional materials, brochures, posters, etc
- Continue web site improvement and user-friendliness
- Establish a speaker's bureau where staff members make presentations to various interest groups on a rotating basis
- Produce new public service announcements and videos (water quality, waste disposal sites, code enforcement, etc.)
- Increase public information and outreach through brochures, neighborhood meetings, public forums, newsletters, and the City's website
- Provide opportunities to educate employees and the public about these programs that may be complex in nature or projects for which the long range benefits to the community may be difficult to understand (i.e., TIF, airport, etc.)
- Promote City services through enhanced use of cable outlet, City website and e-newsletter
- Consider the recruitment and hiring of a communications manager

B. Maintain and enhance City services while recognizing and communicating the real financial constraints on the city government

- Regularly educate the public and the City's employees about financial challenges and constraints

- Re-institute the “neighborhood coffee” program to bring the City to the citizens and their neighborhoods to discuss city issues and programs
- Communicate the consequences of financial decisions to the public and City employees
- Create a strong and consistent communication program between City staff and Council members
- Determine Human Services funding levels

C. Maintain professional, well-trained staff and sufficient staffing levels but do so within the existing financial constraints and limitations

- Maintain a standard of excellence for city personnel through retention and recruitment policies and practices
- Maintain and monitor a competitive compensation and benefit systems and adjust accordingly
- Maintain an effective performance award compensation system.
- Adopt and fund an effective succession planning process
- Adequately fund staff training and professional development
- Look at programs and alternative service delivery systems to efficiently utilize existing staff resources
- Conduct regular customer service training for all employees
- Work with union leadership to enact fair and reasonable terms and conditions within future collective bargaining agreements
- Consider training/seminars for City Council members on the City Manager form of government
- Better distinguish roles and responsibilities between staff and Council on policy making versus daily operations

D. Utilize the Citizen’s Community Enhancement Commission to communicate and promote projects, programs and other City initiatives

- Continue to publish a community –wide e-newsletter
- Implement the City logo city-wide
- Continue to enhance the City’s web site
- Explore the use of the new social media to assist in communicating city issues
- Continue the Yards of Distinction and Lights of Distinction awards program
- Regularly survey community residents to assess their opinions on quality of life and City services

F. Promote public trust and credibility in all City operations and practices

- Maintain a high level of support and trust from the community by being involved in the community
- Monitor the public’s expectations for quality service delivery
- Develop mutual understanding, trust, and positive public perceptions of the City and its operations
- Create accountability systems such as policy, procedure and audit reviews
- Assure fair, honest, open and responsive approach to community needs
- Provide public education opportunities such as “ride-alongs,” police and fire station tours, classroom presentations, and related activities

Goal 3. Improve Community Appearance, Neighborhood Vitality, and Quality Housing

A. Enhance the value, appearance, and vitality of our community’s neighborhoods

- Continue to improve, expand, and provide financing for adequate property maintenance enforcement
- Enforce housing occupancy and property maintenance codes

- Maintain and expand cooperative neighborhood improvement programs (NIU Cares day, NICE program, Adopt-a-street, Adopt-a-Neighborhood, etc.)
- Create a neighborhood improvement grant program in selected areas of the city
- Re-examine and implement a rental housing licensing and inspection program
- Participate in a crime free housing program with area landlords and property owners
- Continue Administrative Hearing Officer Program
- Regularly prepare reports on property maintenance activities
- Build on the value of historic districts and neighborhoods with an initial focus on the 5th Ward North Historic District
- Continue brownfield assessments and remediation programs
- Institute a rooming house conversion pilot program
- Redevelop and/or rehabilitate dilapidated and run down properties
- Expand neighborhood planning and housing rehabilitation programs
- Continue alley and sidewalk programs
- Control stormwater and flooding issues (i.e. Dodge/Orr Farm, Pleasant Street, Dawn/David area, etc.)
- Reestablish homeowner assistance programs as funds allow for sanitary service repair assistance, small drainage project upgrade, sump pump drainage improvement, parkway tree replacement, and sidewalk repair assistance
- Assess the appropriateness of a City-wide refuse toter program

B. Encourage the development of high quality housing and residential subdivisions

- Promote higher design criteria and raise the bar on the aesthetic and functional standards of development
- Encourage residential development that provides balance to the types and prices of our existing housing stock
- Encourage owner-occupied housing to better balance the owner/rental imbalance that exists
- Ensure all new housing growth pays for itself and does not impose a disproportionate burden on our taxing district partners
- Require high quality housing construction and design standards
- Maintain and keep safe our affordable housing stock but refrain from adding to the supply until an appropriate housing balance is achieved
- Adopt the code for “Existing Buildings” to encourage rehabs
- Promote quality and sustainable development
- Investigate licensing of general contractors
- Encourage the use of alternative energy sources
- Implement new design standards to pursue energy conservation best practices

C. Continue to enhance the downtown and our entryway corridors with appropriate aesthetic and image enhancing projects and programs

- Continue to improve the pedestrian and aesthetic environment with the Downtown area
- Complete remaining public improvements in the downtown and regularly maintain them
- Support Re:New DeKalb and its various programs
- Install a parking “Way Finding” system
- Market city owned vacant parcels for uses that complement the mix and growing vitality of the downtown
- Create and adopt design regulation and guidelines for future downtown buildings and additions
- Continue Architectural Improvement Programs
- Improve the image of the City entryway corridors, particularly East Lincoln Highway and South Fourth Street
- Encourage the addition of more trees and other landscaping features along the corridors
- Develop a business development plan for the re-utilization of downtown properties

D. Regularly improve streets, maintain viable transportation alternatives, and control traffic to reasonable levels and locations

- Enhance and expand the public's mobility and transportation options
- Continue participation with the DeKalb Sycamore Area Transportation Study
- Update the bicycle/pedestrian path plan
- Promote the construction of additional bike trails and lanes
- Implement effective access management strategies along corridors
- Reduce truck traffic and redirect to more appropriate streets and corridors
- Measure truck traffic volume and patterns and react accordingly
- Continue the Neighborhood Services Committee's review and recommendations on neighborhood traffic issues and control measures
- Improve neighborhood streets on an on-going basis
- Leverage State and Federal funds to improve our major roads and streets to accommodate our growing city
- Seek ways to eliminate reliance on state MFT funds to pay for operational activities such as purchase of deicing materials, street lighting and energy costs, etc.

Goal 4. Ensure a Financially Stable and Sustainable City Government

A. Enhance financial policies and programs

- Maintain the strategic financial plan and update as may be necessary
- Regularly administer financial and budget policies and modify as necessary
- Regularly assess all revenue sources and expenditure needs and modify where necessary
- Review financial and budget policies and modify when necessary
- Create and maintain a sustainable fund balance
- Maintain the City's Aa2 bond rating
- Continue to report on a quarterly basis the status of the municipal budget and identify trends, concerns and issues
- Regularly assess the financial implications of all decisions, programs, initiatives, and incentives
- Address the long-term liability of post-retirement health care and pensions
- Develop and finance a risk management strategy and program
- Create a core/non-core prioritization exercise
- Leverage local resources to obtain federal and state grant funding wherever feasible
- Ensure the accurate and prompt collection of revenues, consider spot audits
- Re-examine tax rates regularly
- Examine ways in which the City can become less sales tax reliant
- Adopt cost recovery fees for delivery of police and fire services
- Recruit and hire a Finance Director/Purchasing Manager

B. Maintain cost effective and efficient delivery of city services

- Reduce costs without reducing services
- Examine the effectiveness and utility of all the boards and commissions and make adjustments if necessary
- Examine the possibility of regionalizing the airport
- Prepare a marketing and business plan for the airport
- Look at consolidating services, co-sourcing, and/or resource sharing with other area taxing districts
- Outsource/privatize city services where feasible and practical
- Evaluate service delivery models to best meet the needs of the citizens of DeKalb with the available resources
- Reduce planned non-essential overtime

C. Adequately provide and maintain public buildings and infrastructure

- Secure adequate resources and revenues to finance capital improvements and public infrastructure project
- Consider restructuring general fund debt to help in financing some of these improvements
- Regularly update the 5 year financial and capital improvement plans
- Develop a long-range facility plan for the City
- Secure funding to overcome deficiencies and inadequate physical space for the Police Station and City Hall
- Provide a positive return on investment for public infrastructure outlays and capital expenditures

D. Adequately finance fleet and equipment replacement and maintenance

- Create and annually fund an equipment and vehicle replacement fund
- Consider alternative funding sources with proceeds dedicated to vehicles and equipment
- Seek funding for replacement of ladder truck through a grant from the Department of Homeland Security/U.S. Fire Administration

Goal 5. Increase Economic Growth and Further Diversify the Tax Base

A. Promote and attract development that furthers the diversification of the tax base

- Promote the development of new commercial and industrial areas
- Prepare a retail attraction strategy
- Maintain industrial opportunities inventory
- Attract an economically viable mix of unique shopping, restaurant, professional service and other uses to the downtown
- Explore joint City/NIU/Kish College ventures to lure development (business parks, job training, engineering school, etc.)
- Encourage small business development
- Market the micro-loan and other small business programs
- Identify economic development opportunities to lure and retain knowledge-based industries and the “creative class”
- Attract new ventures from existing larger businesses
- Actively market city-owned parcels in the downtown
- Recruit and hire an economic development director

B. Maintain economic development programs, policies, and financial tools and update where necessary

- Continue tax abatement programs and update as necessary
- Update and revise incentives guidelines as necessary
- Review internal processes to ensure staff delivers and creates a “business-friendly” environment
- Continue cooperation with DCEDC & Kishwaukee Community College on job training
- Promote the continued development and use of the DeKalb Taylor Municipal Airport in recognition of it being an economic engine for the area
- Complete taxiway reconstruction
- Continue efforts to secure Runway Protection Zone
- Explore creation of an “Airpark” Condo Hangar Program

Awards and Acknowledgements

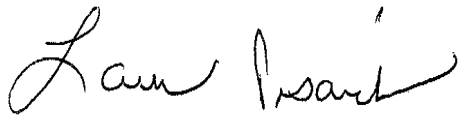
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of DeKalb, Illinois for its comprehensive annual financial report for the fiscal year ended June 30,

2010. This was the seventeenth 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.

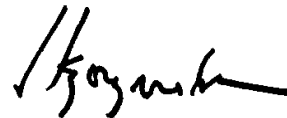
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.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

A handwritten signature in black ink, appearing to read "Laura Pisarcik". The signature is fluid and cursive, with a large initial "L" and a distinct "P" for the last name.

Laura Pisarcik

Finance/Purchasing Director

A handwritten signature in black ink, appearing to read "Ted Kozinski". The signature is more stylized and less cursive than the one on the left, with a prominent "K" and "Z".

Ted Kozinski, CPA

Comptroller & Treasurer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

Members of American Institute of
Certified Public Accountants

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, 2011, 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, 2011. 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 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, 2011, 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 16, 2011 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 black ink, appearing to read "Sarah LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
November 16, 2011

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF DEKALB, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

The City of DeKalb's discussion and analysis is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (i.e., the approved budget) and (5) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the City's financial statements that follow.

FINANCIAL HIGHLIGHTS

- **Net Asset Summary** – The City's total net assets increased from \$159,611,331 at June 30, 2010 to \$164,694,890 at June 30, 2011.
- **Governmental Activity Summary** – Net assets for governmental activities increased from the FY 2010 balance of \$111,592,985 to the FY 2011 balance of \$113,552,948, an improvement of \$1,959,963.
- **Business-type Activity Summary** – Net assets for business-type activities rose from the FY 2010 balance of \$48,018,346 to FY 2011 balance of \$51,141,942, an increase of \$3,123,596.
- **General Fund Summary** – The General Fund's \$2,750,119 total fund balance represented a (\$758,103) decrease from FY10. However, due to budgetary actions taken by the City Council, the FY11 unassigned fund balance is \$2,692,928 which represents a vast improvement over the FY10 balance of \$22,169.
- **General Fund Budget vs. Actual** – Excluding the effects of transfers and other financing sources/(uses), the City's General Fund actual revenues were \$2,339,146 more than budgeted revenues while General Fund actual expenditures were less than budgeted expenditures by (\$694,950).
- **Capital Assets** – Total capital and infrastructure assets of Governmental and Business-Type Activities went from \$186,478,585 at the close of FY 2010 to \$187,376,203 in FY 2011, an increase of \$897,618.

More detailed information regarding the City's capital assets debt can be found in Note 4 of the financial statements.

- **Debt Service** – The City undertook several debt service actions, namely:
 - Issued a \$9.32 million General Obligation Bond to completely refund the series 1997A and series 2002 bond issues as well as partially refund the series 2004.

The City also converted a half of the 2009 BAN to long-term debt and paid down the remaining half with cash.

- Due to major improvements in cash flows, the City eliminated its need to carry a \$2,500,000 line of credit established in FY2010 for precautionary purposes.
- The City paid down its intergovernmental debt to the DeKalb School District as part of the agreement to support the repurposing of several DeKalb area schools located in the TIF district.

A more detailed explanation of the City's long-term debt can be found in Note 7 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's financial section of the CAFR includes four primary components:

- **MD&A** – This section is management's narrative introduction and analytical overview of the government's financial activities that must be presented prior to the Basic Financial Statements.
- **Basic Financial Statements** – The purpose of the financial statements is to focus on the City's financial condition as a whole ("Government-Wide") and on the major individual funds. Both perspectives allow the reader to address relevant questions, broaden the basis for year-over-year comparisons, and enhance the City's accountability:
 - A) Government-wide financial statements provide both short and long-term information about the City's overall financial status.
 - B) Fund financial statements focus on individual parts of the City government, i.e., reporting City operations in more detail than the government-wide financial statements.
 - C) The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.
- **Required Supplementary Information** – This section follows the Basic Financial Statements and provides financial information that further explains and supports the information in the financial statements. For example, management has provided sections for combining statements to provide detail on non-major funds. The auditors are required to perform certain limited procedures regarding this information.
- **Additional Supplementary Information** – This section is meant to give the reader a better idea of the City as a whole by providing statistical information and additional financial and non-financial data.

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 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 intent is 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 (e.g., 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 Proprietary 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.

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
SCOPE	Entire City government (except fiduciary funds) and the City's component unit	Activities of the City that are not proprietary or fiduciary such as public safety	Activities the City operates similar to private business such as the water and airport system	Activities in which the City is trustee or agent of another's resources such as pension plans
REQUIRED FINANCIAL STATEMENTS	<ul style="list-style-type: none"> ▪ Statement of Net Assets ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of revenues, expenses, and changes in net assets ▪ Statement of cash flows 	<ul style="list-style-type: none"> ▪ 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

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 requires that these assets be valued and reported within the Governmental Activities 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.

GOVERNMENT-WIDE STATEMENTS: A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

STATEMENT OF NET ASSETS:

Over time, changes in net assets may serve as a useful indicator of a government's financial position.

For the City of DeKalb, the largest portion of net assets is invested in capital assets net of related debt. The capital assets amounts listed in Table 1 represent street construction, bridges, purchases of land, buildings, vehicles, major equipment, airport infrastructure, etc. (net of depreciation).

Restrictions on net assets are typically imposed by outside creditors, Federal and State grant agencies, or by law (e.g., TIF money can only be spent within the TIF Districts). By far, the largest restriction for the City of DeKalb is the \$10.3 million in TIF District fund balances. These dollars can only be used according to Illinois Compiled Statutes.

**Table 1
Statement of Net Assets
As of June 30, 2010 and 2011**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>
<i>Current and Other Assets</i>	38,364,513	32,467,437	2,343,043	5,665,782	40,707,556	38,133,219
<i>Capital Assets</i>	129,059,891	131,039,437	57,276,840	56,336,766	186,336,731	187,376,203
Total Assets	\$167,424,404	\$163,506,874	\$59,619,883	\$62,002,548	\$227,044,287	\$225,509,422
<i>Other Liabilities</i>	18,079,289	16,044,232	1,961,998	2,008,654	20,041,287	18,052,886
<i>Long-Term Liabilities</i>	37,752,130	33,909,694	9,639,539	8,851,952	47,391,669	42,761,646
Total Liabilities	\$55,831,419	\$49,953,926	\$11,601,537	\$10,860,606	\$67,432,956	\$60,814,532
<i>Net Assets:</i>						
<i>Invested in capital assets, Net of Debt</i>	116,154,934	119,410,592	48,482,070	48,222,651	164,637,004	167,633,243
<i>Restricted</i>	15,569,514	11,857,498	-	-	15,569,514	11,857,498
<i>Unrestricted</i>	(20,131,463)	(17,715,142)	(463,724)	2,919,291	(20,595,187)	(14,795,851)
Total Net Assets	\$111,592,985	\$113,552,948	\$48,018,346	\$51,141,942	\$159,611,331	\$164,694,890

Normal Impacts-Net Assets

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

- Net Results of Activities – Impacts (i.e., increases or 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

Net Assets of the City's combined governmental and business-type activities grew from last year's balance of \$159,611,331 to the current year's \$164,694,890 balance.

Net assets of the City's governmental activities increased \$1,959,963 from an FY 2010 balance of \$111,592,985 to an FY 2011 balance of \$113,552,948. In regards to Assets, the increase was assisted by capital asset additions for downtown street improvements as well as the widening of Peace Road. Regarding Liabilities, this change was also assisted by reductions in long-term liabilities, lesser accounts payable as the City expeditiously paid vendors, and a smaller accrued payroll due to reductions in force and payroll calendar factors.

Governmental unrestricted net asset deficit of (\$17,715,142) largely represents the City's TIF debt obligation. This amount compares favorably to last year's (\$20,131,463) deficit.

Net assets of the City's business-type activities improved of \$3,123,596 from an FY 2010 balance of \$48,018,346 to an FY 2011 balance of \$51,141,942. The overall improvement was due to positive Water Fund operations, closure of the Development Services Fund via a General Fund transfer in excess of \$600,000, and another \$2,140,000 General Fund transfer to the Airport Fund used to erase accumulated prior year deficits. The total FY 2011 expenses of these Funds (excluding transfers) was \$7,330,400 compared to \$7,213,854 in FY2010, \$7,493,617 in FY 2009, \$6,972,575 in FY 2008, and \$6,898,546 in FY 2007.

Business-type unrestricted net assets, which represent amounts available to finance the continuing operations, were \$2,919,291 in FY 2011 compared to (\$463,724) in FY 2010, (\$724,236) in FY 2009, (\$985,741) in FY 2008, and (\$805,537) in FY 2007. As noted in the previous paragraph, the dramatic positive shift represented continued improvements in Water Fund operations and transfers from the General Fund.

STATEMENT OF CHANGES IN NET ASSETS: The following chart shows the revenues and expenses of the City's activities:

Table 2
Changes in Net Assets
For the Fiscal Year Ended June 30, 2010 and 2011

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>
REVENUES						
Program Revenues:						
Charges for Services	\$3,663,089	\$3,956,440	\$7,047,605	\$7,556,274	\$10,710,694	\$11,512,714
Operating grants	2,488,211	3,257,775	-	-	2,488,211	3,257,775
Capital grants	2,471,003	4,144,333	760,930	392,373	3,231,933	4,536,706
General Revenues:						
Property Taxes	13,371,039	13,405,653	-	-	13,371,039	13,405,653
Sales Taxes	13,549,374	13,724,776	-	-	13,549,374	13,724,776
Utility Tax	3,324,919	3,993,286	-	-	3,324,919	3,993,286
State Income Tax	3,472,035	3,561,130	-	-	3,472,035	3,561,130
Other Taxes	763,544	825,372	-	-	763,544	825,372
TIF Surplus	-	758,577	-	-	-	758,577
Investment Income	75,779	71,691	16	16	75,795	71,707
Contributions	-	-	-	-	-	-
Miscellaneous	188,830	157,306	42,707	28,384	231,537	185,690
Special Items	-	-	-	-	-	-
Total Revenues	\$43,367,823	\$47,856,339	\$7,851,258	\$7,977,047	\$51,219,081	\$55,833,386
EXPENSES						
General Government	\$9,268,403	\$10,647,791	\$-	\$-	\$9,268,403	\$10,647,791
Public Safety	19,606,432	19,660,618	-	-	19,606,432	19,660,618
Community						
Improvement	9,415,300	4,465,186	-	-	9,415,300	4,465,186
Highways And Streets	5,083,380	7,929,922	-	-	5,083,380	7,929,922
Interest	723,651	857,764	-	-	723,651	857,764
Water	-	-	4,247,070	4,438,481	4,247,070	4,438,481
Airport	-	-	914,295	1,154,982	914,295	1,154,982
Development Services	-	-	380,574	-	380,574	-
Refuse	-	-	1,671,915	1,736,937	1,671,915	1,736,937
Total Expenses	\$44,097,166	\$43,561,281	\$7,213,854	\$7,330,400	\$51,311,020	\$50,891,681
Change in Net Assets Before Transfers	(\$729,343)	\$4,295,058	\$637,404	\$646,647	(\$91,939)	\$4,941,705
Transfers In (Out)	296,836	(2,453,290)	(296,836)	2,453,290	-	-
Change in Net Assets	(\$432,507)	\$1,841,768	\$340,568	\$3,099,937	(\$91,939)	\$4,941,705
Net Assets, July 1, Restated	\$112,025,492	\$111,711,180	\$47,677,778	\$48,042,005	\$159,703,270	\$159,753,185
Net Assets, June 30	\$111,592,985	\$113,552,948	\$48,018,346	\$51,141,942	\$159,611,331	\$164,694,890

Normal Impacts- Changes In Net Assets

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

Revenues:

- Economic Condition – This factor 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 State 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, laddering maturities up to two years for term investments, and meeting cash flow needs. Market conditions may cause investment income to fluctuate more with a short-term portfolio than a long-term one.

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 – Although overall inflation increased 3.56% (the June 30, 2011 year-over-year change in the Consumer Price Index of All Urban Consumers), 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:

FY 2011 revenues from governmental activities totaled \$47,856,339 versus \$43,367,823 last year. Capital and Operating Grants accounted for a little more than half of this increase. General Fund sales taxes and TIF property taxes continue to be the City's largest sources of tax revenues—both were stable in FY11.

Another notable change from last year was found in a new line item for Central Area TIF

distributions of surplus dollars back to the appropriate taxing districts including the DeKalb school district, County, State, and the City's General Fund.

The largest dollar increase stemmed from "Capital Grants". Here, the City received a number of Federal and State grants to substantially cover most of the costs of several road and bridge construction projects.

Since Sales and Other Taxes are the primary source of income, a short description of the major categories should be helpful:

- **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 1.75%.
- **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.

Many individual revenue line items increased or decreased from the prior fiscal year due to the general condition of the overall State and local economy (e.g., State Income Tax sharing, local Utility Taxes). The City of DeKalb has a large number of these "elastic" revenues which, in order to be fiscally prudent, requires a conservative approach to budget estimates.

Expenses:

Expenses for FY 2011 governmental activities totaled \$43,561,281 compared to FY 2010 \$44,097,166. Although expenses were negatively impacted by rising pension and workers' compensation costs, the outlays toward downtown redevelopment and highways/streets is anticipated to boost the local economy through the attraction of new business and future residential growth.

Business Type Activities

Revenue:

Revenue from business-type activities totaled \$7,977,047 in FY 2011. This \$125,789 increase from last year was primarily due to a water rate increase that was offset by a drop in capital grants. Although capital grant revenues decreased substantially, they often fluctuate greatly from year-to-year, so significant revenue variances from are normal.

Expenses:

FY 2011 expenses for business-type activities totaled \$7,330,400 compared to \$7,213,854 last year. The most notable cause for this 1.6% increase occurred due to the Airport's FY11 initiative to act as its own FBO and, as part of this change, purchase jet fuel for resale.

FUND FINANCIAL STATEMENTS: A FINANCIAL ANALYSIS OF THE CITY'S MAJOR INDIVIDUAL FUNDS

Governmental Funds: Overview

For the fiscal year ended June 30, 2011, the governmental funds reflect a combined fund balance of \$14,819,993 compared to \$19,643,842 in FY 2010. The decrease was primarily due to Council's action to enact end-of-year transfers from the General Fund to capital, proprietary, and internal service funds which had deficits in FY 2010 and FY 2011—namely, the Capital Projects Fund, Workers Compensation Fund, Development Services Fund, and Airport Fund. With this action, the City now can report that there are no individual municipal funds with either fund balance deficits or net asset deficits.

General Fund

The FY 2011 total fund balance was \$2,750,119. Of this balance, the unassigned portion of \$2,692,928 equals about 5-weeks of FY11 actual expenditures. In contrast, the FY 2010 total and unassigned balances stood at \$3,508,222 and \$22,169 respectively. The significant positive shift in the unassigned balance represents the commitment of the City Council and Management to prudently monitor and protect the City's financial wellbeing.

Currently, the action plan adopted by Council intends to establish, over a five-year period, an unassigned fund balance equating to 25% of actual expenditures. At 10.39% of FY 2011 actual expenditures, the City is on track with this five-year process.

