

CITY OF DEKALB, ILLINOIS



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2013**

CITY OF DEKALB, ILLINOIS

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Prepared by:

Finance Department
Laura Pisarcik, Finance Director
Ted Kozinski, Assistant Finance Director

CITY OF DEKALB, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City including: List of Principal Officials, Organization Chart, Transmittal Letter from the Finance Director and the Certificate of Achievement for Excellence in Financial Reporting.

CITY OF DEKALB, ILLINOIS

List of Principal Officials June 30, 2013

LEGISLATIVE

Mayor: John Rey

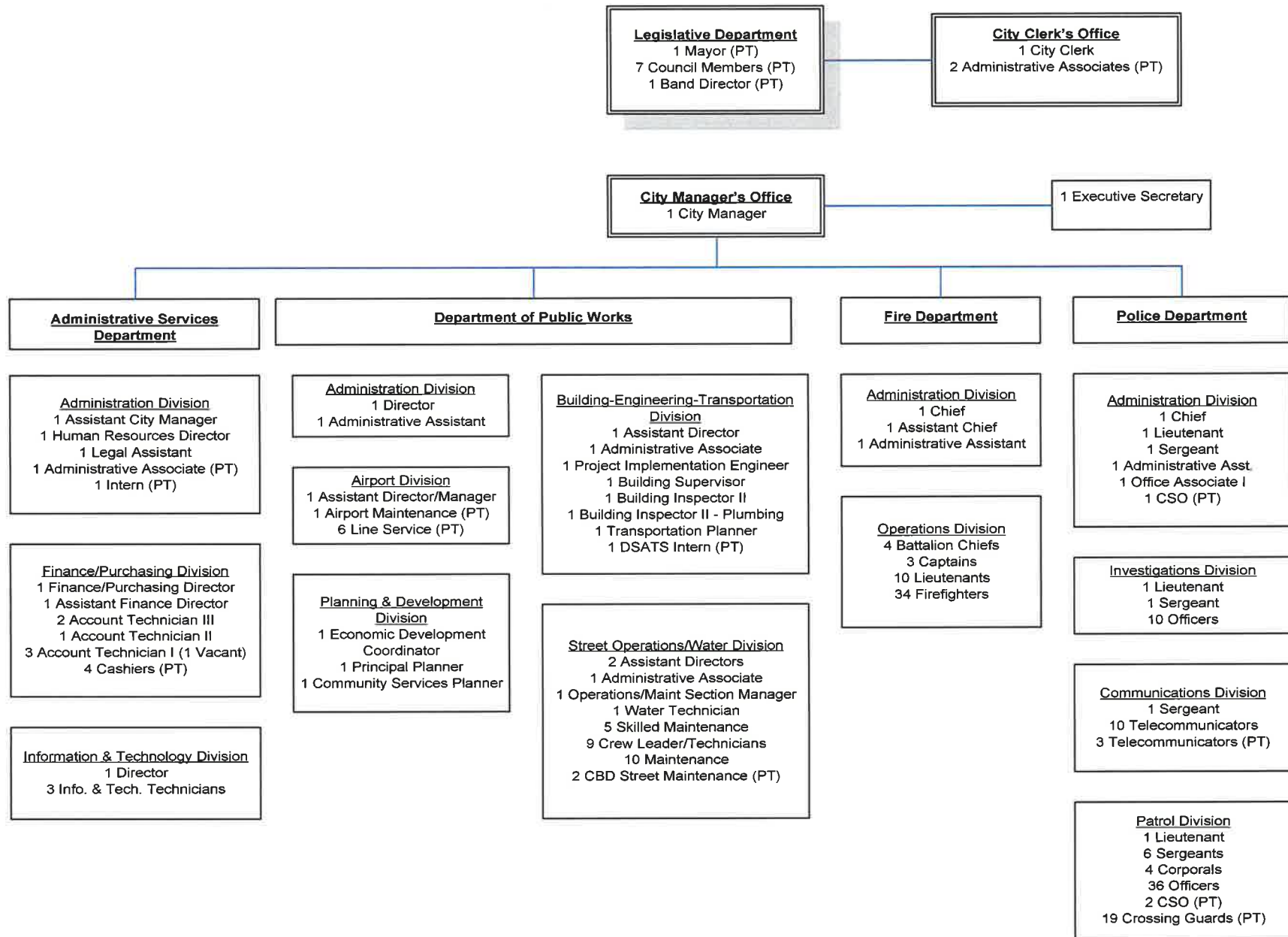
City Clerk: Elizabeth Peerboom

Ward 1:	David Jacobson, Alderman
Ward 2:	William Finucane, Alderman
Ward 3:	Kristen Lash, Alderman
Ward 4:	Robert Snow, Alderman
Ward 5:	Ronald Naylor, Alderman
Ward 6:	David Baker, Alderman
Ward 7:	Monica O’Leary, Alderman

ADMINISTRATIVE

Interim City Manager:	Rudy Espiritu
Police Chief:	Eugene Lowery
Fire Chief:	Eric Hicks
City Engineer:	Joel Maurer
Public Works Director:	T. J. Moore
Finance Director:	Laura Pisarcik
Assistant Finance Director:	Ted Kozinski

City of DeKalb Organizational Chart





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

December 9, 2013

Mayor John Rey & DeKalb City Council
Mr. Rudy Espiritu, Interim City Manager
Citizens of DeKalb

We are pleased to forward for your consideration the City of DeKalb's FY 2013 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. 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 has been 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.

Lauterbach & Amen, LLP, have issued an unqualified ("clean") opinion on the City of DeKalb's financial statements for the year ended June 30, 2013. 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 44,030. 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 181 full-time and 48 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 Ag Research Corporation marketed its first hybrid seed corn.

Economic Condition

Local economy

For Fiscal Year 2013 budget the Council continued its conservative approach, which has been reflective in this audit year. The effects of the global recession on our local economy were demonstrated through unemployment rates at historical highs; decline in overall EAV growth (particularly in industrial and residential categories); and reduced local taxable sales. With these conservative budget projections, the operations in the General Fund came in at a surplus of \$483,797 in Fiscal Year 2013. So, the total fund balance in the General fund ended with a positive balance of \$5,220,937 at the end of Fiscal Year 2013. This equates to 18.73 percent of expenditures.

Economic stability continues in the education and health industries in DeKalb. 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, Wal-Mart, the Target Distribution Center, Tegrant, American Marketing, and the Nestle Corporation.

Because of its location in a region with a diversified economic base, unemployment remains variable. During the past ten years, the unemployment rate has ranged from a low of 3.8 percent (2006) to a high of 10.3 percent (2013).

Long-term Financial Planning

Excluding amounts restricted, committed or assigned for various purposes, the ending fund balance in the General Fund's was 18.73 percent of actual expenditures. This amount continues toward 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 3% per year over a 5-year period and reach the 25% fund balance by FY 2016.

The City has shown with the conservative approach toward revenues and cuts with expenditures, it will achieve 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, debt management 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 FY2013, 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

Office of the City Clerk

- Attended approximately 60 Committee of the Whole, Regular Executive and Special Council meetings and prepared Minutes for all;
- Prepared Agendas for Council meetings;
- Prepared ordinances and resolutions for Council approval and passage;
- Updated Municipal Code with amendments as passed by Council;
- Responded to Freedom of Information Act requests in a timely manner;
- Maintain filing system for City ordinances, resolutions, agreements, etc.
- Completed FOIA and OMA training with certifications;
- Issued renewal licenses for Fire Life Safety, Rooming House, Gas Stations, Tobacco, etc.; registered new businesses for licenses and coordinated with Fire Prevention Officer;
- Registered voters;

Administrative Services Department

- Achieved the Government Finance Officers Association Award “Excellence in Financial Reporting” for the 19th consecutive year
- Switch to new Financial Software Package
- Implemented Housing Task Force recommendations
- Finished Housing Study with Northern Illinois University
- Brought “Communiversities in Bloom” planters in conjunction with Northern Illinois University
- Worked with Public Library to obtain State Grant to build new library
- Issued \$8M bonds and contributed \$2M TIF funds toward construction of new library
- Issued \$12.7M bonds for Police Station construction
- Negotiated a new lease and operating agreement with Barb City Manor
- Studied TIF Feasibility for new TIF Districts on South Fourth Street and Sycamore Road
- Gave City 5-year progress report to City Council
- Updated Downtown Plan
- Updated Financial Consultant Report
- Established a graphic standards guide for the City
- Executed IGA to transfer parcels at Hopkins Park, Glidden/Taylor, and Dawn/David to Park District
- Implemented improvements to downtown parking
- Retained ISO rating
- Helped update Emergency Operations Plan
- Completed update of liquor code
- Implemented Administrative Tow Ordinance
- Executed new video gaming license
- Patented City logo
- Tested for entry level Patrol Officer
- Created testing process for lateral Patrol Officer
- Tested for entry level Firefighter/Paramedic
- Tested promotional for Battalion Chief, Fire Captain and Fire Lieutenant
- Established of Safety Committee
- Established of Wellness Committee
- Helped in Police and Fire Department promotions and reorganization
- Initiated 360 review process for police promotions
- Reviewed and revised hiring procedures

- Outsourced background investigations for Fire applicants
- Finalized FOP collective bargaining agreement from arbitration decision
- Reduced City's OPEB liability from \$40M to \$20M
- Retained bond rating from Moody's at AA2
- Joined the Illinois Metropolitan Investment Fund (IMET) for investment options
- Executed IGA to join local government debt recovery program through State of Illinois
- Achieved the Government Finance Officers Association Award "Excellence in Financial Reporting" for the 18th consecutive year
- Achieved Certificate of Transparency from Illinois Policy Institute
- Upgraded Finance Software
- Upgraded Public Safety software
- Migrated to new GIS software
- Enhanced Channel 14 programming
- Set up Employee Access for Paychecks online

Police Department

- The Police Department moved in to their new headquarters located at 700 W. Lincoln Highway.
- Several police vehicles were replaced and the fleet also added a prisoner transport vehicle and a canine vehicle.
- The Police Department established formal joint policing initiatives with several regional law enforcement partners.
- The newly formed Domestic Violence Unit was deployed to address the increasing demands for service regarding domestic violence and to implement strategies to reduce repeat incidents and protect innocents from our most dangerous offenders.
- Several community based programs were introduced to include the Adopt a School Program, the formation of the Youth in Need Task Force, the Not on our Campus, Not in our Community program, the Resident Officer Program, the Crime Free Housing Program, IWatch, and a dedicated community relations officer were introduced.
- With the implementation of our new Records Management, Computer Aided Dispatch, and Field Based Reporting technology we took a significant step toward our Intelligence Driven Policing model, which puts police officer in the areas at the right time to address specific crime problems.
- Several community based grants were received from Target, Allstate Insurance, Nestle, 3M, Phi Sigma Kappa, Castle Bank, Wal-Mart, DeKalb County Community Foundation, and over \$52,000 dollar Illinois Department of Transportation grant for selective enforcement traffic details.
- The DeKalb Police Department received two community awards one from the Target Corporation for being in the top ten nationwide for our National Night Out program and another from the DeKalb County Partnership for a Substance Abuse Free Environment (DCP/SAFE) being given their Award of Excellence for 2013.

Fire Department

- Completed a rewrite of the City of DeKalb Emergency Operations Plan to make it up to date and NIMS compliant
- Completed ISO review for City of DeKalb and DeKalb Fire Protection District ratings
- Continued partnerships within the community and the region to enhance the service level to our citizens
- Continued partnership with NIU to coordinate and improved Public Safety at Special Events

- Continued working with DeKalb County LEPC to maintain and improve County's Hazardous Materials Emergency Response Plan to chemical incidents
- Continued working with DeKalb County Emergency Planning Committee to maintain and improve County's Emergency Planning
- Continued working with FEMA Region 5 and other members of RCPT to establish Nationally Regional Sheltering and Distribution sites in the event of a federal disaster
- Continued Citywide NIMS implementation.
- Continued to provide training for Resident Assistants at NIU
- Participated in the DeKalb County Hazard Mitigation Plan committee to update the County's plan
- Continued to inspect all rooming houses, restaurants, gas stations, and places of assembly
- Maintained status as a Level "A" TRT and Haz Mat 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
- Completed reorganization of the fire department
- Successfully implemented hotel inspections
- Hired additional firefighters to fill vacant positions without increasing staffing costs to the city
- Began process to purchase a fire engine through a zero percent state loan
- Obtained a grant from OSFM to replace firefighter gear and began implementation of purchase
- Obtained a grant from IDPH and purchased two AEDs
- Obtained a grant from DeKalb County Community Foundation and purchased a Lucas compression tool to assist with CPR
- Purchased a semi-tractor
- Completed roof and wall repairs to Station 3
- Began process to remodel Fire Station #2
- Completed a rewrite of the Fire Department Rules and Regulations
- Implemented new CAD dispatching system, made changes to station response districts
- Implemented new fire reporting software program
- Implemented new training records management system

Public Works Department

- Received grant for Kishwaukee River bike path from Route 38 to Prairie Park
- Applied for funding of the missing sidewalk on Dresser Road between Annie Glidden Road through a Transportation Enhancement grant
- Finished replacing the two lane Bethany Road bridge with a four lane structure with bike path on one side
- Achieve a 16th consecutive Tree City USA award from the Illinois Department of Natural Resources.
- Coordinate with architect and construction manager the construction of a new police station.
- Monitor the financial stability of Water Resources Division through analysis of various rate and service fees to meet the true cost of providing services Achieve full compliance with all Federal and State EPA water standards.
- Reduce unaccounted water loss to 7% or less.
- Achieve 17th consecutive year of compliance with the Illinois Fluoridation Act.
- Maintain the high standard of water quality for the City by achieving compliance with all State and Federal water quality standards.
- Continue to implement a comprehensive marketing plan with precise steps to reach out to the aviation community to foster growth in commercial and general aviation.

- Pursue land acquisition to complete the preservation of the Runway Protection Zone
- Continue to expand the NICE program to promote more volunteer assistance coupled with inspiring a positive relationship in resolving property maintenance issues in various parts of the City.
- Improve snow removal efficiency through training and scheduling revisions.
- Adopt hybrid code for the downtown.
- Update 2005s Comprehensive Plan.
- Establish a business license program.
- Incentivize green or sustainable development.
- Expand electronic communications with residents, businesses, students, and other groups within the City.
- Streamline development permitting process.
- GREEN UP the ELH Corridor.
- Implement new impact fees and criteria for public improvements.
- Continue to implement the vision for the 5th Ward North District.
- Review and evaluate the Planning & Development fee schedules.
- Research options for adopting overlay zoning districts in established neighborhoods.
- Complete the airport utility plan.
- Complete fiber optics installation at DTMA.
- Educate and train inspectors and the public on the newly adopted (1/28/10) State of Illinois 2009 Residential International Energy Conservation Code.
- Increase pre-construction meetings with contractors, architects, developers and property owners as a way to streamline the permitting.
- Coordinate Corn Fest 2012 event for a fifth consecutive year.
- Continue cooperation on fiber optics broadband infrastructure development; coordinate with NIU with West Campus street additions at John Huber Parkway.
- Coordinate with DeKalb School District for remaining transportation improvements to support the new Dresser Road High School.
- Annually update the 5-Year Capital Plan.
- Upgrade North First Street with street repairs between Sycamore Road and Ridge Drive.
- Assist with Commercial development such as Pappas subdivision improvements, airport commercial corner (Pleasant/Peace), Peace Road corridor (ShoDeen), and the proposed Irongate subdivision by the new high school.
- Build portions of Peace Road widening South of Pleasant Street.
- Coordinate with Illinois Department of Transportation officials for safety upgrades to 4th Street between Taylor Street and Sycamore Road.
- Finish construction of Bethany Road bridge replacement to accommodate four lanes and a bike path.
- Continue alley and sidewalk programs.
- Continue flooded home buyouts.
- Work toward funding and implementing improvement recommendations of the Storm water Task Force Committee Action Plan.
- Finish construction of Fairview Drive bike path between Heritage Drive and 4th Street.
- Phase in upgrades of new traffic signal controller.
- Coordinate construction of Gurler Road, rebuilt between South First Street and Corporate Drive. Coordinate with merchants and ReNew DeKalb for Downtown Streetscape improvements with downtown municipal parking lots 11 and 12.
- Continue residential and commercial plan reviews and new home foundation checks and occupancy grading compliance inspections.
- Inspect new subdivision construction if work begins on Irongate or South Industrial Park distribution center improvements.
- Adopt the 2009 International Building Code.

- Manage possible grant awarded projects for ADA bus stop upgrades and bike route sign additions.
- Provide property maintenance enforcement activities as recommended from the Quality Housing Task Force.
- Continue commercial and residential plan reviews and inspections as development and redevelopment occurs, such as NB&T, Pappas development, Park 88 development, and Rivermist development.
- Administer and maintain the Downtown Plan
- Complete Marketing Plans for various corridors to maximize retail and commercial business in underdeveloped areas.
- Attend ICSC show & publicize opportunities
- Implement Downtown Redevelopment Plan
- Explore creation of an Arts District
- Inspect six bridges for compliance with biennial bridge inspection program.
- Complete construction of the Bethany Road Bridge to four lanes.
- Complete construction of the Hollister Avenue watermain replacement project.
- Continue Public / Private Partnerships to the benefit of the residents.