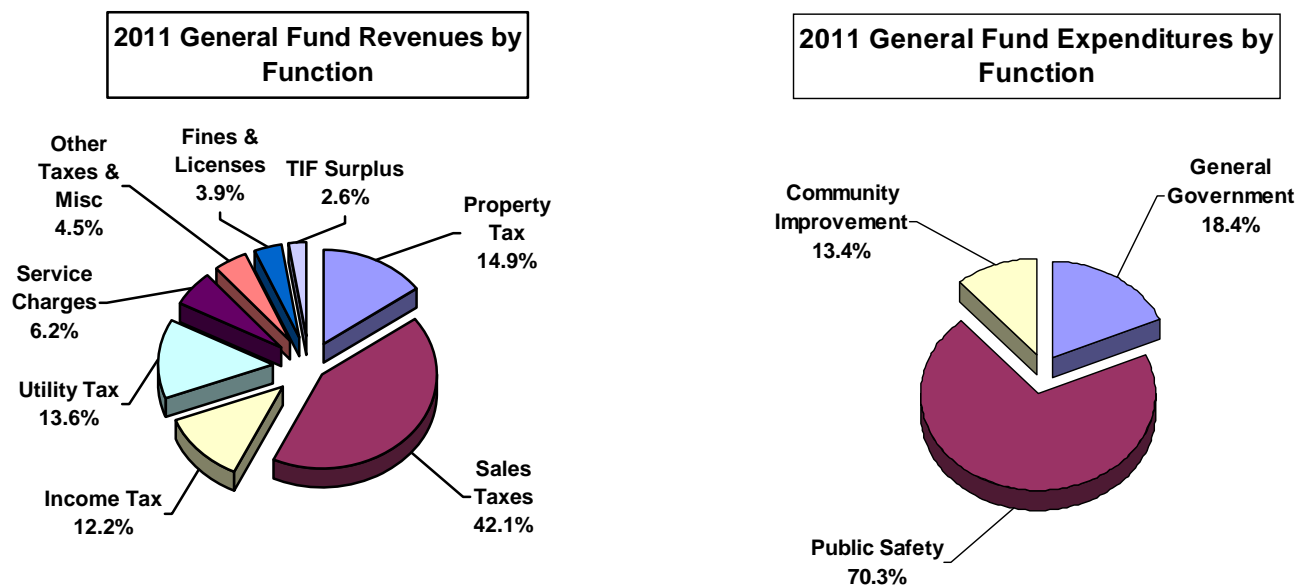
General Fund Budgetary Highlights

General Fund	FY11 Original Budget	FY11 Amended Budget	FY 2011 Actual	FY 2010 Actual
Revenues				
<i>Taxes</i>	\$23,791,709	\$23,791,709	\$25,632,351	\$23,148,414
<i>Licenses & Permits</i>	321,325	321,325	499,938	346,229
<i>Charges for Services</i>	1,674,654	1,674,654	1,807,829	1,705,387
<i>Fines & Forfeitures</i>	662,100	662,100	639,450	647,913
<i>Miscellaneous</i>	469,395	469,395	678,761	683,799
Total Revenues	\$26,919,183	\$26,919,183	\$29,258,329	\$26,531,742
Expenditures				
<i>General Government</i>	\$5,003,359	\$5,003,359	\$4,756,357	\$4,234,285
<i>Public Safety</i>	18,471,423	18,471,423	18,223,771	18,028,488
<i>Community Improvement</i>	3,133,626	3,133,626	2,933,330	3,430,812
Total Expenditures	\$26,608,408	\$26,608,408	\$25,913,458	\$25,693,585
Other Financing Sources (Uses)				
<i>Transfers In</i>	\$500,000	\$500,000	\$292,215	\$446,836
<i>Transfers Out</i>	(355,500)	(3,966,500)	(4,395,239)	(1,485,451)
<i>Proceeds on Sale of Capital Assets</i>	-	-	50	7,062
Total Other Financing Sources(Uses)	\$144,500	(\$3,466,500)	(\$4,102,974)	(\$1,031,553)
Change in Fund Balance	\$455,275	(\$3,155,725)	(\$758,103)	(\$193,396)

General Fund revenues came in more than original budgeted revenues by \$2,339,146 during FY 2011 due to conservative budget estimates based on the uncertainty of economic trends. General Fund expenditures were less than the budget by (\$694,950) due to reductions in overtime, part-time, lower than expected unemployment costs, and reductions attained through workforce attrition.

Unlike last year, General Fund transfers had a major impact on the overall change in fund balance. As mentioned in the overview, the purpose of these major transfers was to eliminate any end-of-year deficit incurred in other governmental and/or proprietary funds.

Overall, the net impact of General Fund revenues, expenditures, and other financing sources(uses) created an FY 2011 fund balance shortfall of (\$758,103).



Note: The percentages are derived from the data derived from the "General Fund Budgetary Highlights" chart.

Other Major Governmental Funds:

- Tax Increment Funds #1 and #2 had FY 2011 ending fund balances of \$6,196,879 and \$4,132,015 respectively as compared to FY 2010 balances of \$11,568,342 and \$2,357,098. 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.

Proprietary Funds: Overview

For the fiscal year ended June 30, 2011, the Proprietary funds reflect combined net assets of \$51,141,942 compared to \$48,018,346 in FY10. The increase was largely due to improved operating income from the Water Fund as well as a substantial transfer from the General Fund to the Airport Fund.

Airport Fund

The FY 2011 Airport net assets ended at \$27,742,575 compared to \$26,277,972 last year. Of ongoing concern are the operating deficits which have continued for a number of years—namely (\$681,713) in FY11, (\$524,272) in FY10, (\$778,324) in FY09, (\$645,131) in FY08, (\$720,557) in FY07, and (\$467,332) in FY06. These operating deficits have had an impact on the unrestricted net asset deficit which, last year, stood at (\$1,709,222). In the current year, Council took action to remedy the situation by making a \$2,140,000 transfer from the General Fund and, for FY 2012, committed to eliminate expected ongoing deficits by budgeting for additional General Fund transfers.

Management also has taken steps to increase the participation of private partnerships and implemented mechanisms for revenue enhancement. For example, in FY 2011 the City began to operate as its own FBO and, in January 2011, started selling jet fuel directly to customers.

Water Fund

The FY 2011 ending net assets of the Water Fund stands at \$23,028,320 compared to \$21,932,166 last year and \$21,262,824 in FY09. Unlike the past several years, where sluggish building activity in the community led to fewer development contributions, the construction of the 3M Distribution Center in the Park 88 area had a major impact. Overall, net assets continue to increase and operating income continues to grow (as can be seen in this chart):

Water Fund Highlights

Water Fund	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Operating Revenues					
<i>Charges for Services</i>					
<i>Water Sales</i>	\$3,901,470	\$4,253,270	\$4,769,726	\$5,020,452	\$5,372,917
<i>Permits</i>	283,691	134,050	18,665	115,741	81,379
<i>Miscellaneous</i>	22,397	29,777	33,622	31,868	21,845
Total	\$4,207,558	\$4,417,097	\$4,822,013	\$5,168,061	\$5,476,141
Operating Expenses					
<i>Operating Expenses</i>	(\$2,805,181)	(\$2,833,844)	(\$3,046,319)	(\$2,966,548)	(\$3,218,626)
<i>Depreciation & Amortization</i>	(1,099,162)	(1,029,619)	(1,037,643)	(1,013,040)	(996,517)
Total	(\$3,904,343)	(\$3,863,463)	(\$4,083,962)	(\$3,979,588)	(\$4,215,143)
Operating Income (Loss)	\$303,215	\$553,634	\$738,051	\$1,188,473	\$1,260,998
Non-Operating Financial Activity					
<i>Non-Operating Revenues(Expenses)</i>	(105,512)	(232,850)	(262,986)	(238,649)	(223,334)
<i>Transfers In</i>	-	-	-	-	-
<i>Transfers Out</i>	(377,587)	(322,052)	(330,526)	(321,836)	(289,840)
<i>Contributions</i>	482,329	258,345	-	41,454	324,671
Total	(\$770)	(\$296,557)	(\$593,512)	(\$519,031)	(\$188,503)
Change in Net Assets	\$302,445	\$257,077	\$144,539	\$669,442	\$1,072,495

Largely due to planned water rate increases (which began in FY08), the unrestricted portion of these net assets likewise improved—the balance now stands at \$2,545,360 compared to \$1,437,290 last year, \$452,244 in FY09, (\$44,639) in FY08, and (\$148,960) in FY07.

DEBT SERVICE

The City issued a \$9.32 million General Obligation Bond to completely refund the series 1997A and series 2002 bond issues as well as partially refund the series 2004. The City also converted a half of the 2009 BAN to long-term debt and paid down the remaining half with cash.

In FY 2010, the City established a \$2,500,000 line of credit as a protective measure to meet potential cash flow needs. However, since the City took budgetary steps to significantly improve its cash flows in FY 2011, the line was allowed to lapse.

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.

More detailed information regarding the City's long-term debt can be found in Note 7 of the financial statements.

CAPITAL ASSETS

Governmental Funds:

The City's Governmental Funds had invested \$131,039,437 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, 2010</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2011</i>
Non-Depreciable Assets			
<i>Land, Land Right of Way, & Construction in Progress</i>	\$37,460,462	\$2,005,036	\$39,465,498
Depreciable Capital Assets			
<i>Buildings and Improvements</i>	7,651,066	314,002	7,965,068
<i>Equipment and Vehicles</i>	9,195,817	153,121	9,348,938
<i>Infrastructure</i>	143,198,450	2,881,049	146,079,499
<i>Accumulated Depreciation on Capital Assets</i>	(68,327,709)	(3,491,857)	(71,819,566)
Totals	\$129,178,086	\$1,861,351	\$131,039,437

Major additions to capital assets during the year included the completion of downtown redevelopment projects, the start of the Fairview bridge reconstruction, and commencement of several road construction projects. Also, due to implementation of GASB 51, the City restated the equipment beginning balances by a relatively small \$118,195 (net).

For more detailed information regarding capital assets, please see Note 4 of the financial statements.

Business-Type Funds:

The City's Business-Type Funds had invested \$56,336,766 in capital assets as reflected in the following schedule.

Table 4
Business-Type Funds
Change in Net Capital Assets

	<i>Balance June 30, 2010</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2011</i>
Non-Depreciable Assets			
Land, Land Improvements, and Construction in Progress	\$18,833,013	(\$20,263)	\$18,812,750
Depreciable Capital Assets			
Buildings	4,804,864	-	4,804,864
Water Distribution System	38,764,809	401,542	39,166,351
Equipment and Vehicles	1,675,283	18,346	1,693,629
Airport Infrastructure	10,888,258	-	10,888,258
Accumulated Depreciation on Capital Assets	(17,665,728)	(1,363,358)	(19,029,086)
Totals	\$57,300,499	(\$963,733)	\$56,336,766

Compared to prior years, the City added relatively little to its business-type capital assets in FY11. Also, due to implementation of GASB 51, the City restated the equipment beginning balances by a minor \$23,659 (net).

For more detailed information regarding capital assets, please see Note 4 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 4th Street, DeKalb, Illinois 60115.

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-Type Activities	Total	Component Unit Library
ASSETS				
Cash and Investments	\$ 18,099,650	\$ 3,560,653	\$ 21,660,303	\$ 2,599,123
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	6,835,820	-	6,835,820	924,190
Accounts	-	1,969,059	1,969,059	-
Accrued Interest	1,038	-	1,038	2,980
Other	1,127,481	42,078	1,169,559	-
Prepaid Expenses	64,552	11,980	76,532	7,792
Due from Other Governments	5,948,962	54,145	6,003,107	-
Deferred Charges	242,375	27,867	270,242	-
Interest Rate Swap Agreement	24,265	-	24,265	-
Net Pension Asset	123,294	-	123,294	-
Capital Assets				
Not Depreciated	39,465,498	18,812,750	58,278,248	24,850
Depreciated (Net of Accumulated Depreciation)	91,573,939	37,524,016	129,097,955	358,210
Total Assets	163,506,874	62,002,548	225,509,422	3,917,145
LIABILITIES				
Accounts Payable	1,993,511	542,781	2,536,292	63,363
Claims Payable	1,266,105	-	1,266,105	-
Accrued Payroll	348,691	19,677	368,368	11,631
Accrued Interest Payable	304,525	116,987	421,512	-
Contracts Payable	247,680	-	247,680	-
Other Payables	219,428	30,290	249,718	-
Unearned Property Taxes	11,413,529	-	11,413,529	1,798,537
Other Unearned Revenue	226,498	272,740	499,238	-
Intergovernmental Payable	-	1,026,179	1,026,179	-
Deferred Inflows - Swap Agreement	24,265	-	24,265	-
Long-Term Liabilities				
Due Within One Year	2,359,480	677,904	3,037,384	1,509
Due in More than One Year	31,550,214	8,174,048	39,724,262	53,560
Total Liabilities	49,953,926	10,860,606	60,814,532	1,928,600
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	119,410,592	48,222,651	167,633,243	383,060
Restricted for				
Public Safety	148,670	-	148,670	-
Economic Development	10,328,894	-	10,328,894	-
Maintenance of Roadways	1,058,171	-	1,058,171	-
Specific Purpose	90,714	-	90,714	-
Debt Service	231,049	-	231,049	-
Endowments	-	-	-	274,456
Culture and Recreation	-	-	-	1,331,029
Unrestricted (Deficit)	(17,715,142)	2,919,291	(14,795,851)	-
TOTAL NET ASSETS	\$ 113,552,948	\$ 51,141,942	\$ 164,694,890	\$ 1,988,545

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 10,647,791	\$ 325,169	\$ 2,005,017	\$ 2,722,393
Public Safety	19,660,618	2,739,272	70,601	78,867
Community Improvement	4,465,186	496,852	-	-
Highways and Streets	7,929,922	395,147	1,182,157	1,343,073
Interest	857,764	-	-	-
Total Governmental Activities	43,561,281	3,956,440	3,257,775	4,144,333
Business-Type Activities				
Water	4,438,481	5,454,296	-	324,371
Airport	1,154,982	405,332	-	68,002
Refuse	1,736,937	1,696,646	-	-
Total Business-Type Activities	7,330,400	7,556,274	-	392,373
TOTAL PRIMARY GOVERNMENT	\$ 50,891,681	\$ 11,512,714	\$ 3,257,775	\$ 4,536,706
COMPONENT UNIT				
Library	\$ 1,788,966	\$ 38,535	\$ 65,422	\$ 26,000

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
	\$ (5,595,212)	\$ -	\$ (5,595,212)	\$ -
	(16,771,878)	-	(16,771,878)	-
	(3,968,334)	-	(3,968,334)	-
	(5,009,545)	-	(5,009,545)	-
	(857,764)	-	(857,764)	-
	(32,202,733)	-	(32,202,733)	-
	-	1,340,186	1,340,186	-
	-	(681,648)	(681,648)	-
	-	(40,291)	(40,291)	-
	-	618,247	618,247	-
	(32,202,733)	618,247	(31,584,486)	-
	-	-	-	(1,659,009)
General Revenues				
Taxes				
Property	13,405,653	-	13,405,653	1,796,093
Home Rule Sales	5,960,489	-	5,960,489	-
Utility	3,993,286	-	3,993,286	-
Income	3,561,130	-	3,561,130	-
State Sales - Unrestricted	5,465,803	-	5,465,803	-
Restaurant/Bar	1,634,254	-	1,634,254	-
Local Use	664,230	-	664,230	-
TIF Property and Sales Tax Surplus	758,577	-	758,577	98,556
Other	825,372	-	825,372	37,855
Investment Income	71,691	16	71,707	28,663
Miscellaneous	157,306	28,384	185,690	93,259
Transfers In (Out)	(2,453,290)	2,453,290	-	-
Total	34,044,501	2,481,690	36,526,191	2,054,426
CHANGE IN NET ASSETS	1,841,768	3,099,937	4,941,705	395,417
NET ASSETS, JULY 1	111,592,985	48,018,346	159,611,331	1,593,128
Prior Period Adjustment	118,195	23,659	141,854	-
NET ASSETS, JULY 1, RESTATED	111,711,180	48,042,005	159,753,185	1,593,128
NET ASSETS, JUNE 30	\$ 113,552,948	\$ 51,141,942	\$ 164,694,890	\$ 1,988,545

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2011

	General	Motor Fuel Tax	Tax Increment Financing #1
ASSETS			
Cash and Investments	\$ 250,670	\$ 1,158,806	\$ 9,403,785
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	2,271,654	-	3,405,777
Accrued Interest	755	76	207
Other	1,109,748	-	92
Prepaid Items	50,934	-	1,500
Due from Other Governments	4,385,446	93,942	222,169
Due from Other Funds	33,820	650	213,955
TOTAL ASSETS	\$ 8,103,027	\$ 1,253,474	\$ 13,247,485
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 681,414	\$ 115,552	\$ 108,876
Accrued Payroll	347,433	-	-
Contracts Payable	-	8,315	237,886
Other Payables	219,428	-	-
Deferred Property Taxes	2,772,846	-	6,703,752
Other Deferred Revenue	1,130,097	41,436	92
Due to Other Funds	201,690	30,000	-
Total Liabilities	5,352,908	195,303	7,050,606
FUND BALANCES			
Nonspendable			
Prepaid Items	50,934	-	1,500
Restricted			
Maintenance of Roadways	-	1,058,171	-
Economic Development	-	-	6,195,379
Specific Purpose	6,257	-	-
Public Safety	-	-	-
Debt Service	-	-	-
Committed			
Economic Development	-	-	-
Capital Projects	-	-	-
Unassigned	2,692,928	-	-
Total Fund Balances	2,750,119	1,058,171	6,196,879
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,103,027	\$ 1,253,474	\$ 13,247,485

Tax Increment Financing #2	Tax Increment Financing Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,906,353	\$ 231,049	\$ 432,146	\$ 16,382,809
1,150,161	-	8,228	6,835,820
-	-	-	1,038
-	-	17,641	1,127,481
-	-	2,150	54,584
-	-	1,247,405	5,948,962
-	-	-	248,425
\$ 6,056,514	\$ 231,049	\$ 1,707,570	\$ 30,599,119

\$ -	\$ -	\$ 1,125,776	\$ 2,031,618
-	-	1,258	348,691
-	-	1,479	247,680
-	-	-	219,428
1,922,556	-	14,375	11,413,529
-	-	98,130	1,269,755
1,943	-	14,792	248,425
1,924,499	-	1,255,810	15,779,126

-	-	2,150	54,584
-	-	-	1,058,171
4,132,015	-	-	10,327,394
-	-	83,907	90,164
-	-	25,376	25,376
-	231,049	-	231,049
-	-	12,126	12,126
-	-	328,201	328,201
-	-	-	2,692,928
4,132,015	231,049	451,760	14,819,993
\$ 6,056,514	\$ 231,049	\$ 1,707,570	\$ 30,599,119

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, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 14,819,993
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	131,039,437
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	(304,525)
Compensated absences payable	(4,591,206)
Bonds payable	(22,695,000)
Capital lease payable	(892,257)
Net pension obligation	(157,721)
Other postemployment benefit payable	(5,743,725)
Bond premiums (discounts) are other financing sources (uses) in governmental funds in the year of issuance but are capitalized and amortized on the statement of net assets	(337,250)
Issuance costs and losses on refundings are expenditures in governmental funds but are capitalized and amortized on the statement of net assets	749,840
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	1,112,466
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	429,602
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>123,294</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 113,552,948</u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2011

	General	Motor Fuel Tax	Tax Increment Financing #1
REVENUES			
Taxes	\$ 25,632,351	\$ -	\$ 8,338,366
Licenses and Permits	499,938	-	-
Intergovernmental	153,872	1,380,830	-
Charges for Services	1,807,829	-	-
Fines and Forfeitures	639,450	-	-
Investment Income	8,639	6,791	54,729
Miscellaneous	516,250		
Total Revenues	29,258,329	1,387,621	8,393,095
EXPENDITURES			
Current			
General Government	4,756,357	-	-
Public Safety	18,223,771	-	-
Community Improvement	2,933,330	-	-
Highways and Streets	-	1,045,409	-
Capital Outlay	-	-	10,765,301
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	25,913,458	1,045,409	10,765,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,344,871	342,212	(2,372,206)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	50	-	-
Transfers In	292,215	-	-
Transfers (Out)	(4,395,239)	(125,857)	(2,999,257)
Bonds Issued, at Par	-	-	-
Discount on Bonds Issued	-	-	-
Payment to Refunded Bond Escrow	-	-	-
Total Other Financing Sources (Uses)	(4,102,974)	(125,857)	(2,999,257)
NET CHANGE IN FUND BALANCES	(758,103)	216,355	(5,371,463)
FUND BALANCES, JULY 1	3,508,222	841,816	11,568,342
FUND BALANCES, JUNE 30	\$ 2,750,119	\$ 1,058,171	\$ 6,196,879

Tax Increment Financing #2	Tax Increment Financing Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,090,460	\$ -	\$ 205,710	\$ 36,266,887
-	-	-	499,938
-	-	5,041,882	6,576,584
-	-	330,168	2,137,997
-	-	-	639,450
-	82	1,450	71,691
-	-	1,235	517,485
2,090,460	82	5,580,445	46,710,032
-	-	4,825,668	9,582,025
-	-	43,862	18,267,633
-	-	-	2,933,330
-	-	-	1,045,409
315,543	-	930,401	12,011,245
-	2,875,000	3,065,000	5,940,000
-	452,292	355,947	808,239
315,543	3,327,292	9,220,878	50,587,881
1,774,917	(3,327,210)	(3,640,433)	(3,877,849)
-	-	2,000	2,050
-	2,999,257	2,170,073	5,461,545
-	-	(1,009,139)	(8,529,492)
-	-	9,320,000	9,320,000
-	-	(41,304)	(41,304)
-	-	(7,158,799)	(7,158,799)
-	2,999,257	3,282,831	(946,000)
1,774,917	(327,953)	(357,602)	(4,823,849)
2,357,098	559,002	809,362	19,643,842
\$ 4,132,015	\$ 231,049	\$ 451,760	\$ 14,819,993

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, 2011

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (4,823,849)
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	4,433,112
Contributions of capital assets are reported only in the statement of activities	1,144,400
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	
Bonds issued	(9,320,000)
Discount on bonds issued	41,304
The payment to escrow agent for the refunding of long-term debt is reported as an other financing use in governmental funds but as	
A decrease of principal outstanding in the statement of net assets	6,605,000
Loss on bond refunding and amortized over the life of the bonds	484,390
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	1,907
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	7,677,927
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	(3,712,339)
Loss on disposal of capital assets	(3,822)
Interest and amortization of bond issuance costs and loss on refunding	19,884
Compensated absences	127,284
Net pension obligation	(157,721)
Other postemployment benefit	(1,522,000)
The transfer of long-term liabilities from an enterprise fund to governmental funds is not reported in governmental funds but is reported as a transfer on the statement of activities	(152,343)
The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds	1,010,153
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	(11,519)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,841,768</u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
CURRENT ASSETS					
Cash and Investments	\$ 2,711,031	\$ 206,883	\$ 642,739	\$ 3,560,653	\$ 1,716,841
Receivables					
Accounts	1,747,038	-	222,021	1,969,059	-
Other	12,599	29,479	-	42,078	-
Prepaid Expenses	10,528	1,452	-	11,980	9,968
Due from Other Governments	4,122	50,023	-	54,145	-
Total Current Assets	4,485,318	287,837	864,760	5,637,915	1,726,809
NONCURRENT ASSETS					
Deferred Charges	22,547	5,320	-	27,867	-
Total Noncurrent Assets	22,547	5,320	-	27,867	-
CAPITAL ASSETS					
Nondepreciable	528,648	18,284,102	-	18,812,750	-
Depreciable	42,730,781	13,822,321	-	56,553,102	-
Accumulated Depreciation	(15,877,802)	(3,151,284)	-	(19,029,086)	-
Net Capital Assets	27,381,627	28,955,139	-	56,336,766	-
Total Assets	31,889,492	29,248,296	864,760	62,002,548	1,726,809
CURRENT LIABILITIES					
Accounts Payable	159,896	111,996	270,889	542,781	30,568
Accrued Payroll	16,943	2,734	-	19,677	-
Accrued Interest Payable	86,418	30,569	-	116,987	-
Other Payables	11,280	19,010	-	30,290	-
Unearned Revenue	12,599	37,317	222,824	272,740	534
Intergovernmental Payable	1,026,179	-	-	1,026,179	-
Claims Payable	-	-	-	-	1,266,105
General Obligation Bonds Payable	205,000	35,000	-	240,000	-
Capital Lease Payable	12,030	28,547	-	40,577	-
IEPA Loans Payable	379,615	-	-	379,615	-
Compensated Absences Payable	15,562	2,150	-	17,712	-
Total Current Liabilities	1,925,522	267,323	493,713	2,686,558	1,297,207

(This statement is continued on the following page.)