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 2014 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
 - Increase gang intervention efforts and presence in the community's neighborhoods
 - Increase gang awareness presentations
 - Reduce drug-related crime and increase prosecution of drug-related offenses
 - Develop task force and target area response teams to address issues needing immediate and concentrated attention
 - 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 chronic nuisance property abatement ordinance
 - 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
- Increase the number of "Neighborhood Watch" programs
- Implement the Resident Officer program and monitor its effectiveness
- Identify needs for specialized teams and units to address specific policing issues

E. Continue to strengthen community relationships, citizen contacts and other positive interaction

- 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. Promptly respond to the public's call for service

- Improve response times for police calls, fire suppression and EMS delivery
- 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.

G. 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
- Assess staffing needs to continue to maintain state hazmat and technical rescue teams
- Develop a network in the region to support MABAS statewide team
- Seek interoperable communication funds for local and regional application

Goal 2. Create Safe and Quality Housing and Improved Environments in our Neighborhoods.

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

- Continue to improve, expand, and provide financing for adequate property maintenance enforcement
- Identify resources to increase enforcement of 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 the need for 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
- Create a Chronic Nuisance Property monitoring and enforcement program.
- Target problem properties for blight removal and remediation
- 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
- 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 tote program
- B. Encourage the development of high quality housing and residential subdivisions
- Develop a housing data base from which policy decisions can be made on future developments and ordinances
 - Continue to fund infrastructure improvements to enhance the overall look and cleanliness of the City
 - Continue various aesthetic improvements and code enforcement activities.
 - 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
 - Identify redevelopment plans and opportunities, with NIU as a possible partner, to address density and excess rental capacities
 - 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
 - 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
 - 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
 - Implement 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 3. Enhance the Overall Image and Perception of the Community

- A. Improve the overall image of the community
 - Increase marketing, branding, and advertising efforts
 - Explore hiring a Communication Manager/Public Information Officer
 - Conduct a comprehensive survey of residents on their perceptions of the community
 - Hold a summit at which various stakeholders identify image and perception issues and means to address them.
 - Assess and deliver on the community's preferred forms of communications from its local governments
- B. 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 and make more visually appealing
 - Introduce search engine optimization techniques and methods
 - Build on the current use of social media
 - 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
 - Promote City services through enhanced use of cable outlet, City website and e-newsletter
- C. 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
 - Hold "neighborhood coffees" in the wards 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
 - Continue Human Services funding levels

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

- Continue to publish a communitywide 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

E. 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 4. Encourage Collaboration, Cooperation, and Partnerships with Area Governments, Agencies, and Not-For-Profit Organizations

A. Maintain positive intergovernmental and City/University relations

- Collaborate with City and NIU officials at all levels
- Examine ways in which resources can be shared to address drug task force needs, EOC centers, and increased patrols.
- 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
- Support Communiversitry Incident Management Team
- Maintain positive relationship with NIU athletics and participate in crime prevention education and career education with athletic recruits

B. 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

C. Examine opportunities at consolidating services, co-sourcing, and/or resource sharing with other area taxing districts

- Hold a summit at which opportunities could be identified
- Examine consolidation opportunities among the various taxing districts
- Enter into intergovernmental agreements through which resources and services can be shared

D. Encourage information and liaison activities to foster inter-agency partnerships

- Designate City Council liaisons with area taxing districts

- Invite other local government leaders to attend Council meetings to provide updates on their activities
- Open lines of communication to impact strategic decision making
- Secure reciprocal commitments from our partners

Goal 5. Ensure a Financially Stable, Sustainable, and Professional 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
- Improve on 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
- Implement changes to 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

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

- Hire a new Police Chief and Fire Chief
- 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
- Develop a comprehensive succession planning and employee development training program.
- Adjust workforce resources to better align with and implement strategic needs
- 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
- Better distinguish roles and responsibilities between staff and Council on policy making versus daily operations

C. Maintain cost effective and efficient delivery of city services

- Reduce costs without reducing services
- Identify cost sharing and cost reduction opportunities
- Continue to examine the effectiveness and utility of all the boards and commissions and make adjustments if necessary
- Examine the possibility of regionalizing the airport

- Implement the marketing and business plan for the airport
 - 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
- D. Adequately provide and maintain public buildings and infrastructure
- Secure adequate resources and revenues to finance capital improvements and public infrastructure project
 - Regularly update the 5 year financial and capital improvement plans
 - Develop a long-range facility plan for the City
 - Construct the new Police Station and remodel City Hall.
 - Provide a positive return on investment for public infrastructure outlays and capital expenditures
- E. 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 6. 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
 - Retain retail spending and reduce leakage of dollars outside of DeKalb
 - 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
 - Identify economic development opportunities to lure and retain knowledge-based industries and the “creative class”
 - Encourage growth in the number of quality/high paying “career” jobs
 - Actively market city-owned parcels in the downtown
 - Maintain and annually implement the City’s economic development outsource contract
- 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
 - Encourage joint public/private partnerships on projects that generate a positive return on investment for our community
 - Review internal processes to ensure staff delivers and creates a “business-friendly” environment
 - Continue cooperation with DCEDC & Kishwaukee Community College on job training
 - Market and better utilize fiber optic networks, transportation, and other infrastructure
 - 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
- Explore ways to broaden the tax base from which funds are derived to pay for airport operations and improvements

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, 2013. This was the nineteenth 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.

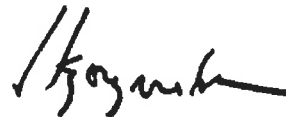
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 City 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,



Laura Pisarcik
Finance Director



Ted Kozinski, CPA
Assistant Finance Director



Government Finance Officers Association

**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, 2012

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

December 9, 2013

The Honorable City President
Members of 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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of the DeKalb Firefighters' Pension Fund and the DeKalb Police Pension Fund of the City of DeKalb, Illinois. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the DeKalb Firefighters' Pension Fund and the DeKalb Police Pension Fund is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the City of DeKalb, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeKalb, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in blue ink that reads "Lauterbach & Amen LLP". The signature is written in a cursive, flowing style.

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DEKALB, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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 iii) and the City's financial statements that follow.

FINANCIAL HIGHLIGHTS

- **Net Position Summary** – The City of DeKalb had total net position increase from \$169,691,828 at June 30, 2012 to \$170,035,588 at June 30, 2013.
- **Governmental Activity Summary** – Net position for governmental activities decreased from the FY12 balance of \$117,389,230 to the FY13 balance of \$117,207,208, an deficit of \$182,022.
- **Business-type Activity Summary** – Net position for business-type activities rose \$525,782 from an FY12 balance of \$52,302,598 to the FY13 balance of \$52,828,380.
- **General Fund Summary** – Due to conservative budgetary actions taken by the City, the General Fund's \$5,220,937 total fund balance represented a \$483,797 increase from FY12. The FY13 unassigned portion of fund balance is \$5,177,514 and represents a strong improvement over the FY12 unassigned balance of \$4,669,218.
- **General Fund Budget vs. Actual** – Excluding the effects of transfers and other financing sources/(uses), the City's General Fund actual revenues were \$643,567 more than budgeted revenues while General Fund actual expenditures were more than budgeted expenditures by \$395,081.
- **Capital Assets** – Total capital and infrastructure assets of Governmental and Business-Type Activities went from \$186,680,260 at the close of FY12 to \$193,393,526 in FY12, an increase of \$6,713,266. Additional information regarding capital assets can be found in Note 3 of the financial statements.
- **Debt Service** – The long-term debt of the Governmental and Business-Type Activities went from \$28,836,185 in FY12 to \$38,998,923 in FY13, an increase of \$10,162,738. During the year the City issued \$12,285,000 in general obligation bond debt, \$625,969 in capital leases and \$179,954 in IEPA loans. A more detailed explanation of the City's long-term debt can be found in the following MD&A discussion as well as Note 3 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 Position (the "unrestricted net position") 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 Position ▪ 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 Position ▪ Statement of revenues, expenses, and changes in net position ▪ Statement of cash flows 	<ul style="list-style-type: none"> ▪ Statement of Fiduciary net position ▪ Statement of Changes in Fiduciary Net position
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/deferred outflows and liabilities/deferred inflows; both financial and capital, short and long-term	Assets/deferred outflows expected to be used and liabilities/deferred inflows that come due during the year or shortly thereafter; no capital assets	All assets/deferred outflows and liabilities/deferred inflows; both financial and capital, short and long-term	All assets/deferred outflows and liabilities/deferred inflows; 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 POSITION:

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

For the City of DeKalb, the largest portion of net position is net investment in capital assets. 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 position 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 \$10.0 million in TIF District fund balances. These dollars can only be used according to Illinois Compiled Statutes.