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
LONG-TERM LIABILITIES					
General Obligation Bonds Payable	\$ 2,418,690	\$ 1,126,385	\$ -	\$ 3,545,075	\$ -
Capital Lease Payable	-	25,516	-	25,516	-
IEPA Loans Payable	3,883,332	-	-	3,883,332	-
Compensated Absences Payable	295,683	40,854	-	336,537	-
Net Pension Obligation	26,953	2,495	-	29,448	-
Net Post Employment Benefit Payable	310,992	43,148	-	354,140	-
Total Long-Term Liabilities	6,935,650	1,238,398	-	8,174,048	-
Total Liabilities	8,861,172	1,505,721	493,713	10,860,606	1,297,207
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	20,482,960	27,739,691	-	48,222,651	-
Unrestricted	2,545,360	2,884	371,047	2,919,291	429,602
TOTAL NET ASSETS	\$ 23,028,320	\$ 27,742,575	\$ 371,047	\$ 51,141,942	\$ 429,602

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, 2011

	Business-Type Activities				Governmental Activities
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 5,454,296	\$ 405,332	\$ 1,696,646	\$ 7,556,274	\$ 6,067,469
Miscellaneous	21,845	6,346	-	28,191	28,900
Total Operating Revenues	5,476,141	411,678	1,696,646	7,584,465	6,096,369
OPERATING EXPENSES					
Administration	-	-	-	-	5,853,235
Operations	3,218,626	745,810	1,736,937	5,701,373	-
Depreciation and Amortization	996,517	347,581	-	1,344,098	-
Total Operating Expenses	4,215,143	1,093,391	1,736,937	7,045,471	5,853,235
OPERATING INCOME (LOSS)	1,260,998	(681,713)	(40,291)	538,994	243,134
NONOPERATING REVENUES (EXPENSES)					
Investment Income	4	12	-	16	19
Refunds/Reimbursements	-	193	-	193	-
Interest Expense	(223,338)	(62,061)	-	(285,399)	-
Proceeds from Disposal of Capital Assets	-	470	-	470	-
Total Nonoperating Revenues (Expenses)	(223,334)	(61,386)	-	(284,720)	19
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,037,664	(743,099)	(40,291)	254,274	243,153
CONTRIBUTIONS					
Contributions - Capital Grant Revenue	4,122	63,880	-	68,002	-
Contributions of Capital Assets	320,549	3,822	-	324,371	-
Total Contributions	324,671	67,702	-	392,373	-
TRANSFERS					
Transfers In	-	2,140,000	603,130	2,743,130	952,000
Transfers (Out)	(289,840)	-	-	(289,840)	(185,000)
Total Transfers	(289,840)	2,140,000	603,130	2,453,290	767,000
CHANGE IN NET ASSETS	1,072,495	1,464,603	562,839	3,099,937	1,010,153
NET ASSETS (DEFICIT), JULY 1	21,932,166	26,277,972	(191,792)	48,018,346	(580,551)
Prior Period Adjustment	23,659	-	-	23,659	-
NET ASSETS (DEFICIT), JULY 1, RESTATED	21,955,825	26,277,972	(191,792)	48,042,005	(580,551)
NET ASSETS, JUNE 30	\$ 23,028,320	\$ 27,742,575	\$ 371,047	\$ 51,141,942	\$ 429,602

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-Type Activities				Governmental Activities
			Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water	Airport			
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 5,400,806	\$ 401,297	\$ 1,696,646	\$ 7,498,749	\$ -
Receipts from Interfund Services Transactions	-	-	-	-	6,068,003
Receipts from Miscellaneous Revenues	13,302	6,486	-	19,788	28,900
Payments to Suppliers	(1,256,475)	(426,301)	(1,724,282)	(3,407,058)	(6,038,203)
Payments to Employees	(1,990,674)	(218,670)	(162,466)	(2,371,810)	-
Net Cash from Operating Activities	2,166,959	(237,188)	(190,102)	1,739,669	58,700
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	-	65,057	-	65,057	-
Reimbursements/Refunds	-	193	-	193	-
Interfund Receivables	1,415,000	-	(140,000)	1,275,000	518,000
Interfund Payables	-	(1,603,000)	-	(1,603,000)	(518,000)
Transfers In	-	2,140,000	603,130	2,743,130	952,000
Transfers (Out)	(289,840)	-	-	(289,840)	(185,000)
Net Cash from Noncapital Financing Activities	1,125,160	602,250	463,130	2,190,540	767,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(39,539)	(21,191)	-	(60,730)	-
Proceeds from Disposal of Capital Assets	-	470	-	470	-
Principal Payments on Long-Term Debt	(598,480)	(74,272)	-	(672,752)	-
Interest Payments on Long-Term Debt	(230,738)	(63,806)	-	(294,544)	-
Net Cash from Capital and Related Financing Activities	(868,757)	(158,799)	-	(1,027,556)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investments	4	12	-	16	19
Net Cash from Investing Activities	4	12	-	16	19
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,423,366	206,275	273,028	2,902,669	825,719
CASH AND CASH EQUIVALENTS, JULY 1	287,665	608	369,711	657,984	891,122
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,711,031</u>	<u>\$ 206,883</u>	<u>\$ 642,739</u>	<u>\$ 3,560,653</u>	<u>\$ 1,716,841</u>

(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, 2011

	Business-Type Activities				Governmental Activities
			Nonmajor Enterprise Funds	Total	Internal Service Funds
	Water	Airport			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,260,998	\$ (681,713)	\$ (40,291)	\$ 538,994	\$ 243,134
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	996,517	347,581	-	1,344,098	-
Changes in Assets and Liabilities					
Accounts Receivable	(61,286)	-	(21,342)	(82,628)	-
Other Receivables	(8,543)	140	-	(8,403)	364
Prepaid Expenses	(1,544)	282	-	(1,262)	(6,968)
Accounts Payable	2,478	84,854	12,654	99,986	27,613
Accrued Payroll	(58,769)	(3,321)	(10,123)	(72,213)	-
Due to Other Governments	(779)	-	-	(779)	-
Claims Payable	-	-	-	-	(205,613)
Other Payables	2,400	1,304	-	3,704	-
Unearned Revenue	7,796	(4,035)	21,343	25,104	170
Net Pension Obligation	26,953	2,495	-	29,448	-
Other Postemployment Benefit	52,953	9,002	(81,760)	(19,805)	-
Compensated Absences	(52,215)	6,223	(70,583)	(116,575)	-
NET CASH FROM OPERATING ACTIVITIES	\$ 2,166,959	\$ (237,188)	\$ (190,102)	\$ 1,739,669	\$ 58,700
CASH AND INVESTMENTS					
Cash and Cash Equivalents	\$ 2,711,031	\$ 206,883	\$ 642,739	\$ 3,560,653	\$ 1,716,841
TOTAL CASH AND INVESTMENTS	\$ 2,711,031	\$ 206,883	\$ 642,739	\$ 3,560,653	\$ 1,716,841
NONCASH TRANSACTIONS					
Contributed Capital Assets	\$ 324,671	\$ 3,822	\$ -	\$ 328,493	\$ -

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

June 30, 2011

ASSETS

Cash and Short-Term Investments	\$ 2,968,113
Investments, at Fair Value	
Certificates of Deposit	100,352
Mutual Funds	21,469,304
Corporate Bonds	650,264
U.S. Treasury Securities	7,721,826
U.S. Agency Securities	15,410,901
Receivables	
Accrued Interest	139,569
Prepaid Expenses	<u>388</u>
Total Assets	<u>48,460,717</u>

LIABILITIES

Accounts Payable	22,003
Unearned Revenue	<u>1,651,883</u>
Total Liabilities	<u>1,673,886</u>

NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS

\$ 46,786,831

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, 2011

ADDITIONS

Contributions

Employer Contributions	\$ 3,343,926
Employee Contributions	<u>992,807</u>

Total Contributions	<u>4,336,733</u>
---------------------	------------------

Investment Income

Net Appreciation in Fair Value of Investments	5,045,501
Interest	<u>988,550</u>

Total Investment Income	6,034,051
Less Investment Expense	<u>(101,863)</u>

Net Investment Income	<u>5,932,188</u>
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Total Additions	<u>10,268,921</u>
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DEDUCTIONS

Retirement Benefits	3,715,743
Disability Benefits	306,786
Administrative Expenses	<u>78,496</u>

Total Deductions	<u>4,101,025</u>
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NET INCREASE	6,167,896
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NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS

July 1	<u>40,618,935</u>
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June 30	<u><u>\$ 46,786,831</u></u>
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See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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CITY OF DEKALB, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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 units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government.

Discretely Presented Component Unit

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

The DeKalb Public Library

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

B. Fund Accounting

The City uses funds to report on its financial position and the 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 restricted or committed 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. Interfund services provided and used are not eliminated on 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 City has made the election to report this fund as a major governmental fund.

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

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

The Tax Increment Financing Debt Service Fund accounts for the accumulation of resources and payment of bond principal and interest on the tax increment financing areas. The City has made the election to report this fund as a major governmental fund.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Airport Fund is used to account for the operation of the Taylor Municipal Airport. Financing may be provided from a number of sources including user fees as well as property taxes.

Additionally, the City reports the following proprietary fund:

Internal Service Funds account for the City's self-insured property, casualty, workers' 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 and income taxes which are 120 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 nonnegotiable 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 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.

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 nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance resulted from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City's Finance Director. Any residual fund balance of the General Fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first, followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 Funds 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 funds.

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

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of June 30, 2011, the City had investments in debt securities with the following 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	\$ 485,306	\$ 485,306	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 485,306	\$ 485,306	\$ -	\$ -	\$ -	\$ -

As of June 30, 2011, the Police Pension Fund had investments in debt securities with the following 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
U.S. Agencies	\$ 12,831,565	\$ -	\$ 1,624,344	\$ 10,442,019	\$ 2,194	\$ 763,008
TOTAL	\$ 12,831,565	\$ -	\$ 1,624,344	\$ 10,442,019	\$ 2,194	\$ 763,008

As of June 30, 2011, the Firefighters' Pension Fund had investments in debt securities with the following 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
U.S. Treasury	\$ 7,721,826	\$ 1,187,607	\$ -	\$ 5,001,476	\$ 1,532,743	\$ -
U.S. Agencies	2,579,336	-	-	1,190,371	1,388,965	-
Corporate Bonds	650,264	-	374,362	275,902	-	-
TOTAL	\$ 10,951,426	\$ 1,187,607	\$ 374,362	\$ 6,467,749	\$ 2,921,708	\$ -

2. 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 short-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.

At June 30, 2011, the City had greater than 5% of its overall portfolio invested in negotiable certificates of deposit (10%). 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 52% of its portfolio in fixed income securities, 45% in equities and the remaining 3% 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 AA+ as rated by Standard and Poor's.

At June 30, 2011, the Police Pension Fund had fixed income holdings that were approximately 48.39% of its investment portfolio. The investment policy diversifies its fixed income holdings with a range of 45% to 75% with a target of 52%. The Police Pension Fund had greater than 5% of its fixed income portfolio in FFCB and FHLB notes.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Police Pension Fund (Continued)

The Police Pension Fund invests 45.36% 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 50% with a target of 35%.
- Domestic - a range of 20% to 100% with a target of 65%.

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 AA+ as rated by Standard and Poor's.

2. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Firefighters' Pension Fund (Continued)

At June 30, 2011, the Firefighters' Pension Fund had approximately 50.23% 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 U.S. Treasury Notes and FNMAs.

The Firefighters' Pension Fund invests 43.30% 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.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2010 levy year attach as an enforceable lien on January 1, 2010, 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, 2011 and August 1, 2011, and are payable in two installments, on or about June 1, 2011 and September 1, 2011. 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 2010 tax levy has been recorded as unearned/deferred revenue on the financial statements. The 2011 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, 2011, the taxes will not be levied by the City or extended by the County until December 2011 and, therefore, the amount is not measurable at June 30, 2011.

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

4. CAPITAL ASSETS

A. Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balances, Restated*	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 9,776,555	\$ 17,100	\$ -	\$ 9,793,655
Land Right of Way	25,735,557	1,100	-	25,736,657
Construction in Progress	1,948,350	3,778,598	1,791,762	3,935,186
Total Capital Assets not Being Depreciated	37,460,462	3,796,798	1,791,762	39,465,498
Capital Assets Being Depreciated				
Buildings and Improvements	7,651,066	314,002	-	7,965,068
Equipment	2,743,149	203,575	-	2,946,724
Vehicles	6,452,668	117,045	167,499	6,402,214
Infrastructure	143,198,450	2,937,854	56,805	146,079,499
Total Capital Assets Being Depreciated	160,045,333	3,572,476	224,304	163,393,505
Less Accumulated Depreciation for				
Buildings and Improvements	2,932,126	142,144	-	3,074,270
Equipment	1,581,625	166,644	-	1,748,269
Vehicles	3,939,136	400,448	163,677	4,175,907
Infrastructure	59,874,822	3,003,103	56,805	62,821,120
Total Accumulated Depreciation	68,327,709	3,712,339	220,482	71,819,566
Total Capital Assets Being Depreciated, Net	91,717,624	(139,863)	3,822	91,573,939
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 129,178,086	\$ 3,656,935	\$ 1,795,584	\$ 131,039,437

* Beginning capital assets for governmental activities were restated with an increase of \$118,195 in accordance with GASB Statement No. 51.

	Beginning Balances, Restated*	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 18,384,178	\$ -	\$ -	\$ 18,384,178
Land Improvements	407,381	-	-	407,381
Construction in Progress	41,454	24,650	44,913	21,191
Total Capital Assets not Being Depreciated	18,833,013	24,650	44,913	18,812,750
Capital Assets Being Depreciated				
Buildings	4,804,864	-	-	4,804,864
Water Distribution System	38,764,809	401,542	-	39,166,351
Vehicles	1,044,410	18,346	-	1,062,756
Equipment	630,873	-	-	630,873
Airport Infrastructure	10,888,258	-	-	10,888,258
Total Capital Assets Being Depreciated	56,133,214	419,888	-	56,553,102

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

4. CAPITAL ASSETS (Continued)

A. (Continued)

	Beginning Balances, Restated*	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Buildings	\$ 1,479,450	\$ 93,652	\$ -	\$ 1,573,102
Water Distribution System	13,436,104	886,137	-	14,322,241
Vehicles	720,686	79,888	-	800,574
Equipment	487,286	31,474	-	518,760
Airport Infrastructure	1,542,202	272,207	-	1,814,409
Total Accumulated Depreciation	17,665,728	1,363,358	-	19,029,086
Total Capital Assets Being Depreciated, Net	38,467,486	(943,470)	-	37,524,016
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 57,300,499	\$ (918,820)	\$ 44,913	\$ 56,336,766

* Beginning capital assets for business-type activities were restated with an increase of \$23,659 in accordance with GASB Statement No. 51.

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 55,267
Public Safety	298,462
Community Improvement	56,478
Highways and Streets, Including Depreciation of General Infrastructure Assets	3,302,132
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 3,712,339

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
Locust Street	\$ 255,000	\$ 146,043	\$ 108,957
2 nd & 3 rd Street Project	1,749,628	1,660,513	89,115
Dresser and Normal intersection widening	65,411	-	65,411
Peace Road	1,521,108	43,872	1,477,236
Downtown Streetscape, Locust Street and Lincoln Highway	3,379,210	3,097,211	281,999
TOTAL	\$ 6,970,357	\$ 4,947,639	\$ 2,022,718

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

5. RECEIVABLES

A. Other Receivables

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

GOVERNMENTAL ACTIVITIES	
Municipal Utility Tax	\$ 467,367
Restaurant and Bar	128,759
Fire Contracts	102,612
Ambulance (Net of Allowance)	228,366
Cable Franchise Fee	42,736
Gasoline and Diesel	33,387
Hotel/Motel Tax	17,641
Circuit Court Fines	23,983
Other Miscellaneous	81,130
Police Services	1,500
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,127,481</u>
BUSINESS-TYPE ACTIVITIES	
Water Miscellaneous	\$ 12,600
Airport Miscellaneous	300
Airport Rentals	29,178
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 42,078</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	\$ 161,393
Sales Tax	1,298,009
City Sales Tax	1,618,463
Auto Rental Tax	3,040
Income Tax	1,214,191
Tax Increment Financing Sales Tax	222,169
Motor Fuel Tax	86,192
Home Rule Fuel Tax	31,180
Mass Transit Grants	877,091
Community Development Grant	293,508
DeKalb County Government	46,309
Other Grants	97,417
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 5,948,962</u>
BUSINESS-TYPE ACTIVITIES	
Water Grants	\$ 4,122
Airport Grants	50,023
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 54,145</u>

6. 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 program 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 coverage are as follows:

Workers' Compensation - There are no specific or aggregate stop loss policies for the years ended June 30, 2003 to 2011.

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)

6. RISK MANAGEMENT (Continued)

A reconciliation of claims payable for the fiscal years ended June 30, 2011 and 2010 are as follows:

	Workers' Compensation		Liability/Property	
	2011	2010	2011	2010
CLAIMS PAYABLE, JULY 1	\$ 1,272,216	\$ 1,289,740	\$ 199,502	\$ 150,000
Add Claims Incurred	636,374	926,868	18,865	93,694
Less Claims Paid	(693,713)	(944,392)	(167,139)	(44,192)
CLAIMS PAYABLE, JUNE 30	\$ 1,214,877	\$ 1,272,216	\$ 51,228	\$ 199,502

7. 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	\$ 1,495,000	\$ -	\$ 1,495,000	\$ -	\$ -
\$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 2.50% to 4.45% through January 1, 2018	General Debt Service	2,165,000	-	2,165,000	-	-

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

7. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$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 1.30% to 3.85% through December 30, 2013	TIF Debt Service	\$ 820,000	\$ -	\$ 195,000	\$ 625,000	\$ 200,000
\$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	315,000	-	85,000	230,000	80,000
\$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 2.00% to 4.55% through January 1, 2021	Water	2,765,000	-	205,000	2,560,000	205,000
	Airport	490,000	-	5,000	485,000	5,000
	General Debt Service	4,895,000	-	3,010,000	1,885,000	75,000
\$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	695,000	-	30,000	665,000	30,000
\$10,800,000 2010A Series General Obligation Bonds, dated May 27, 2010, due in annual installments of \$755,000 to \$1,145,000, plus interest of 2.00% to 4.00% through December 2, 2021	TIF Debt Service	10,800,000	-	820,000	9,980,000	755,000

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

7. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$3,905,000 2010B Series General Obligation Refunding Bonds, dated December 1, 2010, due in annual installments of \$150,000 to \$955,000, plus interest of 4.25% to 4.75% through January 1, 2028	General Debt Service	\$ -	\$ 3,905,000	\$ -	\$ 3,905,000	\$ -
\$5,415,000 2010C Series General Obligation Refunding Bonds, dated December 1, 2010, due in annual installments of \$180,000 to \$755,000, plus interest of 1.90% to 5.90% through January 1, 2023	General Debt Service	-	5,415,000	-	5,415,000	395,000
TOTAL		\$ 24,440,000	\$ 9,320,000	\$ 8,010,000	\$ 25,750,000	\$ 1,745,000

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	\$ 1,430,000	\$ -	\$ 775,000	\$ 655,000	\$ 310,000

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

7. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, and the changes in fair value of such derivative instruments for the year then ended in the 2011 financial statements are as follows:

Governmental Activities	Changes in Fair Value*		Fair Value at June 30, 2011		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges: Pay - Fixed Interest Rate Swap	Deferred Inflow (Liability)	\$79,466	Fair Value of Swap (Asset)	\$24,265	\$655,000

*Pursuant to *GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, the City has recorded the fair value of the interest rate swap agreement as a deferred outflow (asset) on the Statement of Net Assets with a corresponding liability for the fair value of the swap agreement as the City has determined that the interest rate swap is an effective hedge.

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

Terms The bonds and the related swap agreement mature on January 1, 2013 and the swap's notional amount of \$4,350,000 matches the \$4,350,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued (January 2003). The notional value of the swap and the principal amount of the associated debt decline beginning in fiscal year 2005 by equal principal amounts as noted in the debt service requirements to maturity schedule. Under the swap, the City pays the counterparty a fixed payment of 3.90% and receives a variable payment equal to the Bond Market Associated Municipal Swap Index (BMA). The bond's variable rate coupons are based on the BMA. As of June 30, 2011, rates were as follows:

INTEREST RATE SWAP

Fixed Payment to Counterparty	Fixed	3.90%
Variable Payment from Counterparty	BMA Index	<u>(.20)%</u>

NET INTEREST RATE SWAP PAYMENTS	<u><u>3.70%</u></u>
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7. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

Fair value As of June 30, 2011, the swap had a negative fair value of \$24,265. 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, 2011, 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, 2011.

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

Debt service requirements to maturity for the debt are disclosed on page 44 at the net interest rate of 3.70% at June 30, 2011. 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
\$1,000,000 General Obligation Bond Anticipation Notes, Taxable Series 2007, date 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	\$ -	\$ -

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

7. LONG-TERM DEBT (Continued)

C. General Obligation Bond Anticipation Notes (Continued)

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$4,000,000 General Obligation Bond Anticipation Notes, dated December 1, 2009, due on December 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 December 1, 2010 (0.92% at June 30, 2010)	General Debt Service	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -	\$ -
TOTAL GENERAL OBLIGATION BOND ANTICIPATION NOTES		\$ 4,000,000	\$ -	\$ 4,000,000	\$ -	\$ -

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	\$ 151,084	\$ -	\$ 99,650	\$ 51,434	\$ 51,434
Equipment	Capital Projects	255,077	-	99,272	155,805	102,928
Equipment	Capital Projects	838,934	-	153,916	685,018	160,558
Equipment	Water	35,339	-	23,309	12,030	12,030
Equipment	Airport	35,551	-	23,449	12,102	12,102
Equipment	Airport	25,385	-	9,879	15,506	10,243
Equipment	Airport	32,399	-	5,944	26,455	6,201
TOTAL		\$ 1,373,769	\$ -	\$ 415,419	\$ 958,350	\$ 355,496

E. Due to Other Governments

On September 14, 2009, the City approved a supplemental agreement with School District Number 428 (2009 agreement). The 2009 agreement calls for the City to make payments to the school district for the repurposing of several area schools, with payments due on January 1, 2010, April 1, 2010 and January 1, 2011 totaling \$4,786,072. This is to be repaid by the City from tax increment financing revenues. The first payment of \$402,781 that was due April 1, 2010 was paid as a settlement of the amount remaining under the 1997 agreement. Additionally, \$3,046,236 due under the 2009 agreement was paid during the fiscal year ended June 30, 2010. The remaining portion of \$1,337,055 paid during the fiscal year ended June 30, 2011. The obligation was paid in full at June 30, 2011.

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

7. LONG-TERM DEBT (Continued)

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	\$ 2,544,097	\$ -	\$ 203,264	\$ 2,340,833	\$ 208,452
IEPA Loan II	Waterworks and Sewerage	2,089,021	-	166,907	1,922,114	171,163
TOTAL		<u>\$ 4,633,118</u>	<u>\$ -</u>	<u>\$ 370,171</u>	<u>\$ 4,262,947</u>	<u>\$ 379,615</u>

G. Debt Service Requirements to Maturity

Fiscal Year Ending June 30,	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,505,000	\$ 889,012	\$ 240,000	\$ 166,287
2013	1,570,000	817,556	260,000	157,542
2014	1,605,000	773,354	265,000	146,632
2015	1,350,000	733,108	870,000	135,522
2016	1,400,000	691,113	315,000	89,900
2017	1,440,000	646,660	330,000	75,725
2018	1,490,000	595,868	-	60,875
2019	1,670,000	534,098	695,000	60,875
2020	1,740,000	462,748	360,000	33,075
2021	1,820,000	385,668	375,000	16,875
2022	1,900,000	302,858	-	-
2023	795,000	214,023	-	-
2024	840,000	169,593	-	-
2025	875,000	133,053	-	-
2026	915,000	94,115	-	-
2027	955,000	52,483	-	-
2028	170,000	8,075	-	-
TOTAL	<u>\$ 22,040,000</u>	<u>\$ 7,503,385</u>	<u>\$ 3,710,000</u>	<u>\$ 943,308</u>

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

7. LONG-TERM DEBT (Continued)

G. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending June 30,	Revenue Bonds		Capital Leases	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2012	\$ 310,000	\$ 11,357	\$ 314,920	\$ 33,413
2013	345,000	12,639	220,364	21,590
2014	-	-	174,716	13,397
2015	-	-	182,257	5,857
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
TOTAL	\$ 655,000	\$ 23,996	\$ 892,257	\$ 74,257

Fiscal Year Ending June 30,	Capital Leases		IEPA Loans	
	Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 40,576	\$ 2,056	\$ 379,615	\$ 105,673
2013	11,731	892	389,298	95,990
2014	6,747	517	399,230	86,058
2015	7,039	226	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	-	-	476,216	9,071
TOTAL	\$ 66,093	\$ 3,691	\$ 4,262,947	\$ 589,932

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

7. 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, 2011:

	July 1	Additions	Reductions	June 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 20,490,000	\$ 9,320,000	\$ 7,770,000	\$ 22,040,000	\$ 1,505,000
Revenue Bonds	1,430,000	-	775,000	655,000	310,000
Bond Anticipation Notes	4,000,000	-	4,000,000	-	-
Capital Leases	1,245,095	-	352,838	892,257	314,920
Due to Other Governments	1,337,055	-	1,337,055	-	-
Compensated Absences *	4,647,907	263,681	320,382	4,591,206	229,560
Net Pension Obligation *	-	157,721	-	157,721	-
Other Postemployment Benefit*	4,139,965	1,603,760	-	5,743,725	-
Unamortized Premium	462,108	-	84,964	377,144	-
Unamortized Discount	-	(41,304)	(1,410)	(39,894)	-
Unamortized Loss on Refunding	-	(586,422)	(78,957)	(507,465)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 37,752,130	\$ 10,717,436	\$ 14,559,872	\$ 33,909,694	\$ 2,359,480

* The General Fund has typically been used in prior years to liquidate the compensated absences liability, the net pension obligation and the other postemployment benefit.