Table 1
Statement of Net Position
As of June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current/Other Assets/ Deferred Outflows	\$ 39,284,121	34,753,980	7,829,389	7,255,704	47,113,510	42,009,684
Capital Assets	138,507,668	131,110,708	54,885,858	55,569,552	193,393,526	186,680,260
Total Assets	177,791,789	165,864,688	62,715,247	62,825,256	240,507,036	228,689,944
Long-Term Debt Outstanding	41,859,253	30,985,325	7,055,352	7,535,301	48,914,605	38,520,626
Other Liabilities/Deferred Inflows	18,725,328	17,490,133	2,831,515	2,987,357	21,556,843	20,477,490
Total Liabilities	60,584,581	48,475,458	9,886,867	10,522,658	70,471,448	58,998,116
Net Position						
Net Investment in Capital Assets	118,266,115	120,169,717	47,928,816	48,123,532	166,194,931	168,293,249
Restricted	12,182,850	12,358,010	-	-	12,182,850	12,358,010
Unrestricted (Deficit)	(13,241,757)	(15,138,497)	4,899,564	4,179,066	(8,342,193)	(10,959,431)
Total Net Position	117,207,208	117,389,230	52,828,380	52,302,598	170,035,588	169,691,828

Normal Impacts-Net position

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

- Net Results of Activities – Impacts (i.e., increases or decreases) current assets and unrestricted net position.
- 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 net investment in capital assets.
- Spending of Non-borrowed Current Assets on New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net position and increases the net investment in capital assets.
- Principal Payment on Debt – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net position and increases the net investment in capital assets.
- Reduction of Capital Assets through Depreciation – Reduces capital assets and the net investment in capital assets.

Current Year Impacts-Net position

Net position of the City's combined governmental and business-type activities grew from last year's balance of \$169,691,828 to the current year's \$170,035,588 balance.

Net position of the City's governmental activities decreased \$182,022 from a FY12 balance of \$117,389,230 to a FY13 balance of \$117,207,208. In regards to Assets, the \$11,638,215 increase was almost entirely due to an influx of liquid cash from operations as well as the bond proceeds used to build a new Police Station. Regarding Liabilities/Deferred Inflows, this \$11,807,237 change was largely due to the increase related to the debt service obligations related to issuing debt.

The governmental unrestricted net position deficit of (\$13,228,757) largely represents the City's TIF debt obligation. This amount compares favorably to last year's (\$15,138,497) deficit.

Net position of the City's business-type activities improved \$525,782 from a FY12 balance of \$52,302,598 to a FY13 balance of \$52,828,380. The overall improvement was due to positive Water Fund operations partially offset by (\$461,877) from Airport and Refuse operations. The total FY13 expenses of these Funds (excluding transfers) was \$7,485,810 compared to \$7,148,930 in FY12, \$7,330,400 in FY11, \$7,213,854 in FY10, and \$7,493,617 in FY09.

Business-type unrestricted net position, which represent amounts available to finance the continuing operations, were \$4,899,564 in FY13 compared to \$4,179,066 in FY12. As noted in the previous paragraph, this 17% increase was provided primarily by the Water Fund.

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

Table 2
Changes in Net Position
For the Fiscal Year Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 2,969,759	3,150,573	8,370,846	7,971,265	11,340,605	11,121,838
Operating Grants/Contributions	1,131,494	1,143,618	-	-	1,131,494	1,143,618
Capital Grants/Contributions	4,843,630	6,075,050	130,658	562,770	4,974,288	6,637,820
General Revenues						
Property Taxes	12,900,601	12,961,236	-	-	12,900,601	12,961,236
Sales Taxes	14,190,613	14,142,695	-	-	14,190,613	14,142,695
Utility Taxes	3,534,755	3,788,953	-	-	3,534,755	3,788,953
State Income Taxes	4,130,363	3,745,298	-	-	4,130,363	3,745,298
Other Taxes	816,866	822,434	-	-	816,866	822,434
TIF Property and Sales Tax Surplus	679,642	715,450	-	-	679,642	715,450
Interest Income	124,029	37,782	4,338	380	128,367	38,162
Miscellaneous	623,137	839,167	(6,038)	571	617,099	839,738
Total Revenues	45,944,889	47,422,256	8,499,804	8,534,986	54,444,693	55,957,242
Expenses						
General Government	11,865,375	8,859,145	-	-	11,865,375	8,859,145
Public Safety	19,017,122	20,989,072	-	-	19,017,122	20,989,072
Highways and Streets	1,449,053	2,207,978	-	-	1,449,053	2,207,978
Community Development	13,208,902	10,738,364	-	-	13,208,902	10,738,364
Interest on Long-Term Debt	1,080,709	1,016,815	-	-	1,080,709	1,016,815
Water	-	-	4,081,382	4,159,836	4,081,382	4,159,836
Airport	-	-	1,641,540	1,318,730	1,641,540	1,318,730
Refuse	-	-	1,756,850	1,670,364	1,756,850	1,670,364
Total Expenses	46,621,161	43,811,374	7,479,772	7,148,930	54,100,933	50,960,304
Change in Net Position Before Transfers	(676,272)	3,610,882	1,020,032	1,386,056	343,760	4,996,938
Transfers	494,250	225,400	(494,250)	(225,400)	-	-
Change in Net Position	(182,022)	3,836,282	525,782	1,160,656	343,760	4,996,938
Net Position-Beginning	117,389,230	113,552,948	52,302,598	51,141,942	169,691,828	164,694,890
Net Position-Ending	117,207,208	117,389,230	52,828,380	52,302,598	170,035,588	169,691,828

Normal (common) Revenue and Expense Issues which cause Changes In Net position

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 1.75% (the June 30, 2013 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 which caused Changes In Net position

Governmental Activities

Revenues:

FY13 revenues from governmental activities totaled \$45,944,889 versus \$47,422,256 last year. Although the 3.1% decrease cannot be attributed solely to any one factor, the majority (83.3%) of the decline was due to an expected \$1.23 million decrease in Capital Grants. Property tax revenues into the General Fund and Tax Increment Financing (TIF) Funds fell only by 0.48% despite the decrease in equalized assessed valuation (EAV). General Fund sales taxes along with TIF property taxes continue to be the City's largest sources of tax revenues and, combined, incurred an insignificant 0.047% decrease from FY12.

A continuing beneficial revenue source, initiated in FY11, has been the addition of distributions of surplus property taxes and sales taxes from the Central Area Tax Increment Financing Fund (TIF #1). These distributions also assist other affected taxing districts including the DeKalb school district, County, State, and the City's General Fund.

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** 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 FY13 governmental activities totaled \$46,621,161 compared to \$43,811,374 for FY12. Although expenses increase by 6.4%, when taken as an aggregate whole, the amount was anticipated and budgeted accordingly. Explaining the individual differences from year to year will nearly always prove problematic because the City may focus its resources toward improving streets one year and, during the next, concentrate more on community development projects. However, in general, big ticket capital outlays toward redevelopment of infrastructure and other community improvements 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 \$8,499,804 in FY13. The \$35,182 decrease from last year was primarily due to a \$448,072 decrease in Airport Fund capital grants which was partially offset by a water rate increase during the fiscal year. Despite Airport capital grants decreasing significantly in FY13, large variances are common and year-to-year fluctuations are anticipated in advance.

Expenses:

FY13 expenses for business-type activities totaled \$7,485,810 compared to \$7,148,930 last year. The most notable cause for this 4.71% increase occurred mostly due to an increase in Airport Fund expenses. Certain Airport expenses have increased as a result of initiatives to act as their own Fixed Based Operator (FBO). As part of this process, there have been added costs related to the purchase of jet fuel, of which the City plans to recoup its investment through fuel sale revenues.

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

Governmental Funds: Overview

For the fiscal year ended June 30, 2013, the governmental funds reflect a combined fund balance of \$21,136,593 compared to \$17,495,511 in FY12. The increase was primarily due to two factors:

- (a) excellent financial results due to prudent fiscal management and,
- (b) a \$3.6-million dollar cash infusion of bond proceeds for the new Police Station which will be spent in FY14.

Like last year, the City can again report that there are no individual municipal funds with either fund balance deficits or net position deficits.

General Fund

The FY13 total fund balance was \$5,220,937. Of this balance, the unassigned portion of \$5,177,514 equals about 10-weeks of FY13 actual expenditures. In contrast, the FY12 and FY11 unassigned balances stood at \$4,669,218 and \$2,692,928, respectively. The continuing positive shift in the unassigned balance represents the commitment of the City Council and Management to prudently monitor and protect the City's financial well-being.

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 18.57% of FY13 actual expenditures, the City is on track with this five-year process.