	July 1	Additions	Reductions	June 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
Water	\$ 2,765,000	\$ -	\$ 205,000	\$ 2,560,000	\$ 205,000
Airport	1,185,000	-	35,000	1,150,000	35,000
Total General Obligation Bonds	3,950,000	-	240,000	3,710,000	240,000
Capital Lease					
Water	35,339	-	23,309	12,030	12,030
Airport	93,335	-	39,272	54,063	28,547
Total Capital Lease	128,674	-	62,581	66,093	40,577
IEPA Loans					
Water	4,633,118	-	370,171	4,262,947	379,615

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

7. 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	\$ 363,460	\$ -	\$ 52,215	\$ 311,245	\$ 15,562
Airport	36,781	8,062	1,839	43,004	2,150
Development Services	70,583	-	70,583	-	-
Total Compensated Absences	470,824	8,062	124,637	354,249	17,712
Net Pension Obligation					
Water	-	26,953	-	26,953	-
Airport	-	2,495	-	2,495	-
Total Capital Lease	-	29,448	-	29,448	-
Other Postemployment Benefit					
Water	258,039	52,953	-	310,992	-
Airport	34,146	9,002	-	43,148	-
Development Services	81,760	-	81,760	-	-
Total Other Postemployment Benefit	373,945	61,955	81,760	354,140	-
Unamortized Premium	82,978	-	7,903	75,075	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 9,639,539	\$ 99,465	\$ 887,052	\$ 8,851,952	\$ 677,904

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. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	Due From	Due To
General		
Tax Increment Financing #1	\$ -	\$ 201,040
Tax Increment Financing #2	1,943	-
Motor Fuel Tax	30,000	650
Nonmajor Governmental	1,877	-
Total General	<u>33,820</u>	<u>201,690</u>
Motor Fuel Tax		
General	650	30,000
Total Motor Fuel Tax	<u>650</u>	<u>30,000</u>
Tax Increment Financing #1		
General	201,040	-
Nonmajor Governmental	12,915	-
Total Tax Increment Financing #1	<u>213,955</u>	<u>-</u>
Tax Increment Financing #2		
General	-	1,943
Total Tax Increment Financing #2	<u>-</u>	<u>1,943</u>
Nonmajor Governmental		
General	-	1,877
Tax Increment Financing #1	-	12,915
Total Nonmajor Governmental	<u>-</u>	<u>14,792</u>
TOTAL	<u>\$ 248,425</u>	<u>\$ 248,425</u>

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

- \$201,040 due to the Tax Increment Financing #1 Fund from the General Fund consists of a deposit that was deposited into the General Fund instead of the Tax Increment Financing #1 Fund. Repayment is expected within one year.

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

8. INTERFUND ASSETS/LIABILITIES (Continued)

B. Interfund Transfers

Interfund transfers between funds for the year ended June 30, 2011 were as follows:

	Transfers In	Transfers Out
General		
Nonmajor Governmental	\$ 2,375	\$ 1,037,452
Water	289,840	-
Airport	-	2,140,000
Nonmajor Enterprise	-	450,787
Internal Service	-	767,000
Total General	292,215	4,395,239
Motor Fuel Tax		
Nonmajor Governmental	-	125,857
Motor Fuel Tax	-	125,857
Tax Increment Financing #1		
Tax Increment Financing Debt Service	-	2,999,257
Total Tax Increment Financing #1	-	2,999,257
Tax Increment Financing Debt Service		
Tax Increment Financing #1	2,999,257	-
Total Tax Increment Financing Debt Service	2,999,257	-
Nonmajor Governmental		
General	1,037,452	2,375
Motor Fuel Tax	125,857	-
Nonmajor Governmental	1,006,764	1,006,764
Total Nonmajor Governmental	2,170,073	1,009,139
Water		
General	-	289,840
Total Water	-	289,840
Airport		
General	2,140,000	-
Total Airport	2,140,000	-
Nonmajor Enterprise		
General	450,787	-
Governmental Activities*	152,343	-
Total Nonmajor Enterprise	603,130	-
Internal Service		
General	767,000	-
Internal Service	185,000	185,000
Total Internal Service	952,000	185,000

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

8. INTERFUND ASSETS/LIABILITIES (Continued)

B. Interfund Transfers (Continued)

	Transfers In	Transfers Out
Governmental Activities*		
Nonmajor Enterprise	\$ -	\$ 152,343
Total Governmental Activities	-	152,343
TOTAL	\$ 9,156,675	\$ 9,156,675

* This transfer represents the amount of long-term liabilities transferred to the governmental activities. These liabilities were previously recorded in the Nonmajor Enterprise Funds (Development Services Fund). This fund was closed during the year ended June 30, 2011.

The purpose of significant transfers is as follows:

- \$2,999,257 transferred from the Tax Increment Financing #1 Fund to the Tax Increment Financing Debt Service Fund covered current year debt service payments. This transfer will not be repaid.
- \$2,140,000 transferred from the General Fund to the Airport Fund eliminated the unrestricted net asset deficit. This transfer will not be repaid.
- \$704,000 transferred from the General Fund to the Nonmajor Governmental Funds (Capital Projects Fund) eliminated the fund balance deficit. This transfer will not be repaid.
- \$767,000 transferred from the General Fund to the Workers' Compensation Fund to assist in the complete elimination of the fund's net asset deficit. This transfer will not be repaid.
- \$450,787 transferred from the General Fund to the Nonmajor Enterprise Funds (Development Services Fund) assisted in its closure in FY2011. This transfer will not be repaid.
- \$1,006,764 transferred from the Nonmajor Governmental Funds (Public Safety Building Fund) to the Nonmajor Governmental Funds (General Debt Service Fund) assisted in paying current year general debt service costs. This transfer will not be repaid.
- \$185,000 transferred between the Internal Service Funds represented a redistribution of the Health Insurance Fund's cash needed to maintain compliance with the City's Fund Balance policy. This amount was used to cover \$120,000 in operating expenses in the Workers' Compensation Fund and \$65,000 in operating expenses in the Liability/Property Insurance Fund. These transfers will not be repaid.

8. INTERFUND ASSETS/LIABILITIES (Continued)

B. Interfund Transfers (Continued)

- \$289,840 transferred from the Water Fund to the General Fund covered general operating expenditures. This transfer will not be repaid.

9. 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.

C. Sales Tax Rebates

The City has entered into a development agreement whereby it has committed up to \$775,000 in sales tax rebates through the year February 28, 2013. As of June 30, 2011, the City has incurred \$557,954 in rebates.

D. Property Tax Rebates

The City has entered into a development agreement whereby it has committed to abate 90%, 80%, 70%, 60% and 50%, respectively, of a certain company's TIF and non-TIF property taxes for years 1 through 5 after the issuance of occupancy permits. In addition, the company is entitled to property tax rebates of 50% for the TIF property for years 6 through 10 after the issuance of occupancy permits but no later than December 31, 2017. As of June 30, 2011, the City has incurred \$642,338 in rebates.

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits, the City provides postemployment 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 postemployment 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.

Membership

At June 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	122
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	
Vested	129
Nonvested	61
	<hr/>
TOTAL	312
	<hr/>
Participating Employers	1
	<hr/>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2011, retirees contributed \$276,558 and the City contributed \$1,112,666. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the most recent three years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 2,294,993	\$ 1,108,429	48.3%	\$ 2,609,053
June 30, 2010	3,028,478	1,112,666	36.7%	4,524,865
June 30, 2011	2,703,854	1,112,666	41.2%	6,116,053

The net OPEB obligation (NOPEBO) as June 30, 2011 was calculated as follows*:

Annual Required Contribution	\$ 2,628,440
Interest on Net OPEB Obligation	226,243
Adjustment to Annual Required Contribution	<u>(150,829)</u>
Annual OPEB Cost	2,703,854
Contributions Made	<u>1,112,666</u>
Increase in Net OPEB Obligation	1,591,188
Net OPEB Obligation, Beginning of Year	<u>4,524,865</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 6,116,053</u>

* The DeKalb Public Library's portion of \$18,188 is included.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011 was as follows:

Actuarial Accrued Liability (AAL)	\$ 32,360,982
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	32,360,982
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$ 13,625,025
UAAL as a Percentage of Covered Payroll	237.5%

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.

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, 2011 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 an open basis. The remaining amortization period at June 30, 2011 was 30 years.

11. 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 50 and have at least 20 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 employees 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, 2011, the City's remaining contributions due under the program were \$843,489. 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.

12. DEFINED BENEFIT PENSION PLANS

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

A. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) 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.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten 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 IMRF as specified by statute. The employer contribution for the calendar years 2010 and 2011 was 14.46% and 15.87%, respectively, of covered payroll. The required contribution for the calendar years 2010 and 2011 was 16.77% and 17.20%, respectively.

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, 2011, the Police Pension Plan membership consisted of:

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Retirees and Beneficiaries Currently Receiving Benefits	38
Terminated Employees Entitled to Benefits but not yet Receiving Them	1
Current Employees	
Vested	45
Nonvested	15
TOTAL	99

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older 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.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. 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 ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The City is required to finance the Police Pension Plan.

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended June 30, 2011, the City's contribution was 29.41% of covered payroll.

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, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	51
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	28
Nonvested	23
	<hr/>
TOTAL	102
	<hr/>

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older 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 at the date of retirement. 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 ten 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 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 be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.00% compounded. 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 ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

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 January 1, 2011, the City has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. For the year ended June 30, 2011, the City's contribution was 47.60% of covered payroll.

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

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

Plan	Organization	Amount
Police Pension	IShares S&P 500 Growth Fund	\$ 2,485,647
Firefighters' Pension	Vanguard Mid Cap Signal Fund	2,058,108
Firefighters' Pension	Vanguard Small Cap Signal Fund	1,832,104
Firefighters' Pension	Spartan 500 Fund	3,990,443
Firefighters' Pension	Spartan 500 International Fund	1,225,698
		<u>\$ 11,592,000</u>

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2008	June 30, 2010	June 30, 2010
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	30 Years, Open	23 Years, Closed	23 Years, Closed

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	8.00% Compounded Annually	8.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40% to 11.60%	Not Available	Not Available
d) Postretirement Benefit Increases	3.00%	3.00%	3.00%

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.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2009	\$ 985,603	\$ 862,467	\$ 1,522,454
	2010	1,054,391	1,111,451	1,753,177
	2011	1,214,941	1,347,651	2,007,794
Actual Contribution	2009	\$ 985,603	\$ 849,705	\$ 1,500,813
	2010	1,054,391	1,081,450	1,706,970
	2011	1,012,131	1,342,558	2,001,368
Percentage of APC Contributed	2009	100.0%	98.5%	98.6%
	2010	100.0%	97.3%	97.4%
	2011	83.3%	99.6%	99.7%
NPO (Asset)	2009	\$ -	\$ (61,678)	\$ (149,343)
	2010	-	(31,677)	(103,136)
	2011	202,810	(26,584)	(96,710)

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO at June 30, 2011 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 1,213,295	\$ 1,348,287	\$ 2,009,866
Interest on Net Pension Obligation	5,771	(2,534)	(8,251)
Adjustment to Annual Required Contribution	(4,125)	1,898	6,179
Annual Pension Cost	1,214,941	1,347,651	2,007,794
Contributions Made	1,012,131	1,342,558	2,001,368
Increase in Net Pension Obligation	202,810	5,093	6,426
Net Pension Obligation (Asset), Beginning of Year	-	(31,677)	(103,136)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 202,810	\$ (26,584)	\$ (96,710)

D. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2010 for IMRF and June 30, 2011 for the Police and Firefighters' Pension Plans, 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 12-C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 21,715,267	\$ 39,892,647	\$ 45,579,135
Actuarial Value of Plan Assets	11,842,818	25,924,840	20,861,991
Unfunded Actuarial Accrued Liability (UAAL)	9,872,449	13,967,807	24,717,144
Funded Ratio (Actuarial Value of Plan Assets/AAL)	54.54%	64.99%	45.77%
Covered Payroll (Active Plan Members)	\$ 7,451,165	\$ 4,563,707	\$ 4,203,879
UAAL as a Percentage of Covered Payroll	132.5%	306.1%	588.0%

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.

13. COMPONENT UNIT - DEKALB PUBLIC LIBRARY

A. 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, 2011, the Library had the following investments and maturities.

	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	\$ 340,695	\$ 55,171	\$ 60,138	\$ 225,386	\$ -	\$ -
U.S. Treasury	128,114	-	-	128,114	-	-
U.S. Agencies	70,061	-	-	70,061	-	-
TOTAL	\$ 538,870	\$ 55,171	\$ 60,138	\$ 423,561	\$ -	\$ -

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 short-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.

13. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

A. Deposits and Investments (Continued)

At June 30, 2011, the Library had greater than 5% of its overall portfolio invested in negotiable certificates of deposit (13.11%). The investment policy does not include any limitations on individual investment types.

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.

B. Receivables

Property taxes for the 2010 levy year attach as an enforceable lien on January 1, 2010, 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, 2011 and August 1, 2011, and are payable in two installments, on or about June 1, 2011 and September 1, 2011. 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 2010 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds. The 2010 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, 2010, the taxes will not be levied by the Library or extended by the County until December 2011 and, therefore, the amount is not measurable at June 30, 2011.

C. 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)

13. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

C. 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
Equipment Under Construction	-	14,850	-	14,850
Total Capital Assets not Being Depreciated	10,000	14,850	-	24,850
Capital Assets Being Depreciated				
Buildings	561,806	-	-	561,806
Equipment	161,364	23,583	-	184,947
Total Capital Assets Being Depreciated	723,170	23,583	-	746,753
Less Accumulated Depreciation for				
Buildings	310,796	9,235	-	320,031
Equipment	56,456	12,056	-	68,512
Total Accumulated Depreciation	367,252	21,291	-	388,543
Total Capital Assets Being Depreciated, Net	355,918	2,292	-	358,210
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 365,918	\$ 17,142	\$ -	\$ 383,060

D. 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	\$ 24,350	\$ -	\$ 3,110	\$ 21,240	\$ 1,509
Net Pension Obligation	-	15,641	-	15,641	-
Other Postemployment Benefit	10,955	7,233	-	18,188	-
TOTAL	\$ 35,305	\$ 22,874	\$ 3,110	\$ 55,069	\$ 1,509

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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 23,791,709	\$ 23,791,709	\$ 25,632,351
Licenses and Permits	321,325	321,325	499,938
Intergovernmental	110,000	110,000	153,872
Charges for Services	1,674,654	1,674,654	1,807,829
Fines and Forfeitures	662,100	662,100	639,450
Investment Income	3,000	3,000	8,639
Miscellaneous	356,395	356,395	516,250
Total Revenues	26,919,183	26,919,183	29,258,329
EXPENDITURES			
General Government	5,003,359	5,003,359	4,756,357
Public Safety	18,471,423	18,471,423	18,223,771
Community Improvement	3,133,626	3,133,626	2,933,330
Total Expenditures	26,608,408	26,608,408	25,913,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	310,775	310,775	3,344,871
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	-	-	50
Transfers In	500,000	500,000	292,215
Transfers (Out)	(355,500)	(3,966,500)	(4,395,239)
Total Other Financing Sources (Uses)	144,500	(3,466,500)	(4,102,974)
NET CHANGE IN FUND BALANCE	<u>\$ 455,275</u>	<u>\$ (3,155,725)</u>	(758,103)
FUND BALANCE, JULY 1			<u>3,508,222</u>
FUND BALANCE, JUNE 30			<u>\$ 2,750,119</u>

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,182,157
State Grants	200,000	200,000	198,673
Investment Income	11,000	11,000	6,791
Total Revenues	1,411,000	1,411,000	1,387,621
EXPENDITURES			
Current			
Highways and Streets			
Motor Fuel Tax Projects	1,991,000	1,991,000	1,045,409
Total Expenditures	1,991,000	1,991,000	1,045,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(580,000)	(580,000)	342,212
OTHER FINANCING (USES)			
Transfer (Out)	-	-	(125,857)
Total Other Financing (Uses)	-	-	(125,857)
NET CHANGE IN FUND BALANCE			
	<u>\$ (580,000)</u>	<u>\$ (580,000)</u>	216,355
FUND BALANCE, JULY 1			
			<u>841,816</u>
FUND BALANCE, JUNE 30			
			<u><u>\$ 1,058,171</u></u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

1. BUDGETS

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

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

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

The budget officer can transfer amounts between departments within a fund; however, transfers between funds must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, there were several 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
Tax Increment Financing Debt Service	\$ 1,180,112
Foreign Fire Insurance Tax	6,187
Housing Rehabilitation	574,908
Knolls Special Service Area #4	1,232
General Debt Service	3,070,947
Capital Projects	129,529
Health Insurance	2,888

CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2011

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)
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%
2008	13,768,272	22,686,206	60.69%	8,917,934	8,000,291	111.47%
2009	15,100,855	24,160,464	62.50%	9,059,609	7,416,122	122.16%
2010	11,842,818	21,715,267	54.54%	9,872,449	7,451,165	132.50%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

June 30, 2011

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)
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%
2009	20,462,341	36,596,848	55.91%	16,134,507	4,607,728	350.16%
2010	22,493,353	37,746,195	59.59%	15,252,842	4,641,393	328.63%
2011	25,924,840	39,892,647	64.99%	13,967,807	4,563,707	306.06%

(See independent auditor's report.)

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

June 30, 2011

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)
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%
2009	16,340,474	40,461,554	40.39%	24,121,080	4,384,298	550.17%
2010	18,125,580	42,554,529	42.59%	24,428,949	4,022,606	607.29%
2011	20,861,991	45,579,135	45.77%	24,717,144	4,203,879	587.96%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2011

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)
2008	\$ -	\$ 29,419,780	0.00%	\$ 29,419,780	\$ 15,227,815	193.20%
2009	-	40,419,324	0.00%	40,419,324	15,459,449	261.45%
2010	-	35,870,633	0.00%	35,870,633	15,076,546	237.92%
2011	-	32,360,982	0.00%	32,360,982	13,625,025	237.51%

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, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 995,369	\$ 995,369	100.00%
2007	1,072,905	1,072,905	100.00%
2008	1,106,440	1,106,440	100.00%
2009	985,603	985,603	100.00%
2010	1,054,391	1,054,391	100.00%
2011	1,012,131	1,213,295	83.42%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

June 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2006	\$ 749,471	\$ 747,742	100.23%
2007	810,799	808,519	100.28%
2008	865,936	863,331	100.30%
2009	849,705	864,215	98.32%
2010	1,081,450	1,112,799	97.18%
2011	1,342,558	1,348,287	99.58%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

June 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2009	1,500,813	1,526,469	98.32%
2010	1,706,970	1,756,441	97.18%
2011	2,001,368	2,009,866	99.58%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2011

<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%
2009	1,108,429	2,271,285	48.80%
2010	1,112,666	2,984,993	37.28%
2011	1,112,666	2,628,440	42.33%

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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 4,222,495	\$ 4,222,495	\$ 4,363,152
Home Rule Sales	5,371,899	5,371,899	5,948,654
Income	3,511,236	3,511,236	3,561,130
Local Use	503,239	503,239	664,230
Utilities	3,771,429	3,771,429	3,993,286
State Sales	3,547,122	3,547,122	4,075,106
Franchise	422,592	422,592	456,002
Replacement	118,949	118,949	162,841
Restaurant/Bar	1,556,936	1,556,936	1,634,254
TIF Property Tax Surplus	206,670	206,670	229,355
TIF Sales Tax Surplus	547,642	547,642	529,222
Miscellaneous	11,500	11,500	15,119
Total Taxes	23,791,709	23,791,709	25,632,351
Licenses and Permits			
Licenses			
Amusement	3,825	3,825	1,350
Liquor	145,000	145,000	158,386
Rooming House	15,000	15,000	12,565
Other	86,000	86,000	57,266
Permits			
Building	45,000	45,000	156,067
Electric	20,000	20,000	-
HVAC	-	-	16,977
Parking	6,500	6,500	42,751
Other	-	-	54,576
Total Licenses and Permits	321,325	321,325	499,938
Intergovernmental			
Federal Grants	100,000	100,000	149,997
State Grants	10,000	10,000	3,875
Total Intergovernmental	110,000	110,000	153,872

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES (Continued)			
Charges for Services			
Fire Protection	\$ 845,000	\$ 845,000	\$ 896,331
Ambulance Fees	735,434	735,434	791,969
Police Services	11,000	11,000	20,014
Planning/Zoning Fees	10,820	10,820	12,250
Engineering Plan Review	30,000	30,000	33,161
Zoning Fees	4,000	4,000	7,764
Developmental Inspection Fees	35,000	35,000	45,040
Rents	1,200	1,200	1,200
Other	2,200	2,200	100
Total Charges for Services	1,674,654	1,674,654	1,807,829
Fines and Forfeitures			
Circuit Court	315,000	315,000	280,532
Police	215,000	215,000	241,041
Abatement	7,500	7,500	4,923
False Fire Alarm	2,000	2,000	600
Other	122,600	122,600	112,354
Total Fines and Forfeitures	662,100	662,100	639,450
Investment Income	3,000	3,000	8,639
Miscellaneous			
Refunds/Reimbursements	200,000	200,000	357,288
Miscellaneous	156,395	156,395	158,962
Total Miscellaneous	356,395	356,395	516,250
Total Revenues	26,919,183	26,919,183	29,258,329
EXPENDITURES			
General Government			
Legislative			
Personal Services	123,000	123,000	126,175
Commodities	3,050	3,050	977

(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, 2011

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Legislative (Continued)			
Contractual Services	\$ 238,917	\$ 238,917	\$ 219,088
Other Services	-	-	17,013
Total Legislative	364,967	364,967	363,253
Administrative Services			
Personal Services	2,377,943	2,377,943	2,327,738
Commodities	64,300	64,300	49,649
Contractual Services	60,632	60,632	93,389
Other Services	150,000	150,000	147,408
Equipment	7,000	7,000	4,986
Total Administrative Services	2,659,875	2,659,875	2,623,170
City Clerk			
Personal Services	117,015	117,015	102,414
Commodities	1,080	1,080	833
Contractual Services	5,425	5,425	1,645
Equipment	50	50	-
Total City Clerk	123,570	123,570	104,892
Legal			
Personal Services	347,800	347,800	296,319
Commodities	5,000	5,000	4,187
Contractual Services	16,760	16,760	20,911
Other Services	7,000	7,000	24,471
Total Legal	376,560	376,560	345,888
General Fund Support Service			
Personal Services	1,247,150	1,247,150	1,303,804
Commodities	127,150	127,150	137,708

(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, 2011

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
General Fund Support Service (Continued)			
Contractual Services	\$ 112,861	\$ 112,861	\$ 124,955
Other Services	115,250	115,250	86,871
Total General Fund Support Service	1,602,411	1,602,411	1,653,338
Total General Government	5,127,383	5,127,383	5,090,541
Less Administrative Costs Charged to Other Departments and Funds	(124,024)	(124,024)	(334,184)
Net General Government	5,003,359	5,003,359	4,756,357
Public Safety			
Police Protection			
Personal Services	9,177,597	9,177,597	9,026,613
Commodities	250,875	250,875	314,685
Contractual Services	114,112	114,112	142,760
Other Services	23,000	23,000	-
Equipment	9,700	9,700	7,368
Total Police Protection	9,575,284	9,575,284	9,491,426
Fire Protection			
Fire Administration Services			
Personal Services	431,600	431,600	381,248
Commodities	46,650	46,650	49,646
Contractual Services	42,188	42,188	56,219
Total Fire Administration Services	520,438	520,438	487,113
Fire Service			
Personal Services	8,003,383	8,003,383	7,894,585
Commodities	160,327	160,327	188,152

(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, 2011

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Protection (Continued)			
Fire Service (Continued)			
Contractual Services	\$ 168,493	\$ 168,493	\$ 131,032
Other Services	5,101	5,101	2,581
Equipment	38,397	38,397	28,882
Total Fire Service	8,375,701	8,375,701	8,245,232
Total Fire Protection	8,896,139	8,896,139	8,732,345
Total Public Safety	18,471,423	18,471,423	18,223,771
Community Improvement			
Public Works			
Personal Services	3,078,902	3,078,902	3,042,105
Commodities	619,400	619,400	438,269
Contractual Services	429,021	429,021	332,629
Other Services	30,000	30,000	38,004
Equipment	20,900	20,900	18,844
Total Public Works	4,178,223	4,178,223	3,869,851
Total Community Improvement	4,178,223	4,178,223	3,869,851
Less Administrative Costs Charged to Other Departments and Funds	(1,044,597)	(1,044,597)	(936,521)
Net Community Improvement	3,133,626	3,133,626	2,933,330
Total Expenditures	26,608,408	26,608,408	25,913,458

(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, 2011

	Original Budget	Final Budget	Actual
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 310,775	\$ 310,775	\$ 3,344,871
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	-	-	50
Transfers In			
Water Fund	500,000	500,000	289,840
Transportation Fund	-	-	2,375
Total Transfers In	500,000	500,000	292,215
Transfers (Out)			
Capital Projects Fund	-	(704,000)	(704,000)
Public Building Fund	-	-	(10,358)
Economic Development Fund	(5,500)	(5,500)	(28,808)
General Debt Service Fund	(350,000)	(350,000)	(294,286)
Airport Fund	-	(2,140,000)	(2,140,000)
Workers' Compensation Fund	-	(767,000)	(767,000)
Development Services Fund	-	-	(450,787)
Total Transfers (Out)	(355,500)	(3,966,500)	(4,395,239)
Total Other Financing Sources (Uses)	144,500	(3,466,500)	(4,102,974)
NET CHANGE IN FUND BALANCE	\$ 455,275	\$ (3,155,725)	(758,103)
FUND BALANCE, JULY 1			3,508,222
FUND BALANCE, JUNE 30			\$ 2,750,119

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,182,157
State Grants	200,000	200,000	198,673
Investment Income	11,000	11,000	6,791
Total Revenues	1,411,000	1,411,000	1,387,621
EXPENDITURES			
Current			
Highways and Streets			
Contractual Services	856,000	856,000	691,753
Permanent Improvements	1,135,000	1,135,000	353,656
Total Expenditures	1,991,000	1,991,000	1,045,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(580,000)	(580,000)	342,212
OTHER FINANCING (USES)			
Transfer (Out)			
Capital Projects Fund	-	-	(125,857)
Total Other Financing (Uses)	-	-	(125,857)
NET CHANGE IN FUND BALANCE	<u>\$ (580,000)</u>	<u>\$ (580,000)</u>	216,355
FUND BALANCE, JULY 1			<u>841,816</u>
FUND BALANCE, JUNE 30			<u><u>\$ 1,058,171</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 #1 FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 6,952,158	\$ 6,952,158	\$ 6,937,664
Sales	1,475,234	1,475,234	1,400,702
Investment Income	50,000	50,000	54,729
Total Revenues	8,477,392	8,477,392	8,393,095
EXPENDITURES			
Capital Outlay			
Contractual Services	300,000	300,000	122,539
Permanent Improvements	11,286,710	11,286,710	10,642,762
Total Expenditures	11,586,710	11,586,710	10,765,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,109,318)	(3,109,318)	(2,372,206)
OTHER FINANCING SOURCES (USES)			
Transfer (Out)			
Development Services Fund	(130,000)	(130,000)	-
TIF Debt Service Fund	(2,141,098)	(2,141,098)	(2,999,257)
Total Other Financing Sources (Uses)	(2,271,098)	(2,271,098)	(2,999,257)
NET CHANGE IN FUND BALANCE	\$ (5,380,416)	\$ (5,380,416)	(5,371,463)
FUND BALANCE, JULY 1			11,568,342
FUND BALANCE, JUNE 30			\$ 6,196,879

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 2,093,347	\$ 2,093,347	\$ 2,090,460
Total Revenues	2,093,347	2,093,347	2,090,460
EXPENDITURES			
Capital Outlay			
Contractual Services	467,468	467,468	180,958
Permanent Improvements	220,000	220,000	134,585
Total Expenditures	687,468	687,468	315,543
NET CHANGE IN FUND BALANCE	\$ 1,405,879	\$ 1,405,879	1,774,917
FUND BALANCE, JULY 1			2,357,098
FUND BALANCE, JUNE 30			\$ 4,132,015

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Investment Income	\$ 750	\$ 750	\$ 82
Total Revenues	750	750	82
EXPENDITURES			
Debt Service			
Principal Retirement	1,875,000	1,875,000	2,875,000
Interest and Fiscal Charges	272,098	272,098	452,292
Total Expenditures	2,147,098	2,147,098	3,327,292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,146,348)	(2,146,348)	(3,327,210)
OTHER FINANCING SOURCES (USES)			
Transfer In			
Tax Increment Financing Fund	2,141,098	2,141,098	2,999,257
Total Other Financing Sources (Uses)	2,141,098	2,141,098	2,999,257
NET CHANGE IN FUND BALANCE	<u>\$ (5,250)</u>	<u>\$ (5,250)</u>	(327,953)
FUND BALANCE, JULY 1			<u>559,002</u>
FUND BALANCE, JUNE 30			<u>\$ 231,049</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 133,378	\$ -	\$ 298,768	\$ 432,146
Receivables				
Property Taxes	8,228	-	-	8,228
Other	17,641	-	-	17,641
Prepaid Items	550	-	1,600	2,150
Due from Other Governments	1,172,475	-	74,930	1,247,405
TOTAL ASSETS	\$ 1,332,272	\$ -	\$ 375,298	\$ 1,707,570
LIABILITIES				
Accounts Payable	\$ 1,122,256	\$ -	\$ 3,520	\$ 1,125,776
Accrued Payroll	1,258	-	-	1,258
Other Payables	1,479	-	-	1,479
Deferred Property Taxes	14,375	-	-	14,375
Other Deferred Revenues	56,153	-	41,977	98,130
Due to Other Fund	14,792	-	-	14,792
Total Liabilities	1,210,313	-	45,497	1,255,810
FUND BALANCES				
Nonspendable				
Prepaid Items	550	-	1,600	2,150
Restricted				
Specific Purpose	83,907	-	-	83,907
Public Safety	25,376	-	-	25,376
Committed				
Economic Development	12,126	-	-	12,126
Capital Projects	-	-	328,201	328,201
Total Fund Balances	121,959	-	329,801	451,760
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,332,272	\$ -	\$ 375,298	\$ 1,707,570

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, 2011

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 205,710	\$ -	\$ -	\$ 205,710
Intergovernmental	4,647,082	-	394,800	5,041,882
Charges for Services	-	-	330,168	330,168
Investment Income	466	-	984	1,450
Miscellaneous	1,227	-	8	1,235
		-		
Total Revenues	4,854,485	-	725,960	5,580,445
EXPENDITURES				
Current				
General Government	4,825,668	-	-	4,825,668
Public Safety	43,862	-	-	43,862
Capital Outlay	-	-	930,401	930,401
Debt Service				
Principal Retirement	-	3,065,000	-	3,065,000
Interest and Fiscal Charges	-	355,947	-	355,947
Total Expenditures	4,869,530	3,420,947	930,401	9,220,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(15,045)	(3,420,947)	(204,441)	(3,640,433)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,000	-	-	2,000
Transfers In	28,808	1,301,050	840,215	2,170,073
Transfers (Out)	(2,375)	-	(1,006,764)	(1,009,139)
Bonds Issued, at Par	-	9,320,000	-	9,320,000
Discount on Bonds Issued	-	(41,304)	-	(41,304)
Payment to Refunded Bond Escrow	-	(7,158,799)	-	(7,158,799)
Total Other Financing Sources (Uses)	28,433	3,420,947	(166,549)	3,282,831
NET CHANGE IN FUND BALANCES				
	13,388	-	(370,990)	(357,602)
FUND BALANCES, JULY 1				
	108,571	-	700,791	809,362
FUND BALANCES, JUNE 30				
	\$ 121,959	\$ -	\$ 329,801	\$ 451,760

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.

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

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

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.

Economic Development Fund - to account for the City's agreements with outside agencies that help provide various economic development functions on behalf of the City.

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

June 30, 2011

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation	Community Development Block Grant
ASSETS				
Cash and Investments	\$ 26,065	\$ 14,099	\$ 44,860	\$ 18,148
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	-	-	-	-
Other	-	-	-	-
Prepaid Items	-	-	-	550
Due from Other Governments	-	877,091	293,507	1,877
TOTAL ASSETS	\$ 26,065	\$ 891,190	\$ 338,367	\$ 20,575
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 689	\$ 834,554	\$ 280,592	\$ -
Accrued Payroll	-	1,258	-	-
Other Payables	-	-	-	1,479
Deferred Property Taxes	-	-	-	-
Other Deferred Revenues	-	55,378	-	775
Due to Other Funds	-	-	12,915	1,877
Total Liabilities	689	891,190	293,507	4,131
FUND BALANCES				
Nonspendable				
Prepaid Items	-	-	-	550
Restricted				
Specific Purpose	-	-	44,860	15,894
Public Safety	25,376	-	-	-
Committed				
Economic Development	-	-	-	-
Total Fund Balances	25,376	-	44,860	16,444
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,065	\$ 891,190	\$ 338,367	\$ 20,575

Heritage Ridge Special Service Area #3	Knolls Special Service Area #4	Greek Row Special Service Area #6	Economic Development	Total
\$ 5,530	\$ 8,022	\$ 16,169	\$ 485	\$ 133,378
1,337	742	6,149	-	8,228
-	-	-	17,641	17,641
-	-	-	-	550
-	-	-	-	1,172,475
<u>\$ 6,867</u>	<u>\$ 8,764</u>	<u>\$ 22,318</u>	<u>\$ 18,126</u>	<u>\$ 1,332,272</u>
\$ -	\$ 421	\$ -	\$ 6,000	\$ 1,122,256
-	-	-	-	1,258
-	-	-	-	1,479
2,788	1,486	10,101	-	14,375
-	-	-	-	56,153
-	-	-	-	14,792
<u>2,788</u>	<u>1,907</u>	<u>10,101</u>	<u>6,000</u>	<u>1,210,313</u>
-	-	-	-	550
4,079	6,857	12,217	-	83,907
-	-	-	-	25,376
-	-	-	12,126	12,126
<u>4,079</u>	<u>6,857</u>	<u>12,217</u>	<u>12,126</u>	<u>121,959</u>
<u>\$ 6,867</u>	<u>\$ 8,764</u>	<u>\$ 22,318</u>	<u>\$ 18,126</u>	<u>\$ 1,332,272</u>

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, 2011

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation	Community Development Block Grant
REVENUES				
Taxes	\$ 44,052	\$ -	\$ -	\$ -
Intergovernmental	-	3,751,161	597,666	298,255
Investment Income	-	-	466	-
Miscellaneous	-	1,227	-	-
Total Revenues	44,052	3,752,388	598,132	298,255
EXPENDITURES				
Current				
General Government	-	3,752,013	596,408	298,255
Public Safety	43,862	-	-	-
Total Expenditures	43,862	3,752,013	596,408	298,255
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	190	375	1,724	-
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	2,000	-	-
Transfers In	-	-	-	-
Transfers (Out)	-	(2,375)	-	-
Total Other Financing Sources (Uses)	-	(375)	-	-
NET CHANGE IN FUND BALANCES	190	-	1,724	-
FUND BALANCES, JULY 1	25,186	-	43,136	16,444
FUND BALANCES, JUNE 30	\$ 25,376	\$ -	\$ 44,860	\$ 16,444

Heritage Ridge Special Service Area #3	Knolls Special Service Area #4	Greek Row Special Service Area #6	Economic Development	Total
\$ 2,788	\$ 1,486	\$ 10,103	\$ 147,281	\$ 205,710
-	-	-	-	4,647,082
-	-	-	-	466
-	-	-	-	1,227
2,788	1,486	10,103	147,281	4,854,485
859	2,982	8,151	167,000	4,825,668
-	-	-	-	43,862
859	2,982	8,151	167,000	4,869,530
1,929	(1,496)	1,952	(19,719)	(15,045)
-	-	-	-	2,000
-	-	-	28,808	28,808
-	-	-	-	(2,375)
-	-	-	28,808	28,433
1,929	(1,496)	1,952	9,089	13,388
2,150	8,353	10,265	3,037	108,571
\$ 4,079	\$ 6,857	\$ 12,217	\$ 12,126	\$ 121,959

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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Foreign Fire Insurance Tax	\$ 37,700	\$ 37,700	\$ 44,052
Total Revenues	37,700	37,700	44,052
EXPENDITURES			
Current			
Public Safety			
Commodities	13,000	13,000	11,152
Contractual Services	4,300	4,300	5,959
Equipment	20,000	20,000	26,751
Investment Expense	375	375	-
Total Expenditures	37,675	37,675	43,862
NET CHANGE IN FUND BALANCE	\$ 25	\$ 25	190
FUND BALANCE, JULY 1			25,186
FUND BALANCE, JUNE 30			\$ 25,376

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Federal Grants	\$ 2,336,361	\$ 2,336,361	\$ 1,328,628
State Grants	2,466,921	2,466,921	2,422,533
Miscellaneous	-	-	1,227
Total Revenues	4,803,282	4,803,282	3,752,388
EXPENDITURES			
Current			
General Government			
Personal Services	119,100	119,100	116,996
Commodities	5,000	5,000	3,072
Professional/Contractual Services	2,621,273	2,621,273	3,326,819
Equipment	2,030,781	2,030,781	305,126
Total Expenditures	4,776,154	4,776,154	3,752,013
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	27,128	27,128	375
OTHER FINANCING SOURCES (USES)			
Transfers (Out)			
General Fund	-	-	(2,375)
Proceeds from Sale of Assets	-	-	2,000
Total Other Financing Sources (Uses)	-	-	(375)
NET CHANGE IN FUND BALANCE	\$ 27,128	\$ 27,128	-
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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Federal Grants	\$ 1,000	\$ 1,000	\$ 597,666
Investment Income	1,000	1,000	466
Total Revenues	2,000	2,000	598,132
EXPENDITURES			
Current			
General Government			
Contractual Services	1,500	1,500	29
Other Services	10,000	10,000	146,613
Permanent Improvements	10,000	10,000	449,766
Total Expenditures	21,500	21,500	596,408
NET CHANGE IN FUND BALANCE			
	<u>\$ (19,500)</u>	<u>\$ (19,500)</u>	1,724
FUND BALANCE, JULY 1			
			<u>43,136</u>
FUND BALANCE, JUNE 30			
			<u>\$ 44,860</u>

(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, 2011

	Original Budget	Final Budget	Actual
<hr/>			
REVENUES			
Intergovernmental			
Grants	\$ 450,851	\$ 450,851	\$ 298,255
	<hr/>		
Total Revenues	450,851	450,851	298,255
	<hr/>		
EXPENDITURES			
General Government			
Commodities	200	200	546
Contractual Services	134,104	134,104	167,386
Other Services	50	50	87
Equipment	1,000	1,000	-
Permanent Improvements	315,497	315,497	130,236
	<hr/>		
Total Expenditures	450,851	450,851	298,255
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
	<hr/>		
FUND BALANCE, JULY 1			16,444
	<hr/>		
FUND BALANCE, JUNE 30			\$ 16,444
	<hr/>		

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 2,788	\$ 2,788	\$ 2,788
Total Revenues	2,788	2,788	2,788
EXPENDITURES			
General Government			
Commodities	2,000	2,000	-
Contractual Services	855	855	859
Total Expenditures	2,855	2,855	859
NET CHANGE IN FUND BALANCE	\$ (67)	\$ (67)	1,929
FUND BALANCE, JULY 1			2,150
FUND BALANCE, JUNE 30			\$ 4,079

(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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 1,486	\$ 1,486	\$ 1,486
Total Revenues	1,486	1,486	1,486
EXPENDITURES			
General Government			
Contractual Services	1,750	1,750	2,982
Total Expenditures	1,750	1,750	2,982
NET CHANGE IN FUND BALANCE	<u>\$ (264)</u>	<u>\$ (264)</u>	(1,496)
FUND BALANCE, JULY 1			<u>8,353</u>
FUND BALANCE, JUNE 30			<u>\$ 6,857</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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 10,101	\$ 10,101	\$ 10,103
Total Revenues	10,101	10,101	10,103
EXPENDITURES			
General Government			
Contractual Services	11,000	11,000	8,151
Total Expenditures	11,000	11,000	8,151
NET CHANGE IN FUND BALANCE	<u>\$ (899)</u>	<u>\$ (899)</u>	1,952
FUND BALANCE, JULY 1			<u>10,265</u>
FUND BALANCE, JUNE 30			<u>\$ 12,217</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Hotel/Motel	\$ 160,000	\$ 160,000	\$ 147,281
Total Revenues	160,000	160,000	147,281
EXPENDITURES			
Current			
General Government			
Professional/Contractual Services	167,000	167,000	167,000
Total Expenditures	167,000	167,000	167,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,000)	(7,000)	(19,719)
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Fund	5,500	5,500	28,808
Total Other Financing Sources (Uses)	5,500	5,500	28,808
NET CHANGE IN FUND BALANCE	\$ (1,500)	\$ (1,500)	9,089
FUND BALANCE, JULY 1			3,037
FUND BALANCE, JUNE 30			\$ 12,126

(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.

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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
EXPENDITURES			
Debt Service			
Principal Retirement	300,000	300,000	3,065,000
Interest and Fiscal Charges	50,000	50,000	355,947
Total Expenditures	350,000	350,000	3,420,947
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(350,000)	(350,000)	(3,420,947)
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Fund	350,000	350,000	294,286
Public Safety Building Fund	-	-	1,006,764
Bonds Issued, at Par	-	-	9,320,000
Premium on Bond Issue	-	-	(41,304)
Payment to Refunded Bond Escrow	-	-	(7,158,799)
Total Other Financing Sources (Uses)	350,000	350,000	3,420,947
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JULY 1			-
FUND BALANCE, JUNE 30			\$ -

(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.

Public Safety Building Fund - to account for resources set aside to construct a new Public Safety Facility.

Equipment Fund - to account for major equipment purchases which cost in excess of \$5,000 and have a useful life expectancy of three years or more.

CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	Capital Projects	Public Safety Building	Equipment	Total
ASSETS				
Cash and Investments	\$ 806	\$ 222,039	\$ 75,923	\$ 298,768
Prepaid Items	1,600	-	-	1,600
Due from Other Governments	74,930	-	-	74,930
TOTAL ASSETS	\$ 77,336	\$ 222,039	\$ 75,923	\$ 375,298
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,520	\$ -	\$ -	\$ 3,520
Other Deferred Revenue	41,977	-	-	41,977
Total Liabilities	45,497	-	-	45,497
FUND BALANCES				
Nonspendable				
Prepaid Items	1,600	-	-	1,600
Committed				
Capital Projects	30,239	222,039	75,923	328,201
Total Fund Balances	31,839	222,039	75,923	329,801
TOTAL LIABILITIES AND FUND BALANCES	\$ 77,336	\$ 222,039	\$ 75,923	\$ 375,298

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, 2011

	Capital Projects	Public Safety Building	Equipment	Total
REVENUES				
Intergovernmental	\$ 394,800	\$ -	\$ -	\$ 394,800
Charges for Services	254,245	-	75,923	330,168
Investment Income	-	984	-	984
Miscellaneous Income	8	-	-	8
Total Revenues	649,053	984	75,923	725,960
EXPENDITURES				
Capital Outlay				
Contractual Services	55,870	-	-	55,870
Other Services	400,872	-	-	400,872
Equipment	215,268	-	-	215,268
Permanent Improvements	258,391	-	-	258,391
Total Expenditures	930,401	-	-	930,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(281,348)	984	75,923	(204,441)
OTHER FINANCING SOURCES (USES)				
Transfers In	829,857	10,358	-	840,215
Transfers (Out)	-	(1,006,764)	-	(1,006,764)
Total Other Financing Sources (Uses)	829,857	(996,406)	-	(166,549)
NET CHANGE IN FUND BALANCES	548,509	(995,422)	75,923	(370,990)
FUND BALANCES (DEFICIT), JULY 1	(516,670)	1,217,461	-	700,791
FUND BALANCES, JUNE 30	\$ 31,839	\$ 222,039	\$ 75,923	\$ 329,801

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, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Local Fuel Tax	\$ 400,000	\$ 400,000	\$ 394,800
Charges for Services			
Rental Income	85,000	85,000	115,902
Refunds/Reimbursements	90,000	90,000	137,996
Public Building Construction Fees	-	-	347
Annexation Fees	1,000	1,000	-
Miscellaneous Income	4,500	4,500	8
Total Revenues	580,500	580,500	649,053
EXPENDITURES			
Capital Outlay			
Contractual Services	40,000	40,000	55,870
Other Services	400,872	400,872	400,872
Equipment	-	-	215,268
Permanent Improvements	360,000	360,000	258,391
Total Expenditures	800,872	800,872	930,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(220,372)	(220,372)	(281,348)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	3,000	3,000	-
Transfers In			
General Fund	-	704,000	704,000
Motor Fuel Tax Fund	-	-	125,857
Total Other Financing Sources (Uses)	3,000	707,000	829,857
NET CHANGE IN FUND BALANCE			
	\$ (217,372)	\$ 486,628	548,509
FUND BALANCE (DEFICIT), JULY 1			
			(516,670)
FUND BALANCE, JUNE 30			
			\$ 31,839

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY BUILDING FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Investment Income	\$ 2,000	\$ 2,000	\$ 984
Total Revenues	2,000	2,000	984
EXPENDITURES			
None	-	-	-
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,000	2,000	984
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)			
General Fund	-	-	10,358
General Debt Service Fund	-	-	(1,006,764)
Total Other Financing Sources (Uses)	-	-	(996,406)
NET CHANGE IN FUND BALANCE	\$ 2,000	\$ 2,000	(995,422)
FUND BALANCE, JULY 1			1,217,461
FUND BALANCE, JUNE 30			\$ 222,039

(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, 2011

	Operations and Maintenance			System Construction				Totals		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Eliminations	Original Budget	Final Budget	Actual
OPERATING REVENUES										
Charges for Services										
Water Sales	\$ 5,279,748	\$ 5,279,748	\$ 5,372,917	\$ -	\$ -	\$ -	\$ -	\$ 5,279,748	\$ 5,279,748	\$ 5,372,917
Permits	63,200	63,200	20,889	-	-	60,490	-	63,200	63,200	81,379
Miscellaneous	30,000	30,000	21,845	-	-	-	-	30,000	30,000	21,845
Total Operating Revenues	5,372,948	5,372,948	5,415,651	-	-	60,490	-	5,372,948	5,372,948	5,476,141
OPERATING EXPENSES EXCLUDING DEPRECIATION										
Personal Services	1,942,850	1,942,850	1,959,596	-	-	-	-	1,942,850	1,942,850	1,959,596
Commodities	405,800	405,800	399,566	-	-	-	-	405,800	405,800	399,566
Contractual Services	495,027	495,027	645,184	-	-	-	-	495,027	495,027	645,184
Other Services/Expenses	30,000	30,000	30,000	-	-	-	-	30,000	30,000	30,000
Equipment	146,700	146,700	22,140	-	-	162,140	-	146,700	146,700	184,280
Permanent Improvements	35,000	35,000	-	-	-	-	-	35,000	35,000	-
Total Operating Expenses Excluding Depreciation	3,055,377	3,055,377	3,056,486	-	-	162,140	-	3,055,377	3,055,377	3,218,626
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	2,317,571	2,317,571	2,359,165	-	-	(101,650)	-	2,317,571	2,317,571	2,257,515
DEPRECIATION AND AMORTIZATION	330,000	330,000	996,517	-	-	-	-	330,000	330,000	996,517
OPERATING INCOME (LOSS)	1,987,571	1,987,571	1,362,648	-	-	(101,650)	-	1,987,571	1,987,571	1,260,998

	Operations and Maintenance			System Construction				Totals		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Eliminations	Original Budget	Final Budget	Actual
NONOPERATING REVENUES (EXPENSES)										
Investment Income	\$ 300	\$ 300	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300	\$ 4
Interest Expense	(829,219)	(829,219)	(223,338)	-	-	-	-	(829,219)	(829,219)	(223,338)
Total Nonoperating Revenues (Expenses)	(828,919)	(828,919)	(223,334)	-	-	-	-	(828,919)	(828,919)	(223,334)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,158,652	1,158,652	1,139,314	-	-	(101,650)	-	1,158,652	1,158,652	1,037,664
CONTRIBUTIONS										
Contribution of Capital Assets	-	-	320,549	-	-	-	-	-	-	320,549
Capital Grants	-	-	4,122	-	-	-	-	-	-	4,122
Total Contributions	-	-	324,671	-	-	-	-	-	-	324,671
TRANSFERS										
Transfers (Out)										
General Fund	(500,000)	(500,000)	(289,840)	-	-	-	-	(500,000)	(500,000)	(289,840)
Total Transfers	(500,000)	(500,000)	(289,840)	-	-	-	-	(500,000)	(500,000)	(289,840)
CHANGE IN NET ASSETS	\$ 658,652	\$ 658,652	1,174,145	\$ -	\$ -	(101,650)	\$ -	\$ 658,652	\$ 658,652	1,072,495
NET ASSETS, JULY 1			21,061,619			870,547				21,932,166
Prior Period Adjustment			23,659			-				23,659
NET ASSETS, JULY 1, RESTATED			21,085,278			870,547				21,955,825
NET ASSETS, JUNE 30			\$ 22,259,423			\$ 768,897				\$ 23,028,320