Table 3
General Fund Budgetary Highlights

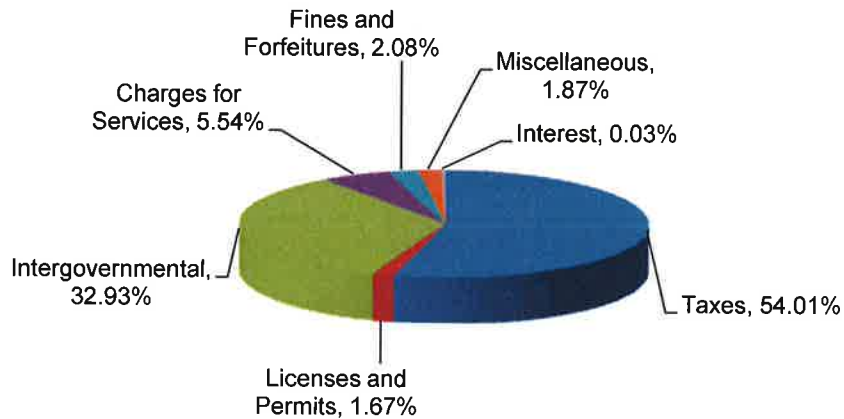
	FY13 Original Budget	FY13 Final Budget	FY13 Actual	FY12 Actual
Revenues				
Taxes	\$ 25,229,502	25,229,502	25,527,235	25,519,247
Licenses & Permits	369,662	369,662	483,375	396,095
Charges for Services	1,667,707	1,667,707	1,601,648	1,937,171
Fines & Forfeitures	657,200	657,200	678,942	605,075
Miscellaneous	330,800	330,800	607,238	684,285
Total Revenues	28,254,871	28,254,871	28,898,438	29,141,873
Expenditures				
General Government	4,873,601	4,873,601	5,189,549	3,797,538
Public Safety	18,624,603	18,624,603	18,603,710	19,340,637
Community Development	3,983,677	3,983,677	4,083,703	3,185,002
Total Expenditures	27,481,881	27,481,881	27,876,962	26,323,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	772,990	772,990	1,021,476	2,818,696
Other Financing Sources (Uses)				
Transfers In	1,636,820	1,636,820	1,739,942	1,742,322
Transfers Out	(2,110,486)	(2,110,486)	(2,277,621)	(2,573,997)
Change in Fund Balance	299,324	299,324	483,797	1,987,021

General Fund revenues came in more than original budgeted revenues by \$643,567 during FY13 due to conservative budget estimates based on the uncertainty of economic trends. General Fund expenditures were higher than the budget by \$395,081 due to greater than expected retirement and overtime personnel costs.

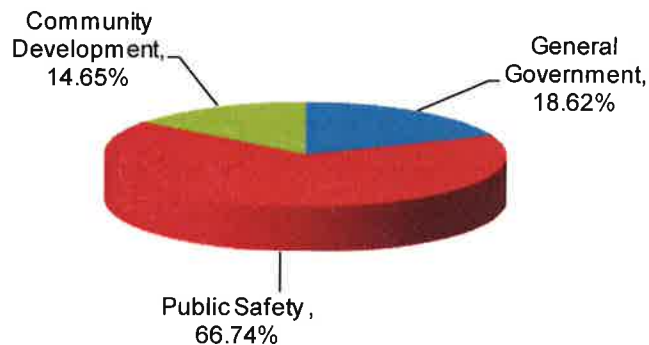
Unlike last year, when the General Fund was able to benefit from a large \$1,179,214 transfer from the Workers' Compensation Fund due to the phase-out of self-insurance, FY13 transfers essentially remained in-line with original budgetary estimates.

Overall, the net impact of General Fund revenues, expenditures, and other financing sources(uses) created a FY13 fund balance surplus of \$483,797 and brought the ending FY13 fund balance to \$5,220,937.

Revenues by Source - General Fund at June 30, 2013



Expenditures by Function - General Fund at June 30, 2013



Note: The percentages are derived from the data on pages 81-85 of this report.

Other Major Governmental Funds:

- Tax Increment Funds #1 and #2 had FY13 ending fund balances of \$3,349,486 and \$6,672,420, respectively as compared to FY12 balances of \$5,249,495 and \$5,435,922. Of particular note is that the Central Area TIF (TIF #1) distributes a significant portion of its property tax and sales tax revenues back to the various taxing districts (including the DeKalb School District, DeKalb Public Library, and others). 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 for specific MFT eligible road and bridge construction projects, street lighting, road salt, and other street-related maintenance activities. Of particular note was the completion of the Bethany Road replacement project, the widening design of Bethany Road east of First Street to four lanes and a bike path, the design/bid for the Taylor Street widening along Lions Park.

Proprietary Funds: Overview

For the fiscal year ended June 30, 2013, the Proprietary funds reflect combined net position of \$52,828,380 compared to \$52,302,598 in FY12. The increase was entirely due to improved operating income from the Water Fund.

Airport Fund

The FY13 Airport net position ended at \$27,877,913 compared to \$28,083,610 last year. Of ongoing concern are the operating deficits which have continued for a number of years—namely \$(491,217) in FY13, \$(413,576) in FY12, \$(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. Through FY10, the cumulative operating deficits had an effect of creating an unrestricted net position deficit of (\$1,709,222)—however, in FY11, Council took action to resolve the situation by making a \$2,140,000 transfer from the General Fund and made FY12 budgetary commitments to eliminate the expected ongoing deficits by planning supplemental General Fund transfers in future years. Accordingly, the Airport Fund ended FY13 with a positive unrestricted net asset balance of \$91,032.

In order to reduce the Airport's reliance on transfers, management has taken steps to increase the participation of private partnerships and implemented mechanisms for revenue enhancement. For example, in FY12 the City began to operate as its own FBO and, in January 2011, started selling jet fuel directly to customers.

Water Fund

The FY13 ending net position of the Water Fund stands at \$24,948,554 compared to \$23,960,895 last year and \$23,028,320 in FY11. Water Sales showed some stabilization since last year and operating expenses declined. The impact of the change in assets could mostly be seen in significant improvements in cash and investments [i.e., \$4,282,251 in FY12 versus \$4,971,605 in FY13]. Overall, net position continues to increase and operating income continues to grow (as can be seen in the following chart):

Table 4
Water Fund Highlights

	FY13 Actual	FY12 Actual	FY11 Actual	FY10 Actual	FY09 Actual
Operating Revenues					
Charges for Services					
Water Sales	\$ 5,340,253	5,237,993	5,372,917	5,020,452	4,769,726
Permits	96,580	103,901	81,379	115,741	18,665
Miscellaneous	66,216	23,865	21,845	31,868	33,622
Total Operating Revenues	5,503,049	5,365,759	5,476,141	5,168,061	4,822,013
Operating Expenses					
Operating Expenses	2,896,577	2,970,076	3,218,626	2,966,548	3,046,319
Depreciation and Amortization	994,129	982,451	996,517	1,013,040	1,037,643
Total Operating Expenses	3,890,706	3,952,527	4,215,143	3,979,588	4,083,962
Operating Income (Loss)	1,612,343	1,413,232	1,260,998	1,188,473	738,051
Nonoperating Revenues (Expenses)					
Nonoperating Revenues (Expenses)	(90,644)	(205,257)	(223,334)	(238,649)	(262,986)
Transfers Out	(550,000)	(275,400)	(289,840)	(321,836)	(330,526)
Contributions	15,960	-	324,671	41,454	-
Change in Net Assets	987,659	932,575	1,072,495	669,442	144,539

Primarily due to planned water rate increases (which began in FY08), the unrestricted portion of net position has substantially improved over time—the balance now stands at \$4,806,619 compared to \$3,861,366 last year, \$2,545,360 in FY11, \$1,437,290 in FY10, and \$452,244 in FY09.

DEBT SERVICE

During the year the City issued \$12,285,000 in general obligation bond debt for construction of a new Police Station and \$625,969 in capital leases for the replacement of an old fire engine (\$250,000) and for public safety software (\$375,969). In addition, the City obtained a \$179,954 IEPA loan for water system improvements.

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 3 of the financial statements.

CAPITAL ASSETS

Governmental Funds:

The City had invested \$193,393,526 in a variety of capital assets and infrastructure as reflected in the following schedule:

Table 5
Governmental Funds
Change in Net Capital Assets

	Capital Assets - Net of Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 10,113,091	10,113,091	18,896,047	18,896,047	29,009,138	29,009,138
Land Right of Way	25,736,657	25,736,657	407,381	407,381	26,144,038	26,144,038
Construction in Progress	15,221,676	5,171,420	89,424	72,454	15,311,100	5,243,874
Buildings and Improvements	4,606,512	4,748,655	3,044,458	3,138,110	7,650,970	7,886,765
Equipment	2,701,950	2,656,148	208,979	88,842	2,910,929	2,744,990
Vehicles	2,297,179	2,156,860	216,361	207,102	2,513,540	2,363,962
Water Distribution System	-	-	23,493,771	23,957,973	23,493,771	23,957,973
Infrastructure	77,830,603	80,527,877	8,529,437	8,801,643	86,360,040	89,329,520
Total	138,507,668	131,110,708	54,885,858	55,569,552	193,393,526	186,680,260

Major additions to capital assets during the year included:

- initial and continuing construction of a new Police Station
- replacement of the Bethany Road Bridge

For more detailed information regarding capital assets, please see Note 3 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.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF DEKALB, ILLINOIS

**Statement of Net Position
June 30, 2013**

See Following Page

CITY OF DEKALB, ILLINOIS

Statement of Net Position June 30, 2013

	Primary Government			Component
	Governmental	Business-		Unit
	Activities	Type	Totals	Public
		Activities		Library
ASSETS				
Current Assets				
Cash and Investments	\$ 25,388,345	5,459,347	30,847,692	13,927,181
Receivables - Net of Allowances	6,939,081	2,211,250	9,150,331	898,139
Internal Balances	(180)	180	-	-
Due from Other Governments	6,405,999	50,123	6,456,122	-
Prepays/Inventories	37,161	86,954	124,115	11,132
Total Current Assets	38,770,406	7,807,854	46,578,260	14,836,452
Noncurrent Assets				
Capital Assets				
Nondepreciable Capital Assets	51,071,424	19,392,852	70,464,276	1,608,428
Depreciable Capital Assets	166,609,482	57,089,340	223,698,822	820,335
Accumulated Depreciation	(79,173,238)	(21,596,334)	(100,769,572)	(438,863)
Total Capital Assets	138,507,668	54,885,858	193,393,526	1,989,900
Other Assets				
Net Pension Asset	26,886	-	26,886	-
Total Noncurrent Assets	138,534,554	54,885,858	193,420,412	1,989,900
DEFERRED OUTFLOWS OF RESOURCES				
Interest Rate Swap Agreement	6,457	-	6,457	-
Loss on Refunding/Deferred Charges	480,372	21,535	501,907	-
	486,829	21,535	508,364	-
Total Assets and Deferred Outflows of Resources	177,791,789	62,715,247	240,507,036	16,826,352

The notes to the financial statements are an integral part of this statement.

	Primary Government			Component
	Governmental	Business-	Totals	Unit
	Activities	Activities		Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 2,849,076	1,628,507	4,477,583	71,245
Accrued Payroll	274,140	26,808	300,948	21,598
Accrued Interest Payable	445,160	101,579	546,739	-
Claims Payable	577,194	-	577,194	-
Retainage Payable	442,058	25,997	468,055	-
Other Payables	357,775	292,397	650,172	-
Compensated Absences Payable	243,706	77,839	321,545	7,226
Current Portion of Long-Term Debt	2,548,453	678,388	3,226,841	111,111
Total Current Liabilities	7,737,562	2,831,515	10,569,077	211,180
Noncurrent Liabilities				
Compensated Absences Payable	4,630,406	311,357	4,941,763	28,902
Net Pension Obligation Payable	200,591	36,561	237,152	27,236
Net Other Post-Employment Benefit Paya	7,137,959	428,780	7,566,739	24,403
IEPA Loan Payable	-	3,267,347	3,267,347	-
Capital Lease Payable	527,697	7,038	534,735	-
General Obligation Bonds Payable - Net	29,362,600	3,004,269	32,366,869	6,685,000
Loans Payable	-	-	-	3,000,000
Debt Certificates Payable	-	-	-	777,778
Total Noncurrent Liabilities	41,859,253	7,055,352	48,914,605	10,543,319
Total Liabilities	49,596,815	9,886,867	59,483,682	10,754,499
DEFERRED INFLOWS OF RESOURCES				
Swap Agreement	6,457	-	6,457	-
Property Taxes	10,981,309	-	10,981,309	1,798,552
	10,987,766	-	10,987,766	1,798,552
Total Liabilities and Deferred Inflows of Resources	60,584,581	9,886,867	70,471,448	12,553,051
NET POSITION				
Net Investment in Capital Assets	118,266,115	47,928,816	166,194,931	1,101,011
Restricted				
Specific Purpose	107,212	-	107,212	-
Maintenance of Roadways	2,006,007	-	2,006,007	-
Economic Development	10,021,906	-	10,021,906	-
Public Safety	47,725	-	47,725	-
Endowments	-	-	-	228,114
Culture and Recreation	-	-	-	2,857,870
Unrestricted	(13,241,757)	4,899,564	(8,342,193)	86,306
Total Net Position	117,207,208	52,828,380	170,035,588	4,273,301

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

**Statement of Activities
Year Ended June 30, 2013**

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 11,865,375	330,222	-	4,284,578
Public Safety	19,017,122	2,090,752	-	-
Highways and Streets	1,449,053	125,794	1,131,494	559,052
Community Development	13,208,902	422,991	-	-
Interest on Long-Term Debt	1,080,709	-	-	-
Total Governmental Activities	46,621,161	2,969,759	1,131,494	4,843,630
Business-Type Activities				
Water	4,081,382	5,503,049	-	15,960
Airport	1,641,540	1,094,127	-	114,698
Refuse	1,756,850	1,773,670	-	-
Total Business-Type Activities	7,479,772	8,370,846	-	130,658
	54,100,933	11,340,605	1,131,494	4,974,288
Component Unit - Public Library	2,120,528	32,193	-	70,747
		General Revenues		
		Taxes		
		Property Taxes		
		Home Rule Sales Taxes		
		Utility Taxes		
		Restaurant/Bar Taxes		
		Other Taxes		
		Intergovernmental - Unrestricted		
		State Sales Taxes		
		Income Taxes		
		Local Use Taxes		
		Replacement		
		Other		
		Interest Income		
		Miscellaneous		
		Transfers - Internal Activity		
		Change in Net Position		
		Net Position - Beginning		
		Net Position - Ending		

The notes to the financial statements are an integral part of this statement.

Net Expense/Revenue			
Primary Government			Component
Governmental Activities	Business Type Activities	Total	Unit Public Library
(7,250,575)	-	(7,250,575)	-
(16,926,370)	-	(16,926,370)	-
367,287	-	367,287	-
(12,785,911)	-	(12,785,911)	-
(1,080,709)	-	(1,080,709)	-
(37,676,278)	-	(37,676,278)	-
-	1,437,627	1,437,627	-
-	(432,715)	(432,715)	-
-	16,820	16,820	-
-	1,021,732	1,021,732	-
(37,676,278)	1,021,732	(36,654,546)	-
-	-	-	(2,017,588)
12,673,310	-	12,673,310	3,858,748
5,874,828	-	5,874,828	-
3,534,755	-	3,534,755	-
1,626,071	-	1,626,071	-
643,853	-	643,853	-
5,203,716	-	5,203,716	-
4,130,363	-	4,130,363	-
715,660	-	715,660	-
140,694	-	140,694	35,337
1,709,590	-	1,709,590	-
124,029	4,338	128,367	5,745
623,137	(6,038)	617,099	269,799
494,250	(494,250)	-	-
37,494,256	(495,950)	36,998,306	4,169,629
(182,022)	525,782	343,760	2,152,041
117,389,230	52,302,598	169,691,828	2,121,260
117,207,208	52,828,380	170,035,588	4,273,301

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Balance Sheet - Governmental Funds
June 30, 2013

See Following Page

CITY OF DEKALB, ILLINOIS

Balance Sheet - Governmental Funds

June 30, 2013

		Special Revenue		
	General	Motor Fuel Tax	Mass Transit	Tax Increment Financing #1
ASSETS				
Cash and Investments	\$ 3,037,048	2,076,587	110,183	6,903,944
Receivables - Net of Allowances				
Taxes	2,225,036	-	-	3,237,260
Accounts	513,075	710	-	-
Accrued Interest	71,548	-	-	45,009
Other	1,635	-	-	-
Due from Other Governments	4,604,245	94,514	764,448	207,144
Due from Other Funds	134,202	-	-	-
Inventories	37,161	-	-	-
Total Assets	10,623,950	2,171,811	874,631	10,393,357
LIABILITIES				
Accounts Payable	1,134,421	142,225	822,948	332,867
Accrued Payroll	269,204	-	1,854	-
Retainage Payable	-	-	-	8,929
Other Payables	1,238,601	-	49,829	-
Due to Other Funds	24,564	23,579	-	89,558
Total Liabilities	2,666,790	165,804	874,631	431,354
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	2,736,223	-	-	6,612,517
Total Liabilities and Deferred Inflows of Resources	5,403,013	165,804	874,631	7,043,871
FUND BALANCES				
Nonspendable	37,161	-	-	-
Restricted	6,262	2,006,007	-	3,349,486
Committed	-	-	-	-
Unassigned	5,177,514	-	-	-
Total Fund Balances	5,220,937	2,006,007	-	3,349,486
Total Liabilities, Deferred Inflows of Resources and Fund Balances	10,623,950	2,171,811	874,631	10,393,357

The notes to the financial statements are an integral part of this statement.