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
WATER FUND

For the Year Ended June 30, 2011

	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	41,454	3,459	44,913	-	-	-	-	-	-
Buildings and Improvements	2,544,389	-	-	2,544,389	651,676	50,888	-	702,564	1,841,825
Water System	38,764,809	401,542	-	39,166,351	13,436,104	886,137	-	14,322,241	24,844,110
Vehicles	616,258	-	-	616,258	484,062	38,348	-	522,410	93,848
Equipment	403,783	-	-	403,783	305,113	25,474	-	330,587	73,196
TOTAL	<u>\$ 42,899,341</u>	<u>\$ 405,001</u>	<u>\$ 44,913</u>	<u>\$ 43,259,429</u>	<u>\$ 14,876,955</u>	<u>\$ 1,000,847</u>	<u>\$ -</u>	<u>\$ 15,877,802</u>	<u>\$ 27,381,627</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, 2011

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services			
Rents/Taxes	\$ 320,200	\$ 320,200	\$ 267,082
Fuel Sales	-	-	135,697
Airport Operators	11,430	11,430	2,553
Miscellaneous	-	-	6,346
Total Operating Revenues	331,630	331,630	411,678
OPERATING EXPENSES			
Personal Services	208,000	208,000	233,069
Commodities	47,200	47,200	245,557
Contractual Services	135,750	135,750	156,114
Other Services	70,000	70,000	52,375
Equipment	41,000	41,000	11,699
Permanent Improvements	2,152,642	2,152,642	46,996
Total Operating Expenses	2,654,592	2,654,592	745,810
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(2,322,962)	(2,322,962)	(334,132)
DEPRECIATION AND AMORTIZATION	12,800	12,800	347,581
OPERATING INCOME (LOSS)	(2,335,762)	(2,335,762)	(681,713)
NONOPERATING REVENUES (EXPENSES)			
Refunds/Reimbursements	50,000	50,000	193
Investment Income	-	-	12
Interest Expense	(138,072)	(138,072)	(62,061)
Gain on Sale of Capital Assets	-	-	470
Total Nonoperating Revenues (Expenses)	(88,072)	(88,072)	(61,386)
CHANGE IN NET ASSETS BEFORE TRANSFERS AND CONTRIBUTIONS	(2,423,834)	(2,423,834)	(743,099)
TRANSFERS			
Transfers In	-	2,140,000	2,140,000
Total Transfers	-	2,140,000	2,140,000
CONTRIBUTIONS			
Contributions - Infrastructure	-	-	3,822
Contributions - Capital Grant Revenue	2,086,434	2,086,434	63,880
Total Contributions	2,086,434	2,086,434	67,702
CHANGE IN NET ASSETS	\$ (337,400)	\$ 1,802,600	1,464,603
NET ASSETS, JULY 1			26,277,972
NET ASSETS, JUNE 30			\$ 27,742,575

(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, 2011

	Development Services	Refuse	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ -	\$ 642,739	\$ 642,739
Receivables			
Accounts	-	222,021	222,021
Total Current Assets	-	864,760	864,760
Total Assets	-	864,760	864,760
CURRENT LIABILITIES			
Accounts Payable	-	270,889	270,889
Unearned Revenue	-	222,824	222,824
Total Current Liabilities	-	493,713	493,713
LONG-TERM LIABILITIES			
None	-	-	-
Total Long-Term Liabilities	-	-	-
Total Liabilities	-	493,713	493,713
NET ASSETS			
Unrestricted	-	371,047	371,047
TOTAL NET ASSETS	\$ -	\$ 371,047	\$ 371,047

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, 2011

	Development Services	Refuse	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ -	\$ 1,696,646	\$ 1,696,646
Total Operating Revenues	-	1,696,646	1,696,646
OPERATING EXPENSES			
Contractual Services	-	1,735,507	1,735,507
Capital Outlay	-	1,430	1,430
Total Operating Expenses	-	1,736,937	1,736,937
OPERATING INCOME (LOSS)	-	(40,291)	(40,291)
TRANSFERS	603,130	-	603,130
CHANGE IN NET ASSETS	603,130	(40,291)	562,839
NET ASSETS (DEFICIT), JULY 1	(603,130)	411,338	(191,792)
NET ASSETS, JUNE 30	\$ -	\$ 371,047	\$ 371,047

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2011

	Development Services	Refuse	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ -	\$ 1,696,646	\$ 1,696,646
Payments to Suppliers	(711)	(1,723,571)	(1,724,282)
Payments to Employees	(162,466)	-	(162,466)
Net Cash from Operating Activities	(163,177)	(26,925)	(190,102)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Receivables/Advance To Transfers In	(440,000) 603,130	300,000 -	(140,000) 603,130
Net Cash from Noncapital Financing Activities	163,130	300,000	463,130
CASH FLOWS FROM INVESTING ACTIVITIES			
None	-	-	-
Net Cash from Investing Activities	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47)	273,075	273,028
CASH AND CASH EQUIVALENTS, JULY 1	47	369,664	369,711
CASH AND CASH EQUIVALENTS, JUNE 30	\$ -	\$ 642,739	\$ 642,739
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ -	\$ (40,291)	\$ (40,291)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivable	-	(21,342)	(21,342)
Accounts Payable	(711)	13,365	12,654
Accrued Payroll	(10,123)	-	(10,123)
Deferred Revenue	-	21,343	21,343
Other Postemployment Benefit	(81,760)	-	(81,760)
Compensated Absences	(70,583)	-	(70,583)
NET CASH FROM OPERATING ACTIVITIES	\$ (163,177)	\$ (26,925)	\$ (190,102)
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ -	\$ 642,739	\$ 642,739

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, 2011

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
None	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-
OPERATING EXPENSES			
None	-	-	-
Total Operating Expenses	-	-	-
OPERATING INCOME (LOSS)	-	-	-
TRANSFERS IN	-	-	603,130
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	603,130
NET ASSETS (DEFICIT), JULY 1			<u>(603,130)</u>
NET ASSETS, JUNE 30			<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, 2011

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 1,713,180	\$ 1,713,180	\$ 1,696,646
Total Operating Revenues	1,713,180	1,713,180	1,696,646
OPERATING EXPENSES			
Contractual Services	1,771,055	1,771,055	1,735,507
Capital Outlay	-	-	1,430
Total Operating Expenses	1,771,055	1,771,055	1,736,937
CHANGE IN NET ASSETS	<u>\$ (57,875)</u>	<u>\$ (57,875)</u>	(40,291)
NET ASSETS, JULY 1			<u>411,338</u>
NET ASSETS, JUNE 30			<u>\$ 371,047</u>

(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, 2011

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Total
CURRENT ASSETS				
Cash and Investments	\$ 1,233,697	\$ 422,897	\$ 60,247	\$ 1,716,841
Prepaid Expenses	-	3,000	6,968	9,968
Total Current Assets	1,233,697	425,897	67,215	1,726,809
Total Assets	1,233,697	425,897	67,215	1,726,809
CURRENT LIABILITIES				
Accounts Payable	18,682	2,446	9,440	30,568
Unearned Revenue	-	534	-	534
Claims Payable	1,214,877	-	51,228	1,266,105
Total Current Liabilities	1,233,559	2,980	60,668	1,297,207
Total Liabilities	1,233,559	2,980	60,668	1,297,207
NET ASSETS				
Unrestricted	138	422,917	6,547	429,602
TOTAL NET ASSETS	<u>\$ 138</u>	<u>\$ 422,917</u>	<u>\$ 6,547</u>	<u>\$ 429,602</u>

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, 2011

	Workers' Compensation			Health Insurance		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
OPERATING REVENUES						
Charges for Services						
Contributions	\$ 1,532,800	\$ 1,532,800	\$ 1,532,800	\$ 4,409,495	\$ 4,409,495	\$ 4,439,669
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	1,532,800	1,532,800	1,532,800	4,409,495	4,409,495	4,439,669
OPERATING EXPENSES						
Administration						
Commodities	1,000	1,000	465	-	-	-
Contractual Services	35,700	35,700	30,698	18,000	18,000	13,589
Claims	995,000	995,000	631,485	5,011,208	5,011,208	5,018,507
Other	-	-	-	-	-	-
Total Operating Expenses	1,031,700	1,031,700	662,648	5,029,208	5,029,208	5,032,096
OPERATING INCOME (LOSS)	501,100	501,100	870,152	(619,713)	(619,713)	(592,427)
NONOPERATING REVENUES						
Investment Income	-	-	-	-	-	19
Total Nonoperating Revenues	-	-	-	-	-	19
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	501,100	501,100	870,152	(619,713)	(619,713)	(592,408)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	887,000	887,000	-	-	-
Transfers (Out)	-	-	-	-	(185,000)	(185,000)
Total Other Financing Sources (Uses)	-	887,000	887,000	-	(185,000)	(185,000)
CHANGE IN NET ASSETS	\$ 501,100	\$ 1,388,100	1,757,152	\$ (619,713)	\$ (804,713)	(777,408)
NET ASSETS (DEFICIT), JULY 1			(1,757,014)			1,200,325
NET ASSETS, JUNE 30			\$ 138			\$ 422,917

Liability/ Property Insurance			Totals		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 90,000	\$ 90,000	\$ 95,000	\$ 6,032,295	\$ 6,032,295	\$ 6,067,469
25,000	25,000	28,900	25,000	25,000	28,900
115,000	115,000	123,900	6,057,295	6,057,295	6,096,369
-	-	-	1,000	1,000	465
112,500	112,500	139,307	166,200	166,200	183,594
45,000	45,000	18,865	6,051,208	6,051,208	5,668,857
1,000	1,000	319	1,000	1,000	319
158,500	158,500	158,491	6,219,408	6,219,408	5,853,235
(43,500)	(43,500)	(34,591)	(162,113)	(162,113)	243,134
-	-	-	-	-	19
-	-	-	-	-	19
(43,500)	(43,500)	(34,591)	(162,113)	(162,113)	243,153
-	65,000	65,000	-	952,000	952,000
-	-	-	-	(185,000)	(185,000)
-	65,000	65,000	-	767,000	767,000
\$ (43,500)	\$ 21,500	30,409	\$ (162,113)	\$ 604,887	1,010,153
		(23,862)			(580,551)
		\$ 6,547			\$ 429,602

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Transactions	\$ 1,532,800	\$ 4,440,203	\$ 95,000	\$ 6,068,003
Receipts from Miscellaneous Revenue	-	-	28,900	28,900
Payments to Suppliers	(701,305)	(5,030,512)	(306,386)	(6,038,203)
Net Cash from Operating Activities	831,495	(590,309)	(182,486)	58,700
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Receivables/Advances To	-	518,000	-	518,000
Interfund Payables/Advances From	(518,000)	-	-	(518,000)
Transfers In	887,000	-	65,000	952,000
Transfers (Out)	-	(185,000)	-	(185,000)
Net Cash from Noncapital Financing Activities	369,000	333,000	65,000	767,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	-	19	-	19
Net Cash from Investing Activities	-	19	-	19
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,200,495	(257,290)	(117,486)	825,719
CASH AND CASH EQUIVALENTS, JULY 1	33,202	680,187	177,733	891,122
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,233,697</u>	<u>\$ 422,897</u>	<u>\$ 60,247</u>	<u>\$ 1,716,841</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 870,152	\$ (592,427)	\$ (34,591)	\$ 243,134
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities				
Changes in Assets and Liabilities				
Other Receivables	-	364	-	364
Prepaid Expenses	-	-	(6,968)	(6,968)
Accounts Payable	18,682	1,584	7,347	27,613
Claims Payable	(57,339)	-	(148,274)	(205,613)
Unearned Revenue	-	170	-	170
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 831,495</u>	<u>\$ (590,309)</u>	<u>\$ (182,486)</u>	<u>\$ 58,700</u>
CASH AND INVESTMENTS				
Cash and Cash Equivalents	<u>\$ 1,233,697</u>	<u>\$ 422,897</u>	<u>\$ 60,247</u>	<u>\$ 1,716,841</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 1,233,697</u>	<u>\$ 422,897</u>	<u>\$ 60,247</u>	<u>\$ 1,716,841</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, 2011

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and Short-Term Investments	\$ 1,657,192	\$ 1,310,921	\$ 2,968,113
Investments, at Fair Value			
Certificates of Deposit	-	100,352	100,352
Mutual Funds	12,028,543	9,440,761	21,469,304
Corporate Bonds	-	650,264	650,264
U.S. Treasury Securities	-	7,721,826	7,721,826
U.S. Agency Securities	12,831,565	2,579,336	15,410,901
Receivables			
Accrued Interest	71,216	68,353	139,569
Prepaid Expenses	388	-	388
Total Assets	26,588,904	21,871,813	48,460,717
LIABILITIES			
Accounts Payable	15,227	6,776	22,003
Unearned Revenue	648,836	1,003,047	1,651,883
Total Liabilities	664,063	1,009,823	1,673,886
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
	\$ 25,924,841	\$ 20,861,990	\$ 46,786,831

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, 2011

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer Contributions	\$ 1,342,558	\$ 2,001,368	\$ 3,343,926
Employee Contributions	579,767	413,040	992,807
Total Contributions	1,922,325	2,414,408	4,336,733
Investment Income			
Net Appreciation in Fair Value of Investments	2,753,458	2,292,043	5,045,501
Interest	592,860	395,690	988,550
Total Investment Income	3,346,318	2,687,733	6,034,051
Less Investment Expense	(54,337)	(47,526)	(101,863)
Net Investment Income	3,291,981	2,640,207	5,932,188
Total Additions	5,214,306	5,054,615	10,268,921
DEDUCTIONS			
Retirement Benefits	1,669,015	2,046,728	3,715,743
Disability Benefits	76,604	230,182	306,786
Administrative Expenses	37,201	41,295	78,496
Total Deductions	1,782,820	2,318,205	4,101,025
NET INCREASE	3,431,486	2,736,410	6,167,896
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
July 1	22,493,355	18,125,580	40,618,935
June 30	\$ 25,924,841	\$ 20,861,990	\$ 46,786,831

See accompanying notes to financial statements.

COMPONENT UNIT - DEKALB PUBLIC LIBRARY

DEKALB PUBLIC LIBRARY
COMPONENT UNIT

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2011

	General	Capital Projects	Permanent
<hr/>			
ASSETS			
Cash and Cash Equivalents	\$ 2,024,265	\$ 301,702	\$ 273,156
Receivables			
Property Taxes	924,190	-	-
Accrued Interest	244	1,436	1,300
Prepays	7,792	-	-
Capital Assets			
Not Depreciated	-	-	-
Depreciated (Net of Accumualted Depreciation)	-	-	-
	<hr/>		
TOTAL ASSETS	\$ 2,956,491	\$ 303,138	\$ 274,456
<hr/>			
LIABILITIES AND FUND BALANCES/NET ASSETS			
LIABILITIES			
Accounts Payable	\$ 63,363	\$ -	\$ -
Accrued Payroll	11,631	-	-
Deferred Property Taxes	1,798,537	-	-
Compensated Absences Payable	-	-	-
Net Pension Obligation	-	-	-
Other Postemployment Benefit	-	-	-
	<hr/>		
Total Liabilities	1,873,531	-	-
<hr/>			
FUND BALANCES/NET ASSETS			
Net Assets			
Invested in Capital Assets	-	-	-
Fund Balances/Net Assets			
Nonspendable - Prepays	7,792	-	-
Nonspendable - Endowments	-	-	274,456
Assigned/Restricted for Culture and Recreation	1,075,168	303,138	-
	<hr/>		
Total Fund Balances/Net Assets	1,082,960	303,138	274,456
<hr/>			
TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS	\$ 2,956,491	\$ 303,138	\$ 274,456

Total	Adjustments	Statement of Net Assets
\$ 2,599,123	\$ -	\$ 2,599,123
924,190	-	924,190
2,980	-	2,980
7,792	-	7,792
-	24,850	24,850
-	358,210	358,210
<u>\$ 3,534,085</u>	<u>\$ 383,060</u>	<u>\$ 3,917,145</u>

\$ 63,363	\$ -	\$ 63,363
11,631	-	11,631
1,798,537	-	1,798,537
-	21,240	21,240
-	15,641	15,641
-	18,188	18,188
<u>1,873,531</u>	<u>55,069</u>	<u>1,928,600</u>

-	383,060	383,060
7,792	(7,792)	-
274,456	-	274,456
<u>1,378,306</u>	<u>(47,277)</u>	<u>1,331,029</u>
<u>1,660,554</u>	<u>327,991</u>	<u>1,988,545</u>
<u>\$ 3,534,085</u>	<u>\$ 383,060</u>	<u>\$ 3,917,145</u>

(See independent auditor's report.)

DEKALB PUBLIC LIBRARY
COMPONENT UNIT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/NET ASSETS

For the Year Ended June 30, 2011

	General	Capital Projects	Permanent
REVENUES			
Property Taxes	\$ 1,796,093	\$ -	\$ -
TIF Surplus	98,556	-	-
Replacement Taxes	37,855	-	-
State Grants	69,572	-	-
Federal Grants	21,850	-	-
Charges for Services	38,535	-	-
Investment Income	24,645	1,809	2,209
Miscellaneous	93,259	-	-
Total Revenues	2,180,365	1,809	2,209
EXPENDITURES			
Culture and Recreation	1,786,344	-	-
Total Expenditures	1,786,344	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	394,021	1,809	2,209
OTHER FINANCING SOURCES (USES)			
Transfers In	57,487	109,527	40,000
Transfers (Out)	(149,527)	(36,150)	(21,337)
Total Other Financing Sources (Uses)	(92,040)	73,377	18,663
NET CHANGE IN FUND BALANCES/NET ASSETS	301,981	75,186	20,872
FUND BALANCES/NET ASSETS, JULY 1	780,979	227,952	253,584
FUND BALANCES/NET ASSETS, JUNE 30	\$ 1,082,960	\$ 303,138	\$ 274,456

Total	Adjustments	Statement of Activities
\$ 1,796,093	\$ -	\$ 1,796,093
98,556	-	98,556
37,855	-	37,855
69,572	-	69,572
21,850	-	21,850
38,535	-	38,535
28,663	-	28,663
93,259	-	93,259
2,184,383	-	2,184,383
1,786,344	2,622	1,788,966
1,786,344	2,622	1,788,966
398,039	(2,622)	395,417
207,014	(207,014)	-
(207,014)	207,014	-
-	-	-
398,039	(2,622)	395,417
1,262,515	330,613	1,593,128
\$ 1,660,554	\$ 327,991	\$ 1,988,545

(See independent auditor's report.)

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, 2011

	Compensated Absences	Capital Lease	Net Pension Obligation	Other Postemployment Benefit
<hr/>				
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	4,591,206	892,257	157,721	5,743,725
	<hr/>			
TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT	\$ 4,591,206	\$ 892,257	\$ 157,721	\$ 5,743,725
	<hr/>			
GENERAL LONG-TERM DEBT PAYABLE				
Compensated Absences Payable	\$ 4,591,206	\$ -	\$ -	\$ -
Capital Lease Payable	-	892,257	-	-
Net Pension Obligation	-	-	157,721	-
Other Postemployment benefit	-	-	-	5,743,725
General Obligation Bonds Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
	<hr/>			
TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ 4,591,206	\$ 892,257	\$ 157,721	\$ 5,743,725
	<hr/>			

General Obligation								
Bond Series of 2002A	Bond Series of 2003A	Bond Series of 2004	Bond Series of 2010A	Bond Series of 2010B	Bond Series of 2010C	TIF Revenue Bond Series of 2003	Totals	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,049	\$ 231,049	
625,000	230,000	1,885,000	9,980,000	3,905,000	5,415,000	423,951	33,848,860	
\$ 625,000	\$ 230,000	\$ 1,885,000	\$ 9,980,000	\$ 3,905,000	\$ 5,415,000	\$ 655,000	\$ 34,079,909	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,591,206	
-	-	-	-	-	-	-	892,257	
-	-	-	-	-	-	-	157,721	
-	-	-	-	-	-	-	5,743,725	
625,000	230,000	1,885,000	9,980,000	3,905,000	5,415,000	-	22,040,000	
-	-	-	-	-	-	655,000	655,000	
\$ 625,000	\$ 230,000	\$ 1,885,000	\$ 9,980,000	\$ 3,905,000	\$ 5,415,000	\$ 655,000	\$ 34,079,909	

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF DEKALB, ILLINOIS

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

June 30, 2011

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
2010	\$ 200,000	\$ 12,500	\$ 212,500			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>\$ 625,000</u>	<u>\$ 38,100</u>	<u>\$ 663,100</u>		<u>\$ 12,800</u>		<u>\$ 25,300</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2011

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 3.50% at June 30, 2010
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
2010		\$ 6,680	\$ 6,680			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>\$ 655,000</u>	<u>\$ 20,397</u>	<u>\$ 675,397</u>		<u>\$ 10,198</u>		<u>\$ 10,199</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2011

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
2010	\$ 80,000	\$ 4,072	\$ 84,072			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>\$ 230,000</u>	<u>\$ 12,134</u>	<u>\$ 242,134</u>		<u>\$ 4,031</u>		<u>\$ 8,103</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, 2011

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
2010		\$ 104,686	\$ 104,686			2011	\$ 104,686
2011	\$ 285,000	204,598	489,598	2012	\$ 104,685	2012	99,913
2012	565,000	188,525	753,525	2013	99,912	2013	88,613
2013	580,000	165,624	745,624	2014	88,612	2014	77,012
2014	655,000	139,289	794,289	2015	77,013	2015	62,276
2015	695,000	108,911	803,911	2016	62,274	2016	46,637
2016	720,000	77,075	797,075	2017	46,638	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>\$ 4,930,000</u>	<u>\$ 1,129,971</u>	<u>\$ 6,059,971</u>		<u>\$ 564,984</u>		<u>\$ 564,987</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, 2011

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
2010		\$ 40,281	\$ 40,281			2011	\$ 40,281
2011	\$ 75,000	79,306	154,306	2012	\$ 40,281	2012	39,025
2012	335,000	71,350	406,350	2013	39,025	2013	32,325
2013	345,000	57,750	402,750	2014	32,325	2014	25,425
2014	360,000	42,750	402,750	2015	25,425	2015	17,325
2015	380,000	26,100	406,100	2016	17,325	2016	8,775
2016	390,000	8,775	398,775	2017	8,775		
	<u>\$ 1,885,000</u>	<u>\$ 326,312</u>	<u>\$ 2,211,312</u>		<u>\$ 163,156</u>		<u>\$ 163,156</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, 2011

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
2010		\$ 53,896	\$ 53,896			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>\$ 2,560,000</u>	<u>\$ 653,517</u>	<u>\$ 3,213,517</u>		<u>\$ 326,758</u>		<u>\$ 326,759</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, 2011

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
2010		\$ 10,509	\$ 10,509			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>\$ 485,000</u>	<u>\$ 150,142</u>	<u>\$ 635,142</u>		<u>\$ 75,070</u>		<u>\$ 75,072</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2011

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
2010		\$ 18,953	\$ 18,953			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>\$ 665,000</u>	<u>\$ 139,649</u>	<u>\$ 804,649</u>		<u>\$ 68,970</u>		<u>\$ 70,679</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2010A (TIF)

June 30, 2011

Date of Issue	May 27, 2010
Date of Maturity	December 2, 2021
Authorized Issue	\$10,800,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Northern Trust Company, Chicago, Illinois

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	December 1	Amount	June 1	Amount
2010	\$ 755,000	\$ 160,088	\$ 915,088	2011	\$ 160,088		
2011	770,000	305,075	1,075,075	2012	152,537	2012	\$ 152,538
2012	785,000	289,675	1,074,675	2013	144,838	2013	144,837
2013	800,000	273,975	1,073,975	2014	136,987	2014	136,988
2014	825,000	253,975	1,078,975	2015	126,988	2015	126,987
2015	845,000	233,350	1,078,350	2016	116,675	2016	116,675
2016	870,000	208,000	1,078,000	2017	104,000	2017	104,000
2017	1,020,000	173,200	1,193,200	2018	86,600	2018	86,600
2018	1,060,000	132,400	1,192,400	2019	66,200	2019	66,200
2019	1,105,000	90,000	1,195,000	2020	45,000	2020	45,000
2020	1,145,000	45,800	1,190,800	2021	22,900	2021	22,900
	<u>\$ 9,980,000</u>	<u>\$ 2,165,538</u>	<u>\$ 12,145,538</u>		<u>\$ 1,162,813</u>		<u>\$ 1,002,725</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2010B