Tax Increment Financing #2	Debt Service Tax Increment Financing	Capital Projects Public Safety Building	Nonmajor	Totals
7,500,360	-	3,906,485	718,642	24,253,249
814,406	-	-	3,281	6,279,983
-	-	-	-	513,785
-	-	12,186	-	128,743
-	-	-	9,977	11,612
-	-	48,622	119,178	5,838,151
-	4,300	31,504	55,000	225,006
-	-	-	-	37,161
8,314,766	4,300	3,998,797	906,078	37,287,690
11,442	4,300	197,997	191,429	2,837,629
-	-	-	-	271,058
-	-	433,129	-	442,058
-	-	-	105,427	1,393,857
4,923	-	-	82,562	225,186
16,365	4,300	631,126	379,418	5,169,788
1,625,981	-	-	6,588	10,981,309
1,642,346	4,300	631,126	386,006	16,151,097
-	-	-	-	37,161
6,672,420	-	-	148,675	12,182,850
-	-	3,367,671	371,397	3,739,068
-	-	-	-	5,177,514
6,672,420	-	3,367,671	520,072	21,136,593
8,314,766	4,300	3,998,797	906,078	37,287,690

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities

June 30, 2013

Total Governmental Fund Balances	\$ 21,136,593
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	138,507,668
Certain revenues are deferred in the fund financial statements because they are not available but are recognized as revenues in the government-wide financial statements.	1,036,082
Unamortized deferred debt charges are not considered to represent a financial resource and therefore, are not reported in the funds.	480,372
A net pension asset is not considered to represent a financial resource and therefore, is not reported in the funds.	26,886
Internal service funds are used by the City to charge the costs of operating and maintaining vehicles to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	1,116,179
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest Payable	(445,160)
Compensated Absences Payable	(4,874,112)
Net Pension Obligation Payable	(200,591)
Net Other Post-Employment Benefit Obligation Payable	(7,137,959)
General Obligation Bonds Payable - Net	(31,587,600)
Capital Leases Payable	(851,150)
Net Position of Governmental Activities	<u>117,207,208</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2013

See Following Page

CITY OF DEKALB, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2013**

	General	Special Revenue		
		Motor Fuel Tax	Mass Transit	Tax Increment Financing #1
Revenues				
Taxes	\$ 15,607,187	-	-	6,679,893
Licenses and Permits	483,375	-	-	-
Intergovernmental	9,920,048	1,355,820	3,864,903	1,330,744
Charges for Services	1,601,648	-	-	-
Fines and Forfeitures	678,942	-	-	-
Interest	67,944	2,312	-	45,181
Miscellaneous	539,294	7	-	608
Total Revenues	28,898,438	1,358,139	3,864,903	8,056,426
Expenditures				
Current				
General Government	5,189,549	-	3,808,836	-
Public Safety	18,603,710	-	-	-
Highways and Streets	-	750,074	-	-
Community Development	4,083,703	-	-	-
Capital Outlay	-	93,258	30,063	7,806,213
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	27,876,962	843,332	3,838,899	7,806,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,021,476	514,807	26,004	250,213
Other Financing Sources (Uses)				
Debt Issuance	-	-	-	-
Discount on Debt Issuance	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Disposal of Capital Assets	-	-	11,400	-
Transfers In	1,739,942	-	-	-
Transfers Out	(2,277,621)	(23,639)	(37,404)	(2,150,222)
	(537,679)	(23,639)	(26,004)	(2,150,222)
Net Change in Fund Balances	483,797	491,168	-	(1,900,009)
Fund Balances - Beginning	4,737,140	1,514,839	-	5,249,495
Fund Balances - Ending	5,220,937	2,006,007	-	3,349,486

The notes to the financial statements are an integral part of this statement.

<u>Tax Increment Financing #2</u>	<u>Debt Service Tax Increment Financing</u>	<u>Capital Projects Public Safety Building</u>	<u>Nonmajor</u>	<u>Totals</u>
1,851,355	-	-	192,421	24,330,856
-	-	-	-	483,375
-	-	298,330	1,094,045	17,863,890
-	-	-	125,794	1,727,442
-	-	80,000	-	758,942
-	18	5,001	64	120,520
-	-	-	83,228	623,137
1,851,355	18	383,331	1,495,552	45,908,162
-	-	92,523	1,405,805	10,496,713
-	-	-	38,973	18,642,683
-	-	-	-	750,074
-	-	-	-	4,083,703
468,552	-	9,418,681	815,211	18,631,978
-	1,400,000	-	868,121	2,268,121
-	324,372	-	510,837	835,209
468,552	1,724,372	9,511,204	3,638,947	55,708,481
1,382,803	(1,724,354)	(9,127,873)	(2,143,395)	(9,800,319)
-	-	12,285,000	625,969	12,910,969
-	-	(157,296)	-	(157,296)
-	-	245,078	-	245,078
-	-	-	-	11,400
-	1,539,071	-	1,859,871	5,138,884
(146,305)	-	-	(72,443)	(4,707,634)
(146,305)	1,539,071	12,372,782	2,413,397	13,441,401
1,236,498	(185,283)	3,244,909	270,002	3,641,082
5,435,922	185,283	122,762	250,070	17,495,511
6,672,420	-	3,367,671	520,072	21,136,593

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 3,641,082
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	11,293,902
Depreciation Expense	(3,882,628)
Disposals - Net of Accumulated Depreciation	(14,314)

Revenues not collected as of the year end are not considered as "available" revenues in the governmental funds. These are the amounts that were not considered available in the current year.

33,218

A decrease in a net pension asset is not considered to be a decrease in financial assets in the governmental funds.

(28,955)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(216,604)
Additions to Net Pension Obligation Payable	(20,763)
Deductions to Net Other Post-Employment Benefit Obligation Payable	21,479
Debt Issuance	(12,998,751)
Retirement of Debt	2,190,569

Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(167,948)

Internal service funds are used by the City to charge the costs of liability insurance and vehicle and equipment management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(32,309)

Changes in Net Position of Governmental Activities

(182,022)

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Statement of Net Position - Proprietary Funds
June 30, 2013

See Following Page

CITY OF DEKALB, ILLINOIS

**Statement of Net Position - Proprietary Funds
June 30, 2013**

	Business-Type Activities - Enterprise				Governmental
	Water	Airport	Nonmajor Refuse	Totals	Internal Service
ASSETS					
Current Assets					
Cash and Investments	\$ 4,971,605	187,756	299,986	5,459,347	1,135,096
Receivables - Net of Allowances					
Accounts	1,882,499	13,834	217,678	2,114,011	-
Other	93,724	1,250	-	94,974	-
Accrued Interest	2,265	-	-	2,265	4,958
Due from Other Governments	-	50,123	-	50,123	-
Due from Other Funds	-	180	-	180	165,000
Inventories	-	86,954	-	86,954	567,848
Total Current Assets	6,950,093	340,097	517,664	7,807,854	1,872,902
Noncurrent Assets					
Capital Assets					
Nondepreciable Capital Assets	528,648	18,864,204	-	19,392,852	-
Depreciable Capital Assets	43,255,023	13,834,317	-	57,089,340	-
Accumulated Depreciation	(17,787,467)	(3,808,867)	-	(21,596,334)	-
Total Noncurrent Assets	25,996,204	28,889,654	-	54,885,858	-
DEFERRED OUTFLOWS OF RESOURCES					
Loss on Refunding/Deferred Charges	17,800	3,735	-	21,535	-
Total Assets and Deferred Outflows of Resources	32,964,097	29,233,486	517,664	62,715,247	1,872,902

The notes to the financial statements are an integral part of this statements.

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Airport	Nonmajor Refuse	Totals	Internal Service
LIABILITIES					
Current Liabilities					
Accounts Payable	1,232,572	98,664	297,271	1,628,507	11,447
Accrued Payroll	23,090	3,718	-	26,808	3,082
Accrued Interest Payable	73,494	28,085	-	101,579	-
Claims Payable	-	-	-	-	577,194
Retainage Payable	25,997	-	-	25,997	-
Due to Other Funds	-	-	-	-	165,000
Other Payables	52,470	21,447	218,480	292,397	-
Current Portion of Long-Term Debt	705,501	50,726	-	756,227	-
Total Current Liabilities	2,113,124	202,640	515,751	2,831,515	756,723
Noncurrent Liabilities					
Compensated Absences Payable	275,441	35,916	-	311,357	-
Net Pension Obligation	32,880	3,681	-	36,561	-
Net Other Post-Employment Benefit Payable	376,470	52,310	-	428,780	-
IEPA Loan Contracts Payable	3,267,347	-	-	3,267,347	-
Capital Lease Payable	-	7,038	-	7,038	-
General Obligation Bonds Payable - Net	1,950,281	1,053,988	-	3,004,269	-
Total Noncurrent Liabilities	5,902,419	1,152,933	-	7,055,352	-
Total Liabilities	8,015,543	1,355,573	515,751	9,886,867	756,723
NET POSITION					
Net Investment in Capital Assets	20,141,935	27,786,881	-	47,928,816	-
Unrestricted	4,806,619	91,032	1,913	4,899,564	1,116,179
Total Net Position	24,948,554	27,877,913	1,913	52,828,380	1,116,179

The notes to the financial statements are an integral part of this statements.