June 30, 2011

Date of Issue	December 1, 2010
Date of Maturity	January 1, 2028
Authorized Issue	\$3,905,000
Denomination of Notes	\$5,000
Interest Rates	4.25% to 4.75%
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		Totals	January 1	Interest Due on		
	Principal	Interest			Amount	July 1	Amount
2010	\$ -	\$ 102,648	\$ 102,648			2011	\$ 102,648
2011	-	175,968	175,968	2012	\$ 87,984	2012	87,984
2012	-	175,968	175,968	2013	87,984	2013	87,984
2013	-	175,968	175,968	2014	87,984	2014	87,984
2014	-	175,968	175,968	2015	87,984	2015	87,984
2015	-	175,968	175,968	2016	87,984	2016	87,984
2016	-	175,968	175,968	2017	87,984	2017	87,984
2017	-	175,968	175,968	2018	87,984	2018	87,984
2018	-	175,968	175,968	2019	87,984	2019	87,984
2019	-	175,968	175,968	2020	87,984	2020	87,984
2020	-	175,968	175,968	2021	87,984	2021	87,984
2021	-	175,968	175,968	2022	87,984	2022	87,984
2022	150,000	172,780	322,780	2023	87,984	2023	84,796
2023	840,000	151,322	991,322	2024	84,796	2024	66,526
2024	875,000	113,584	988,584	2025	66,526	2025	47,058
2025	915,000	73,298	988,298	2026	47,057	2026	26,241
2026	955,000	30,279	985,279	2027	26,241	2027	4,038
2027	170,000	4,032	174,032	2028	4,032		
	<u>\$ 3,905,000</u>	<u>\$ 2,583,591</u>	<u>\$ 6,488,591</u>		<u>\$ 1,284,460</u>		<u>\$ 1,299,131</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2010C

June 30, 2011

Date of Issue	December 1, 2010
Date of Maturity	January 1, 2023
Authorized Issue	\$5,415,000
Denomination of Notes	\$5,000
Interest Rates	1.90% to 5.90%
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
2010		\$ 145,330	\$ 145,330			2011	\$ 145,330
2011	\$ 395,000	245,384	640,384	2012	\$ 124,568	2012	120,816
2012	180,000	239,517	419,517	2013	120,816	2013	118,701
2013	185,000	234,859	419,859	2014	118,701	2014	116,158
2014	190,000	229,418	419,418	2015	116,158	2015	113,260
2015	195,000	223,156	418,156	2016	113,260	2016	109,896
2016	205,000	215,846	420,846	2017	109,896	2017	105,950
2017	620,000	198,415	818,415	2018	105,950	2018	92,465
2018	650,000	169,655	819,655	2019	92,465	2019	77,190
2019	680,000	137,040	817,040	2020	77,190	2020	59,850
2020	715,000	100,395	815,395	2021	59,850	2021	40,545
2021	755,000	59,573	814,573	2022	40,545	2022	19,028
2022	645,000	19,028	664,028	2023	19,028		
	<u>\$ 5,415,000</u>	<u>\$ 2,217,616</u>	<u>\$ 7,632,616</u>		<u>\$ 1,098,427</u>		<u>\$ 1,119,189</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.	137-152
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	153-161
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.	162-166
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.	167-168
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.	169-174

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 Nine Fiscal Years

Fiscal Year	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets				
Net of Related Debt	\$ 67,806,348	\$ 79,281,779	\$ 104,193,560	\$ 107,038,191
Restricted	5,554,546	3,395,377	1,524,630	3,295,898
Unrestricted (Deficit)	(17,759,129)	(14,013,207)	(10,463,117)	(12,063,288)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 55,601,765	\$ 68,663,949	\$ 95,255,073	\$ 98,270,801
BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets				
Net of Related Debt	\$ 26,779,195	\$ 34,483,474	\$ 37,052,275	\$ 39,392,443
Restricted	-	-	-	-
Unrestricted	2,237,149	1,631,020	1,273,772	(279,115)
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 29,016,344	\$ 36,114,494	\$ 38,326,047	\$ 39,113,328
PRIMARY GOVERNMENT				
Invested in Capital Assets				
Net of Related Debt	\$ 94,585,543	\$ 113,765,253	\$ 141,245,835	\$ 146,430,634
Restricted	5,554,546	3,395,377	1,524,630	3,295,898
Unrestricted	(15,521,980)	(12,382,187)	(9,189,345)	(12,342,403)
TOTAL PRIMARY GOVERNMENT	\$ 84,618,109	\$ 104,778,443	\$ 133,581,120	\$ 137,384,129
COMPONENT UNIT:				
DEKALB PUBLIC LIBRARY				
Invested in Capital Assets				
Net of Related Debt	\$ 80,551	\$ 73,269	\$ -	\$ 87,992
Restricted	903,959	733,968	820,776	841,774
Unrestricted	-	-	-	-
TOTAL COMPONENT UNIT GOVERNMENT ACTIVITIES	\$ 984,510	\$ 807,237	\$ 820,776	\$ 929,766

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

2007	2008	2009	2010	2011	
\$ 109,228,834	\$ 113,947,561	\$ 116,350,547	\$ 116,154,934	\$ 119,410,592	
3,159,513	10,131,297	10,401,769	15,569,514	11,857,498	
(10,790,695)	(16,660,106)	(14,726,824)	(20,131,463)	(17,715,142)	
\$ 101,597,652	\$ 107,418,752	\$ 112,025,492	\$ 111,592,985	\$ 113,552,948	
\$ 45,585,845	\$ 46,840,204	\$ 48,402,014	\$ 48,482,070	\$ 48,222,651	
-	-	-	-	-	
(805,537)	(985,741)	(724,236)	(463,724)	2,919,291	
\$ 44,780,308	\$ 45,854,463	\$ 47,677,778	\$ 48,018,346	\$ 51,141,942	
\$ 154,814,679	\$ 160,787,765	\$ 164,752,561	\$ 164,637,004	\$ 167,633,243	
3,159,513	10,131,297	10,401,769	15,569,514	11,857,498	
(11,596,232)	(17,645,847)	(15,451,060)	(20,595,187)	(14,795,851)	
\$ 146,377,960	\$ 153,273,215	\$ 159,703,270	\$ 159,611,331	\$ 164,694,890	
\$ 294,990	\$ 282,938	\$ 300,598	\$ 365,918	\$ 383,060	
868,869	843,549	1,045,356	1,227,210	1,605,485	
-	-	-	-	-	
\$ 1,163,859	\$ 1,126,487	\$ 1,345,954	\$ 1,593,128	\$ 1,988,545	

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS

Last Nine Fiscal Years

Fiscal Year	2003	2004	2005	2006
EXPENSES				
Governmental Activities				
General Government	\$ 4,025,445	\$ 3,800,583	\$ 6,565,079	\$ 6,505,926
Public Safety	11,921,125	13,161,608	14,495,797	14,009,805
Community Improvement	6,675,918	5,880,017	5,455,783	7,706,447
Highways and Streets	8,232,178	4,872,446	10,481,051	4,743,859
Interest	912,735	1,049,120	1,026,539	1,154,903
Total Governmental Activities Expenses	31,767,401	28,763,774	38,024,249	34,120,940
Business-Type Activities				
Water	3758743	3830129	3,876,880	4,131,341
Airport	466286	692739	766,597	839,450
Developmental Services	1194973	1256963	194,977	294,791
Refuse	-	-	1,199,238	1,313,885
Total Business-Type Activities Expenses	5,420,002	5,779,831	6,037,692	6,579,467
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 37,187,403	\$ 34,543,605	\$ 44,061,941	\$ 40,700,407
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 255,956	\$ 248,199	\$ 266,806	\$ 337,340
Public Safety	1,614,741	2,021,775	4,961,170	2,281,500
Community Improvement	762,876	1,147,291	791,567	555,022
Highways and Streets	226,137	196,922	667,701	-
Operating Grants and Contributions	2,006,762	2,521,542	3,378,028	2,867,194
Capital Grants and Contributions	282,853	537,433	2,197,952	3,036,831
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	5,149,325	6,673,162	12,263,224	9,077,887

	2007		2008		2009		2010		2011
\$	8,553,164	\$	9,084,220	\$	10,441,675	\$	9,268,403	\$	10,647,791
	16,371,735		17,889,697		19,020,552		19,606,432		19,660,618
	6,133,081		7,844,631		6,074,929		9,415,300		4,465,186
	4,888,810		4,068,000		6,022,846		5,083,380		7,929,922
	960,500		1,010,059		902,204		723,651		857,764
	36,907,290		39,896,607		42,462,206		44,097,166		43,561,281
	4,206,023		4,146,713		4,347,248		4,222,070		4,438,481
	1,039,450		994,597		1,111,227		914,295		1,154,982
	249,295		365,050		378,497		380,574		-
	1,403,778		1,466,215		1,656,645		1,671,915		1,736,937
	6,898,546		6,972,575		7,493,617		7,188,854		7,330,400
\$	43,805,836	\$	46,869,182	\$	49,955,823	\$	51,286,020	\$	50,891,681
\$	259,887	\$	303,453	\$	292,071	\$	340,015	\$	325,169
	2,325,586		2,440,715		2,631,448		2,710,546		2,739,272
	433,385		333,154		325,866		210,319		496,852
	-		75,291		403,355		402,209		395,147
	2,148,087		2,481,892		3,656,334		2,488,211		3,257,775
	1,609,289		2,083,090		2,013,494		2,471,003		4,144,333
	6,776,234		7,717,595		9,322,568		8,622,303		11,358,548

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

Fiscal Year	2003	2004	2005	2006
BUSINESS-TYPE ACTIVITIES				
Charges for Services				
Water	\$ 4,088,655	\$ 4,634,512	\$ 4,284,036	\$ 4,446,444
Airport	251,265	245,688	264,547	280,532
Development Services	-	-	81,349	249,957
Refuse	1,240,911	1,277,131	1,318,513	1,407,499
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	85,918	18,015	1,521,358	257,211
Total Business-Type Activities				
Program Revenues	5,666,749	6,175,346	7,469,803	6,641,643
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 10,816,074	\$ 12,848,508	\$ 19,733,027	\$ 15,719,530
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (26,618,076)	\$ (22,090,612)	\$ (25,761,025)	\$ (25,043,053)
Business-Type Activities	246,747	395,515	1,432,111	62,176
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (26,371,329)	\$ (21,695,097)	\$ (24,328,914)	\$ (24,980,877)
COMPONENT UNIT:				
DEKALB PUBLIC LIBRARY				
Program Expenses	\$ 1,122,163	\$ 1,269,783	\$ 1,096,560	\$ 1,081,637
Total Component Unit				
Program Expenses	\$ 1,122,163	\$ 1,269,783	\$ 1,096,560	\$ 1,081,637
Program Revenues				
Charges for Services	\$ 33,936	\$ 33,624	\$ 46,235	\$ 36,149
Operating Grants and Contributions	113,346	128,959	52,733	82,439
Capital Grants and Contributions	-	-	-	26,000
Total Component Unit				
Program Revenues	\$ 147,282	\$ 162,583	\$ 98,968	\$ 144,588
TOTAL COMPONENT UNIT NET (EXPENSE) REVENUE	\$ (974,881)	\$ (1,107,200)	\$ (997,592)	\$ (937,049)

2007	2008	2009	2010	2011
\$ 4,185,161	\$ 4,387,320	\$ 4,788,391	\$ 5,136,193	\$ 5,454,296
235,999	262,783	261,655	247,364	405,332
230,060	96,580	88,319	38,835	-
1,501,041	1,584,288	1,623,529	1,625,213	1,696,646
-	611	-	-	-
2,865,831	359,444	2,673,502	760,930	392,373
9,018,092	6,691,026	9,435,396	7,808,535	7,948,647
\$ 15,794,326	\$ 14,408,621	\$ 18,757,964	\$ 16,430,838	\$ 19,307,195
\$ (30,131,056)	\$ (32,179,012)	\$ (33,139,638)	\$ (35,474,863)	\$ (32,202,733)
2,119,546	(281,549)	1,941,779	619,681	618,247
\$ (28,011,510)	\$ (32,460,561)	\$ (31,197,859)	\$ (34,855,182)	\$ (31,584,486)
\$ 1,352,920	\$ 1,515,527	\$ 1,520,992	\$ 1,570,049	\$ 1,788,966
\$ 1,352,920	\$ 1,515,527	\$ 1,520,992	\$ 1,570,049	\$ 1,788,966
\$ 37,784	\$ 36,879	\$ 36,611	\$ 39,875	\$ 38,535
300,084	88,797	91,512	83,226	65,422
-	-	-	-	26,000
\$ 337,868	\$ 125,676	\$ 128,123	\$ 123,101	\$ 129,957
\$ (1,015,052)	\$ (1,389,851)	\$ (1,392,869)	\$ (1,446,948)	\$ (1,659,009)

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

Fiscal Year	2003	2004	2005	2006
GENERAL REVENUES AND OTHER				
CHANGES IN NET ASSETS				
Governmental Activities				
Taxes				
Property	\$ 5,700,437	\$ 6,506,752	\$ 6,907,239	\$ 7,408,007
Home Rule Sales	1,988,464	3,968,456	4,947,494	5,670,587
State Sales	4,327,436	4,040,222	3,790,727	3,960,365
Local Use	-	-	459,261	517,848
Franchise Tax	289,125	313,263	337,088	361,374
Utility	3,425,787	3,426,971	3,596,132	3,671,553
State Income	2,544,001	2,322,932	3,023,210	3,362,748
Restaurant/Bar	1,170,231	1,231,736	1,261,936	1,404,579
TIF Property and Sales Tax Surplus	-	-	-	-
Other	261,576	281,406	286,863	329,846
Investment Income	247,457	106,229	169,202	340,505
Miscellaneous	205,287	263,369	324,002	353,141
Gain on Sale of Capital Assets	(14,677)	(4,998)	-	-
Contributions	2,730,508	12,498,893	12,257,511	1,004,424
Transfers In (Out)	115,450	227,600	122,958	172,713
Special Item	-	-	-	-
Total Governmental Activities	22,991,082	35,182,831	37,483,623	28,557,690
Business-Type Activities				
Property Tax	74,587	75,539	74,674	75,194
Investment Income	119,957	30,607	30,356	9,214
Miscellaneous	97,075	47,864	37,269	41,634
Gain on Sale of Capital Assets	-	13,823	-	-
Contributions	1,398,700	4,987,144	729,577	771,776
Transfers In (Out)	(115,450)	(227,600)	(122,958)	(172,713)
Total Business-Type Activities	1,574,869	4,927,377	748,918	725,105
TOTAL PRIMARY GOVERNMENT	\$ 24,565,951	\$ 40,110,208	\$ 38,232,541	\$ 29,282,795
CHANGE IN NET ASSETS				
Governmental Activities	\$ (3,626,994)	\$ 13,092,219	\$ 11,722,598	\$ 3,514,637
Business-Type Activities	1,821,616	5,322,892	2,181,029	787,281
Prior Period Adjustment				
Governmental Activities	(30,956)	(30,035)	14,868,526	(498,909)
Business-Type Activities	11,511,976	1,775,258	30,524	-
TOTAL PRIMARY GOVERNMENT	\$ 9,675,642	\$ 20,160,334	\$ 28,802,677	\$ 3,803,009
CHANGE IN NET ASSETS				

	2007	2008	2009	2010	2011
\$	8,799,430	\$ 10,366,305	\$ 12,446,812	\$ 13,371,039	\$ 13,405,653
	4,296,267	4,301,049	5,803,785	5,912,290	5,960,489
	5,864,315	5,950,520	5,493,550	5,500,964	5,465,803
	557,376	644,076	632,883	538,742	664,230
	414,003	416,056	437,977	414,905	456,002
	3,663,782	3,814,184	3,574,598	3,324,919	3,993,286
	3,689,547	4,274,684	3,954,000	3,472,035	3,561,130
	1,557,627	1,660,912	1,584,944	1,597,195	1,634,254
	-	-	-	-	758,577
	354,557	390,576	357,514	348,822	369,370
	428,938	347,511	189,302	75,779	71,691
	281,650	266,064	346,658	188,830	157,306
	-	-	-	-	-
	1,525,564	5,352,674	2,625,579	-	-
	168,837	232,052	229,413	296,836	(2,453,290)
	869,786	-	-	-	-
	32,471,679	38,016,663	37,677,015	35,042,356	34,044,501
	-	-	-	-	-
	-	132	300	16	16
	43,633	45,400	106,269	42,707	28,384
	-	-	-	-	-
	3,201,438	1,407,430	4,380	-	-
	(168,837)	(232,052)	(229,413)	(321,836)	2,453,290
	3,076,234	1,220,910	(118,464)	(279,113)	2,481,690
\$	35,547,913	\$ 39,237,573	\$ 37,558,551	\$ 34,763,243	\$ 36,526,191
\$	2,340,623	\$ 5,837,651	\$ 4,537,377	\$ (432,507)	\$ 1,841,768
	5,195,780	939,361	1,823,315	340,568	3,099,937
	986,228	(16,551)	69,363	-	118,195
	471,200	134,794	-	-	23,659
\$	8,993,831	\$ 6,895,255	\$ 6,430,055	\$ (91,939)	\$ 5,083,559

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

Fiscal Year	2003	2004	2005	2006
COMPONENT UNIT GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
General Revenues				
Property Tax	\$ 842,901	\$ 888,769	\$ 931,257	\$ 976,603
TIF Property and Sales Tax Surplus	-	-	-	-
Other Taxes	20,347	22,879	26,800	34,409
Investment Income	30,280	3,589	31,316	27,541
Miscellaneous	13,311	14,690	21,232	33,486
Total Component Unit Activities	906,839	929,927	1,010,605	1,072,039
CHANGE IN NET ASSETS				
Component Unit Activities	(68,042)	(177,273)	13,013	134,990
Prior Period Adjustment	80,551	-	526	-
TOTAL COMPONENT UNIT CHANGE IN NET ASSETS	\$ 906,839	\$ 929,927	\$ 13,539	\$ 134,990

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.

	2007	2008	2009	2010	2011
\$	1,078,384	\$ 1,213,354	\$ 1,492,137	\$ 1,574,213	\$ 1,796,093
	-	-	-	-	98,556
	38,246	42,157	36,958	30,687	37,855
	62,378	51,137	26,288	33,231	28,663
	70,137	45,831	56,953	55,991	93,259
	1,249,145	1,352,479	1,612,336	1,694,122	2,054,426
	234,093	(37,372)	219,467	247,174	395,417
	-	-	-	-	-
\$	234,093	\$ (37,372)	\$ 219,467	\$ 247,174	\$ 395,417

CITY OF DEKALB, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
GENERAL FUND					
Nonspendable					
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-
Restricted					
Public Safety	-	-	-	-	-
Reserved	75,865	62,650	105,452	58,705	70,296
Unreserved - Designated					
Internal Service Fund Deficits	-	-	-	-	-
Development Services Fund	-	-	-	-	-
Capital Projects Fund Deficit	-	-	-	-	-
Airport Fund Deficit	-	-	-	-	-
Compensated Absences	-	-	363,544	392,659	368,156
Historic Milestone Projects	-	-	-	-	-
Unreserved - Undesignated	3,022,286	2,546,211	2,791,825	3,139,542	3,387,191
TOTAL GENERAL FUND	\$ 3,098,151	\$ 2,608,861	\$ 3,260,821	\$ 3,590,906	\$ 3,825,643
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable					
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Maintenance of Roadways	-	-	-	-	-
Economic Development	-	-	-	-	-
Specific Purpose	-	-	-	-	-
Public Safety	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed					
Economic Development	-	-	-	-	-
Capital Projects	-	-	-	-	-
Reserved	3,568,683	3,851,405	4,323,494	3,345,268	4,643,715
Unreserved - Designated					
Designated for Sidewalk and Street Maintenance	-	-	-	-	-
Unreserved, Undesignated (Deficit) Reported In					
Special Revenue Funds	951,911	862,086	(22,476)	(20,788)	(18,120)
Capital Project Funds	(5,225,145)	(2,023,015)	(2,446,767)	(1,991,201)	(1,346,797)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ (704,551)	\$ 2,690,476	\$ 1,854,251	\$ 1,333,279	\$ 3,278,798

Data Source

Audited Financial Statements

2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ 50,934
-	-	-	-	2,692,928
-	-	-	-	6,257
147,508	738,577	2,067,865	2,177,003	-
-	-	957,000	580,600	-
-	-	-	603,200	-
-	-	-	12,700	-
-	-	-	106,300	-
-	-	243,400	-	-
-	-	16,701	6,250	-
2,713,822	2,161,911	416,652	22,169	-
\$ 2,861,330	\$ 2,900,488	\$ 3,701,618	\$ 3,508,222	\$ 2,750,119

\$ -	\$ -	\$ -	\$ -	\$ 3,650
-	-	-	-	1,058,171
-	-	-	-	10,327,394
-	-	-	-	83,907
-	-	-	-	25,376
-	-	-	-	231,049
-	-	-	-	12,126
-	-	-	-	328,201
3,166,191	1,808,174	2,653,139	2,783,493	-
-	-	116,123	116,123	-
(8,808)	(445)	(362)	(383)	-
(1,076,165)	9,104,021	8,436,085	13,236,387	-
\$ 2,081,218	\$ 10,911,750	\$ 11,204,985	\$ 16,135,620	\$ 12,069,874

CITY OF DEKALB, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
REVENUES					
Taxes	\$ 19,259,411	\$ 19,851,614	\$ 22,032,400	\$ 24,548,569	\$ 26,710,135
Licenses and Permits	277,282	487,590	846,571	618,029	598,657
Intergovernmental	3,472,940	2,361,278	3,061,974	5,522,101	4,558,814
Charges for Services	1,265,342	1,503,096	1,840,495	4,613,201	1,796,958
Fines and Forfeitures	494,815	468,009	638,815	654,353	696,551
Investment Income	462,446	247,457	106,229	169,202	340,505
Miscellaneous	270,064	273,079	351,754	399,324	2,794,723
Total Revenues	25,502,300	25,192,123	28,878,238	36,524,779	37,496,343
EXPENDITURES					
General Government	3,287,387	3,426,581	4,088,975	5,619,515	5,990,453
Public Safety	10,561,436	11,388,426	12,432,869	13,915,879	14,990,271
Community Improvement	4,891,235	4,406,307	3,928,040	3,432,725	3,780,017
Highways and Streets	1,219,971	1,255,596	763,579	3,609,518	2,821,395
Culture and Recreation	666,392	-	-	-	-
Capital Outlay	5,338,715	10,333,537	6,432,217	8,157,674	8,835,397
Debt Service					
Principal Retirement	953,313	1,185,000	1,545,000	1,810,000	2,220,000
Interest and Fiscal Charges	1,046,318	884,632	1,071,575	1,032,874	1,085,767
Total Expenditures	27,964,767	32,880,079	30,262,255	37,578,185	39,723,300
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,462,467)	(7,687,956)	(1,384,017)	(1,053,406)	(2,226,957)

	2007	2008	2009	2010	2011
\$	29,097,231	\$ 31,898,673	\$ 34,305,038	\$ 34,305,038	\$ 36,266,887
	448,192	364,103	354,375	354,375	499,938
	3,724,715	4,347,447	6,070,086	6,070,086	6,576,584
	1,685,991	1,721,234	1,772,322	1,772,322	2,137,997
	672,403	766,504	728,572	728,572	639,450
	428,938	347,511	189,302	189,302	71,691
	515,750	734,928	737,263	737,263	517,485
	36,573,220	40,180,400	44,156,958	44,156,958	46,710,032
	6,740,822	6,925,455	8,604,319	8,604,319	9,582,025
	15,719,852	16,666,201	17,407,054	17,407,054	18,267,633
	4,425,779	4,529,707	3,930,979	3,930,979	2,933,330
	1,843,360	2,322,976	1,797,965	1,797,965	1,045,409
	-	-	-	-	-
	6,647,200	6,843,723	8,163,413	8,163,413	12,011,245
	2,835,214	4,465,000	2,605,000	2,605,000	5,940,000
	906,585	882,467	859,247	859,247	808,239
	39,118,812	42,635,529	43,367,977	43,367,977	50,587,881
	(2,545,592)	(2,455,129)	788,981	788,981	(3,877,849)

CITY OF DEKALB, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 3,827,469	\$ 2,890,076	\$ 3,242,930	\$ 3,282,821	\$ 4,631,683
Transfers (Out)	(3,327,469)	(2,774,626)	(3,015,330)	(3,202,021)	(4,458,970)
Bonds Issued	-	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	-	-	-	-	3,450,000
Capital Lease Issued	-	552,502	447,498	598,102	651,958
Sale of Capital Assets	9,449	4,533	7,744	112,517	18,309
Total Other Financing Sources (Uses)	509,449	10,624,649	748,624	862,519	4,292,980
NET CHANGE IN FUND BALANCES	\$ (1,953,018)	\$ 2,936,693	\$ (635,393)	\$ (190,887)	\$ 2,066,023
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	7.51%	6.55%	9.39%	7.82%	8.48%

Data Source

Audited Financial Statements

2007	2008	2009	2010	2011
\$ 4,054,351	\$ 4,032,407	\$ 5,679,484	\$ 5,679,484	\$ 5,461,545
(3,885,514)	(3,800,355)	(5,450,071)	(5,450,071)	(8,529,492)
-	-	-	-	9,320,000
-	-	-	-	(41,304)
-	-	-	-	(7,158,799)
1,000,000	9,500,000	-	-	-
79,114	1,107,240	-	-	-
36,433	60,231	6,608	6,608	2,050
1,284,384	10,899,523	236,021	236,021	(946,000)
\$ (1,261,208)	\$ 8,444,394	\$ 1,025,002	\$ 1,025,002	\$ (4,823,849)
11.25%	10.38%	13.44%	8.70%	14.62%

CITY OF DEKALB, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

Calendar Year	2001	2002	2003	2004	2005
General Merchandise	\$ 116,785,242	\$ 128,539,781	\$ 142,530,983	\$ 160,665,590	\$ 163,641,647
Food	50,842,583	48,701,136	43,870,967	37,275,809	43,927,833
Drinking and Eating Places	44,122,259	45,196,455	49,213,644	52,351,156	52,849,443
Apparel	4,578,283	8,827,618	8,578,046	8,087,885	8,247,873
Furniture & H.H. & Radio	9,391,436	9,544,614	13,100,491	25,392,698	28,350,657
Lumber, Building Hardware	26,466,524	26,441,207	27,609,867	28,061,388	26,795,706
Automobile and Filling Stations	84,676,584	78,031,930	76,853,556	79,773,554	85,140,723
Drugs and Miscellaneous Retail	56,952,023	64,099,407	65,747,938	67,637,829	70,477,891
Agriculture and All Others	42,302,269	46,850,438	48,715,480	47,817,252	48,845,881
Manufacturers	2,240,756	2,666,709	1,500,600	6,481,064	11,253,745
TOTAL	\$ 438,357,959	\$ 458,899,295	\$ 477,721,572	\$ 513,544,225	\$ 539,531,399
CITY DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

2006	2007	2008	2009	2010
\$ 170,225,753	\$ 171,985,064	\$ 164,736,328	\$ 154,138,547	\$ 161,257,806
47,170,335	53,207,066	60,740,900	55,760,959	56,012,687
60,927,328	65,260,253	67,402,498	64,478,308	66,461,264
10,754,613	9,626,133	7,332,715	6,235,098	5,912,150
29,988,920	33,834,022	28,883,333	24,677,414	25,081,450
27,977,040	26,936,010	24,505,165	22,566,265	21,682,737
91,978,172	93,408,943	94,746,090	76,117,806	81,678,462
81,006,583	83,283,571	84,314,769	81,599,087	79,606,161
48,715,922	41,446,148	39,136,195	28,154,513	28,623,247
12,975,167	15,254,811	18,224,889	13,889,966	15,507,914
<u>\$ 581,719,833</u>	<u>\$ 594,242,021</u>	<u>\$ 590,022,882</u>	<u>\$ 527,617,963</u>	<u>\$ 541,823,878</u>
1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF DEKALB, ILLINOIS
TAXABLE SALES BY CATEGORY - HOME RULE

Last Ten Calendar Years

Calendar Year	2001	2002	2003	2004	2005
General Merchandise	\$ 77,180,871	\$ 83,069,119	\$ 91,964,969	\$ 103,347,408	\$ 107,910,203
Food	15,369,629	15,137,372	14,016,749	11,255,490	12,926,058
Drinking and Eating Places	43,719,836	44,382,469	48,265,899	51,038,005	51,883,076
Apparel	4,577,347	8,814,596	8,576,497	8,081,341	8,247,458
Furniture, H.H. and Radio	9,390,829	9,531,051	13,071,912	25,258,574	28,326,789
Lumber, Building Hardware	26,465,701	26,387,077	27,609,659	27,928,079	26,795,221
Automobile and Filling Stations	20,696,897	23,011,393	26,521,109	30,939,395	34,610,098
Drugs and Miscellaneous Retail	40,812,307	48,040,163	48,469,493	49,234,368	50,940,432
Agriculture and All Others	38,181,264	42,675,080	44,057,392	42,983,219	44,282,933
Manufacturers	2,220,680	2,357,819	1,099,009	5,952,384	11,013,882
TOTAL	\$ 278,615,361	\$ 303,406,139	\$ 323,652,688	\$ 356,018,263	\$ 376,936,150
CITY DIRECT SALES TAX RATE	0.75%	0.75%	0.75%	1.25%	1.25%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

(1) The City raised its Home Rule Sales tax to 1.75% on July 1, 2008

2006	2007	2008 ⁽¹⁾	2009	2010
\$ 111,235,234	\$ 110,641,629	\$ 105,718,900	\$ 99,635,725	\$ 106,361,293
14,228,867	16,220,246	17,771,292	16,039,202	18,341,512
59,524,764	63,696,181	65,892,248	63,016,745	64,921,928
10,750,251	9,619,122	7,316,764	6,230,748	5,911,746
29,956,258	33,782,135	28,777,827	24,555,874	24,340,125
27,950,165	26,884,766	24,259,864	22,394,973	21,589,323
38,130,323	43,057,278	44,642,599	36,573,132	42,992,984
58,390,055	58,432,889	59,739,818	58,394,357	57,668,525
41,914,235	37,826,626	35,885,916	26,970,847	27,405,131
12,663,868	14,914,125	17,841,691	13,412,811	15,166,169
<u>\$ 404,744,020</u>	<u>\$ 415,074,996</u>	<u>\$ 407,846,919</u>	<u>\$ 367,224,414</u>	<u>\$ 384,698,736</u>
1.25%	1.25%	1.25% & 1.75% ⁽¹⁾	1.75%	1.75%

CITY OF DEKALB, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Calendar Years

Calendar Year	City Home Rule Rate	Municipal Retailers Occupation Tax	County Rate	State Rate	Total
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%
2008 ⁽¹⁾	1.75%	1.00%	0.25%	5.00%	8.00%
2009	1.75%	1.00%	0.25%	5.00%	8.00%
2010	1.75%	1.00%	0.25%	5.00%	8.00%

Data Source

City, County and State Records

(1) The City raised its Home Rule Sales tax to 1.75% on July 1, 2008

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
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	2,511,511	100.00%	0.2132	884,000	884,000	100.00%	0.8189	3,395,511	3,395,511	100.00%
2003	0.5967	2,599,938	2,599,938	100.00%	0.2130	928,000	928,000	100.00%	0.8097	3,527,938	3,527,938	100.00%
2004	0.6000	2,861,055	2,740,571	95.79%	0.2135	974,400	974,400	100.00%	0.8135	3,835,455	3,714,971	96.86%
2005	0.5930	3,022,052	3,022,052	100.00%	0.2110	1,075,498	1,075,498	100.00%	0.8041	4,097,550	4,097,550	100.00%
2006	0.5967	3,400,000	3,400,000	100.00%	0.2124	1,210,003	1,210,003	100.00%	0.8091	4,610,003	4,610,003	100.00%
2007	0.6000	3,742,937	3,679,970	98.32%	0.2437	1,520,000	1,492,137	98.17%	0.8437	5,262,937	5,172,107	98.27%
2008	0.6000	3,889,007	3,765,927	96.84%	0.2509	1,620,420	1,574,213	97.15%	0.8509	5,509,427	5,340,140	96.93%
2009	0.6500	4,185,332	4,160,967	99.42%	0.2793	1,798,500	1,796,093	99.87%	0.9293	5,983,832	5,957,060	99.55%
2010	0.6899	4,196,805	2,040,160 *	48.61%	0.2957	1,798,523	874,347 *	48.61%	0.9856	5,995,328	2,914,507	48.61%

Data Source

Office of the County Clerk
Office of the County Treasurer

* Amount reflects collections through June 30, 2011

CITY OF DEKALB, ILLINOIS
EQUALIZED ASSESSED VALUES BY PROPERTY CLASS

Last Ten Levy Years

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Total	Total Direct Tax Rate (1)
2001	\$ 240,103,156	\$ 128,376,794	\$ 30,653,801	\$ 724,766	\$ 429,997	\$ 400,288,514	0.7407
2002	249,835,479	131,987,707	31,572,837	784,642	511,155	414,691,820	0.8189
2003	269,635,069	133,004,731	31,995,654	585,425	553,020	435,773,899	0.8097
2004	283,926,434	137,737,281	33,506,906	548,207	623,213	456,342,041	0.8135
2005	325,079,355	145,545,712	37,922,484	488,038	587,227	509,622,816	0.8041
2006	369,659,572	155,565,480	43,514,766	494,098	572,356	569,806,272	0.8091
2007	407,662,378	163,615,149	51,250,520	666,539	628,255	623,822,841	0.8437
2008	420,413,802	172,166,813	51,905,133	686,727	682,620	645,855,095	0.8509
2009	413,507,993	176,052,268	52,801,237	721,404	833,695	643,916,597	0.9293
2010	389,625,409	167,457,427	49,380,638	825,082	1,044,391	608,332,947	0.9856

Data Source

Office of the County Clerk

The City only reports the rate setting EAV.

(1) This includes the City of DeKalb and the DeKalb Public Library

CITY OF DEKALB, ILLINOIS

PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
TAX RATES										
City of DeKalb	0.5299	0.6057	0.5967	0.6000	0.5930	0.5967	0.6000	0.6000	0.6500	0.6899
DeKalb Library	0.2108	0.2132	0.2130	0.2135	0.2110	0.2124	0.2437	0.2509	0.2793	0.2957
	0.7407	0.8189	0.8097	0.8135	0.8041	0.8091	0.8437	0.8509	0.9293	0.9856
DeKalb County	0.8672	0.8666	0.8622	0.8679	0.8547	0.8668	0.8449	0.8495	0.8539	0.9052
DeKalb Township	0.3532	0.3525	0.3494	0.3480	0.3361	0.3084	0.2990	0.2938	0.2989	0.2737
Forest Preserve District	0.0278	0.0278	0.0274	0.0276	0.0269	0.0548	0.0677	0.0678	0.0663	0.0700
Sanitary District	0.1075	0.1085	0.1079	0.1078	0.1015	0.0952	0.0913	0.0927	0.0944	0.1036
School Districts	5.8063	5.7035	5.6659	5.6217	5.5142	5.4362	5.2785	5.7546	5.8245	6.3015
Park District	0.6055	0.6108	0.6235	0.6106	0.5826	0.5494	0.5247	0.5131	0.5208	0.5606
TOTAL TAX RATE PER \$100 EQUALIZED ASSESSED VALUATION										
	8.5082	8.4886	8.4460	8.3970	8.2200	8.1199	7.9498	8.4224	8.5881	9.2003
SHARE OF TOTAL TAX RATE LEVIED BY CITY OF DEKALB AND THE DEKALB LIBRARY										
	8.71%	9.65%	9.59%	9.69%	9.78%	9.96%	10.61%	10.10%	10.82%	10.71%

Data Source

Office of the County Clerk

The rates are directly applied to the total rate setting EAV amounts listed in the schedule of EAV by property class.

CITY OF DEKALB, ILLINOIS

PRINCIPAL TAXPAYERS

June 30, 2011

Taxpayers	Type of Business	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2001 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Target	Warehouse/Distributor	\$ 12,499,999	1	3.12%			
Panduit Corporation	Manufacturing	8,264,205	2	2.06%	\$ 5,220,085	3	1.30%
Goodyear	Warehouse/Distributor	7,738,150	3	1.93%	7,348,144	2	1.84%
Nestle	Warehouse/Distributor	7,483,383	4	1.87%	7,379,915	1	1.84%
Northland Plaza	Retail	6,311,094	5	1.58%			
Faiview MSFP II, LLC	Warehouse/Distributor	4,675,972	6	1.17%			
Dream Fund LLC	Apartments	4,552,795	7	1.14%	2,764,377	8	0.69%
JLAR	Apartments/Retail	3,888,967	8	0.97%			
3M	Warehouse/Distributor	3,756,801	9	0.94%	4,899,525	4	1.22%
KAE Ames, LLC	Warehouse/Distributor	3,649,936	10	0.91%			
DeKalb Area Retirement Center	Retirement Center	3,624,065	11	0.91%	3,649,313	6	0.91%
Walmart Stores	Retail	3,243,120	12	0.81%	2,654,020	10	0.66%
Target	Retail	2,951,765	13	0.74%			
University Village I & II	Apartments	2,911,000	14	0.73%	3,952,410	5	0.99%
Linda Mason	Apartments				3,038,006	7	0.76%
Herbert Katz	Apartments				2,678,285	9	0.67%
Total		<u>\$ 75,551,252</u>		<u>18.88%</u>	<u>\$ 43,584,080</u>		<u>10.88%</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					
	G.O. Bonds	G.O. Bond Anticipation Notes	Due to Other Governments	Tax Increment Financing Revenue Bonds	Tax Increment Financing Note	Capital Leases
2002	\$ 24,365,505	\$ 428,938	\$ 3,998,998	\$ -	\$ -	\$ 42,098
2003	28,824,415	-	3,498,998	5,151,978	-	485,853
2004	25,942,116	-	2,998,998	5,024,958	-	689,400
2005	23,391,241	-	2,498,998	4,486,748	-	1,297,964
2006	20,901,293	2,126,473	1,998,998	3,850,284	1,450,000	1,417,995
2007	18,422,582	2,044,300	1,498,998	3,383,188	1,204,750	1,136,932
2008	15,938,598	11,059,080	998,998	2,931,072	-	2,169,133
2009	13,456,864	10,769,965	498,998	2,238,315	-	1,772,259
2010	24,685,345	4,043,350	1,337,055	1,482,387	-	1,367,385
2011	29,543,385	-	-	678,996	-	966,514

Note:

(a) The City abates the entire property tax levied to pay General Obligation Bond Debt each year.

(b) Further details of the City's outstanding debt can be found in the notes to financial statements.

* See the schedule of Demographic and Economic Information for personal income and population data.

G.O. Bonds	Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	G.O. Bond Anticipation Notes	IEPA Loan Payable	Capital Leases			
\$ 8,632,957	\$ -	\$ 9,056,628	\$ -	\$ 46,525,124	7.33%	1,192.40
8,549,101	414,220	8,742,456	-	55,667,021	8.77%	1,426.70
7,580,117	404,740	8,256,764	-	50,897,093	7.25%	1,178.94
6,495,554	401,387	7,764,608	110,994	46,447,494	6.46%	1,050.23
6,715,057	-	7,279,320	337,075	46,076,495	6.30%	1,023.85
6,304,679	-	6,794,032	280,806	41,070,267	5.52%	897.73
5,899,685	-	6,308,744	271,639	45,576,949	6.11%	993.03
5,485,404	-	5,823,456	204,355	40,249,616	5.39%	876.67
5,068,027	-	5,338,168	137,071	43,458,788	5.59%	990.81
4,653,308	-	4,852,879	69,784	40,764,866	5.24%	929.28

CITY OF DEKALB, ILLINOIS
DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2011

Governmental Unit	Gross Bonded Debt ¹	Percentage of Debt Applicable to the City	City's Share of Debt
City of DeKalb	\$ 22,695,000	100.00%	\$ 22,695,000
<u>Overlapping</u>			
DeKalb County	16,000,000	28.34%	4,534,597
DeKalb Community Unit School District #428	103,216,360	76.24%	78,691,128
Kishwaukee College #523	18,965,000	27.03%	5,125,596
DeKalb Sanitary District	-	95.95%	-
DeKalb Park District	<u>3,460,000</u>	100.00%	<u>3,460,000</u>
Total Overlapping	<u>\$ 141,641,360</u>		<u>\$ 91,811,321</u>
PER CAPITA OVERLAPPING DEBT			<u>\$ 2,092.95</u>

¹ 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, 2011

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							Coverage
	Incremental Property Taxes	Incremental Sales Tax	Less: Excluded Contractual Obligations	Available for Debt Service	Debt Service			
	Principal	Interest						
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	
2003 ¹	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 ²	3,727,681	1,329,249	(500,000)	4,556,930	450,000	312,377	5.98	
2007 ³	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	
2009	6,597,332	1,645,810	(498,998)	7,744,144	650,000	87,122	10.51	
2010	6,883,479	1,477,587	(1,337,055)	7,024,011	715,000	76,212	8.88	
2011	6,937,664	1,400,702	-	8,338,366	775,000	48,464	10.13	

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

NA = Information Unavailable

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

² The City issued Tax Increment Financing Notes in the amount of \$1,450,000 which were paid off in FY07.

³ The City issued Tax Increment Financing Notes in the amount of \$1,000,000 which were paid off in FY11.

CITY OF DEKALB, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Equalized Assessed Value	Personal Income	Per Capita Personal Income	Median Family Income	Unemployment Rate
2002	39,018	\$ 400,288,514	\$ 634,471,698	\$ 16,261	\$ 53,017	4.9%
2003	39,018	414,691,820	634,471,698	16,261	53,017	5.2%
2004	43,172	435,773,899	702,017,982	16,261	53,017	5.0%
2005	44,226	456,342,041	719,158,986	16,261	53,017	5.1%
2006	45,003	509,622,816	731,793,783	16,261	53,017	3.8%
2007	45,749	569,806,272	743,924,489	16,261	53,017	4.1%
2008	45,897	623,822,841	746,331,117	16,261	53,017	5.3%
2009	45,912	645,855,095	746,575,032	16,261	53,017	9.8%
2010	43,862	643,916,597	777,673,260	17,730	60,571	9.8%
2011	43,867	608,332,947	777,761,910	17,730	60,571	10.0%

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

Current Year and Nine Years Ago

Employer	2011			2002		
	Rank	Employees	% of Total City Population	Rank	Employees	% of Total City Population
Northern Illinois University	1	3,696	8.43%	1	3,553	9.11%
Kishwaukee Community Hospital	2	1,297	2.96%	2	490	1.26%
3M	3	609	1.39%	8	250	0.64%
Walmart	4	525	1.20%	3	450	1.15%
Target Distribution Center	5	500	1.14%			
Tegran	6	370	0.84%	5	400	1.03%
American Marketing	7	295	0.67%			
Nestle Distribution	8	265	0.60%	7	300	0.77%
Target Super Store	9	225	0.51%			
Panduit	10	200	0.46%			
Electro Mechanical Devices				9	240	0.62%
Caterpillar				4	436	1.12%
Monsanto				5	400	1.03%
A.O. Smith				10	210	0.54%

Data Source

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

CITY OF DEKALB, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES (Budgeted) ¹

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006
General Government					
Legislative ²	9.00	9.00	9.00	9.00	9.00
Administrative Services	20.70	20.70	20.00	28.00	28.00
City Clerk	2.50	2.50	2.50	2.50	2.50
Legal	-	-	-	-	-
General Fund Support	-	-	-	-	-
	32.20	32.20	31.50	39.50	39.50
Public Safety					
Police					
Officers	54.00	57.00	57.00	60.00	60.00
Civilians	20.32	20.57	21.57	20.32	20.57
	74.32	77.57	78.57	80.32	80.57
Fire					
Firefighters	52.00	55.00	56.00	56.00	59.00
Staff	2.00	2.00	2.00	2.00	2.00
	54.00	57.00	58.00	58.00	61.00
Community Improvement					
Community Development	18.00	18.00	18.65	15.65	16.15
Engineering Services	-	-	-	3.50	3.50
Public Works					
Administration	2.00	2.00	2.00	1.50	1.50
Public Facilities	3.00	2.00	2.00	2.00	2.00
Engineering	5.00	5.00	5.00	0.00	0.00
Information & Technology	7.00	7.00	6.00	0.00	0.00
Streets	22.50	22.10	23.80	24.80	24.80
	57.50	56.10	57.45	47.45	47.95
Water Division	14.00	16.00	18.00	18.00	17.00
Airport Division	-	1.50	1.50	2.50	2.50
Development Services	-	-	-	3.00	3.50
Mass Transit	-	-	0.35	1.35	1.85
Total Full-time Equivalent Employees	232.02	240.37	245.37	250.12	253.87

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

(2) These positions are part-time

Data Source

City Budget Records

2007	2008	2009	2010	2011
9.00	9.00	9.00	9.00	9.00
25.00	25.00	23.00	23.00	21.25
2.50	2.50	2.50	2.50	1.50
4.20	4.20	4.20	4.20	3.20
-	-	-	-	-
40.70	40.70	38.70	38.70	34.95
61.00	63.00	63.00	61.00	60.00
22.57	21.07	20.07	20.07	19.07
83.57	84.07	83.07	81.07	79.07
60.00	60.00	60.00	58.00	54.00
2.00	2.00	2.00	2.00	1.00
62.00	62.00	62.00	60.00	55.00
16.15	17.15	13.65	10.00	4.50
3.50	3.50	3.83	4.10	1.85
1.50	1.50	0.59	1.50	1.26
2.50	2.50	1.00	1.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
25.80	25.80	23.25	22.08	19.08
49.45	50.45	42.32	38.68	26.69
16.50	16.50	15.75	15.58	11.08
3.00	3.00	2.08	1.83	2.08
3.50	3.50	3.50	3.00	-
1.85	1.85	1.85	1.90	1.65
260.57	262.07	249.27	240.76	210.52

CITY OF DEKALB, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
GENERAL GOVERNMENT					
Finance					
Accounts Payable Checks Processed	7,490	7,620	6,250	6,805	6,664
Accounts Payable Invoices Processed	16,781	16,069	14,641	15,658	15,788
Payroll Checks Issued	8,249	8,176	7,771	7,939	8,037
Utility Bills Issued: Originals	41,184	41,476	43,586	44,393	43,376
Utility Bills Issued: Past Due	7,084	7,164	7,755	10,440	10,235
Receipts Processed	51,190	52,024	55,844	61,396	62,473
Community Development					
Building Permits Issued					
Residential Permits Issued:					
New Construction	N/A	172	332	293	205
Remodel	N/A	56	77	71	78
Industrial/Commercial Permits Issued:					
New Construction	N/A	38	33	18	24
Remodel	N/A	43	31	42	26
Other Permits	N/A	729	835	698	779
Total Number of Permits	N/A	1,038	1,308	1,122	1,112
Total Building Permit Valuation	N/A	\$ 48,722,649	\$ 82,646,830	\$ 67,271,969	\$ 62,775,315
PUBLIC SAFETY					
Police					
Physical Arrests	2,105	2,041	2,212	2,524	2,339
Traffic Violations	5,504	6,063	6,468	6,557	6,235
Parking Violations	16,622	17,050	17,774	16,150	17,418
Fire					
Fire Responses (Fire & Non-Fire)	1,715	1,949	2,050	2,275	2,397
Emergency Medical Services Responses	2,713	3,029	3,029	3,197	3,284
PUBLIC WORKS					
Vehicles Maintained by Dept	93	97	119	121	124
Street Construction (miles)	2.07	1.77	1.94	3.68	1.49
Street Reconstruction (miles)	0.49	0.26	0.32	0.74	0.70
Street Resurfacing (miles)	1.29	1.42	2.80	0.85	0.75
WATER					
Average Daily Consumption 12/31:					
Industrial/Commercial	581,272	516,196	527,834	546,530	564,799
Residential	2,345,978	2,214,748	2,279,568	2,259,132	2,363,354
Government/Church/School	813,449	884,843	737,971	776,828	705,612
	3,740,699	3,615,787	3,545,373	3,582,490	3,633,765
Water Billing Accounts on 12/31:					
Industrial/Commercial	661	685	701	719	728
Residential	8,184	8,355	8,599	9,005	9,384
Government/Church/School	166	170	195	206	206
	9,011	9,210	9,495	9,930	10,318

NA = Information Unavailable or Program Non-Existent

Data Source

Various City Departments

2007	2008	2009	2010	2011
6,589	5,895	5,332	4,928	4,881
15,798	14,300	13,701	12,509	11,593
7,789	7,765	7,265	6,937	6,585
46,599	48,135	48,494	48,447	48,710
10,681	11,312	11,554	11,706	11,686
59,464	60,218	58,403	59,069	64,030
76	43	3	8	2
84	58	82	69	55
27	33	9	10	20
23	60	25	31	12
700	726	681	745	764
910	920	800	863	853
\$ 22,371,977	\$ 28,965,290	\$ 9,917,109	\$ 8,455,270	\$ 30,110,627
2,396	2,359	3,023	2,480	2,689
6,149	6,102	10,530	8,273	4,829
17,405	13,386	12,986	13,965	13,967
2,333	2,908	2,641	3,129	3,199
4,035	4,091	4,018	4,334	4,476
126	130	132	131	128
0.43	0.00	0.00	0.00	0.00
0.00	1.30	0.45	1.15	0.65
0.92	1.48	1.48	1.70	1.73
567,998	531,537	488,491	431,992	417,353
2,372,037	2,284,357	2,275,385	2,171,686	2,185,873
690,318	677,174	702,852	636,183	561,908
3,630,353	3,493,068	3,466,728	3,239,861	3,165,134
747	774	787	761	767
9,838	9,993	10,007	10,011	10,020
210	230	239	221	224
10,795	10,997	11,033	10,993	11,011

CITY OF DEKALB, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

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

Data Source

Various City Departments

2007	2008	2009	2010	2011
1	1	1	1	1
26	26	28	27	27
3	3	3	3	3
5	5	5	5	5
5	5	4	4	4
125	125	126	128	128
20	21	22	22	23
4	4	4	4	4
5.75	5.75	5.75	5.75	5.75
9.00	9	9	9	9
170	172	175	175	177