CITY OF DEKALB, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2013**

	<u>Water</u>
Operating Revenues	
Charges for Services	\$ 5,436,833
Miscellaneous	66,216
Interfund Services	-
Total Operating Revenues	<u>5,503,049</u>
Operating Expenses	
Administration	-
Operations	2,896,577
Depreciation and Amortization	994,129
Total Operating Expenses	<u>3,890,706</u>
Operating Income (Loss)	<u>1,612,343</u>
Nonoperating Revenues (Expenses)	
Interest Income	4,318
Disposal of Capital Assets	(3,286)
Grants	99,000
Interest Expense	(190,676)
	<u>(90,644)</u>
Income Before Contributions and Transfers	1,521,699
Capital Contributions	15,960
Transfers In	-
Transfers Out	<u>(550,000)</u>
Change in Net Position	987,659
Net Position - Beginning	<u>23,960,895</u>
Net Position - Ending	<u>24,948,554</u>

The notes to the financial statements are an integral part of this statement.

Business-Type Activities - Enterprise			Governmental Activities
Airport	Nonmajor Refuse	Totals	Internal Service
1,050,768	1,748,670	8,236,271	-
43,359	25,000	134,575	-
-	-	-	6,535,585
1,094,127	1,773,670	8,370,846	6,535,585
-	-	-	6,634,403
1,235,939	1,756,850	5,889,366	-
349,405	-	1,343,534	-
1,585,344	1,756,850	7,232,900	6,634,403
(491,217)	16,820	1,137,946	(98,818)
20	-	4,338	3,509
(2,752)	-	(6,038)	-
15,698	-	114,698	-
(56,196)	-	(246,872)	-
(43,230)	-	(133,874)	3,509
(534,447)	16,820	1,004,072	(95,309)
-	-	15,960	-
328,750	-	328,750	63,000
-	(273,000)	(823,000)	-
(205,697)	(256,180)	525,782	(32,309)
28,083,610	258,093	52,302,598	1,148,488
27,877,913	1,913	52,828,380	1,116,179

The notes to the financial statements are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2013

See Following Page

CITY OF DEKALB, ILLINOIS

Statement of Cash Flows - Proprietary Funds Year Ended June 30, 2013

	<u>Water</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 5,485,494
Receipts from Interfund Services Provided	-
Payments to Employees	(1,124,713)
Payments to Suppliers	(1,913,581)
	<u>2,447,200</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	-
Transfers Out	(550,000)
	<u>(550,000)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(587,144)
Debt Issuance	179,954
Debt Repayment	(614,298)
Interest Payments	(190,676)
	<u>(1,212,164)</u>
Cash Flows from Investing Activities	
Interest Received	4,318
Net Change in Cash and Cash Equivalents	689,354
Cash and Cash Equivalents - Beginning	4,282,251
Cash and Cash Equivalents - Ending	<u>4,971,605</u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	1,612,343
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	994,129
Other Income	99,000
(Increase) Decrease in Current Assets	(116,555)
Increase (Decrease) in Current Liabilities	(141,717)
Net Cash Provided by Operating Activities	<u>2,447,200</u>
Noncash Activity	
Capital Contributions	<u>15,960</u>

The notes to the financial statement are an integral part of this statement.

Business-Type Activities - Enterprise			Governmental Activities
Airport	Nonmajor Refuse	Totals	Internal Service
1,132,278	1,809,029	8,426,801	-
-	-	-	6,261,704
(193,981)	-	(1,318,694)	-
(1,030,758)	(1,773,552)	(4,717,891)	(6,461,203)
(92,461)	35,477	2,390,216	(199,499)
328,750	-	328,750	63,000
-	(273,000)	(823,000)	-
328,750	(273,000)	(494,250)	63,000
(67,105)	-	(654,249)	-
-	-	179,954	-
(46,731)	-	(661,029)	-
(56,196)	-	(246,872)	-
(170,032)	-	(1,382,196)	-
20	-	4,338	3,509
66,277	(237,523)	518,108	(132,990)
121,479	537,509	4,941,239	1,268,086
187,756	299,986	5,459,347	1,135,096
(491,217)	16,820	1,137,946	(98,818)
349,405	-	1,343,534	-
15,698	-	114,698	-
22,453	35,359	(58,743)	(273,881)
11,200	(16,702)	(147,219)	173,200
(92,461)	35,477	2,390,216	(199,499)
-	-	15,960	-

The notes to the financial statement are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

**Statement of Net Position - Fiduciary Funds
June 30, 2013**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,561,194
Investments	
U.S. Government and Agency Securities	19,834,271
Corporate Bonds	625,302
Certificates of Deposit	102,810
Money Market Mutual Funds	744,745
Mutual Funds	27,040,839
Receivables	
Accrued Interest	101,582
Prepays	<u>5,710</u>
Total Assets	<u>50,016,453</u>
LIABILITIES	
Accounts Payable	17,571
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>1,734,493</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,752,064</u>
NET POSITION	
Held in Trust for Pension Benefits	<u><u>48,264,389</u></u>

The notes to the financial statement are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

**Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2013**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 2,886,706
Contributions - Plan Members	913,175
Total Contributions	<u>3,799,881</u>
Investment Income	
Interest Earned	1,048,206
Net Change in Fair Value	2,773,047
	<u>3,821,253</u>
Less Investment Expenses	(102,737)
Net Investment Income	<u>3,718,516</u>
Total Additions	<u>7,518,397</u>
Deductions	
Administration	74,391
Benefits and Refunds	4,973,612
Total Deductions	<u>5,048,003</u>
Change in Net Position	2,470,394
Net Plan Position Held in Trust for Pension Benefits	
Net Position - Beginning	<u>45,793,995</u>
Net Position - Ending	<u>48,264,389</u>

The notes to the financial statement are an integral part of this statement.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant of the City's accounting policies established in GAAP and used by the City are described below.

REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of DeKalb
Discretely Presented Component Unit:	DeKalb Public Library

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City.

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary City because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the City President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

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.

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The City's water, airport, and refuse services are classified as business-type activities.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, highways and streets, etc). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains eleven special revenue funds. The Motor Fuel Tax Fund, a major fund, is used to account for the operations of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of restricted gasoline taxes. The Mass Transit Fund, a major fund, is used to account for the restricted grant revenues for the tow community mass transit services: Northern Illinois University's Huskies Line and Voluntary Action Center's Trans Vac Service. The Tax Increment Financing #1 Fund, a major fund, is used to account for the restricted property taxes for the redevelopment activities within another defined area of the community in order to eliminate blighted conditions in that area. The Tax Increment Financing #2 Fund, also a major fund, is used to account for the restricted property taxes for the redevelopment activities within another defined area of the community in order to eliminate blighted conditions in that area.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The City maintains two debt service funds. The Tax Increment Financing Fund, a major fund, is used to account for accumulation of resources and payment of bond principal and interest on the tax increment financing areas.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains four capital projects funds. The Public Safety Building Fund, a major fund, is used for construction, and debt for the new police station and any other public safety building in the future.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains three enterprise funds. The Water Fund, a major fund, is used to account for the provision of water service to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection. The Airport Fund, also a major fund, is used to account for the operations of the Taylor Municipal Airport. Financing may be provided from a number of sources including user fees as well as property taxes.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains three internal service funds. The Workers' Compensation Fund is used to account for payment of workers' compensation insurance premiums. Financing is provided by contributions from other funds. The Health Insurance Fund is used to account for payment of health insurance premiums. Financing is provided by contributions from employees, retirees and other funds. The Liability/Property Insurance Fund is used to account for payment of liability insurance premiums. Financing is provided by contributions from other funds.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity by the City for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts 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. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, this fund is not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70.

A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Income tax will exceed the sixty day recognition period due to the State of Illinois and the long delay with releasing these funds. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows”, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

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

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 to \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Building Improvements	40 – 50 Years
Equipment	10 – 20 Years
Vehicles	3 – 20 Years
Infrastructure	40 – 50 Years
Water Distribution System	40 – 65 Years

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported expenditures/expenses at the time of issuance. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position – Continued

Restricted—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted—All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements

June 30, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 395,081
Tax Increment Financing #1	869,541
Knolls Special Service Area #4	2,300
Capital Projects	260,369
Equipment	512,680
Fleet Replacement	424,728
Refuse	26,244
Police Pension	259,846
Firefighters' Pension	364,952

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the Pension Fund's net position. Pension Funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net position in common and preferred stocks that meet specific restrictions.

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$14,569,389 and the bank balances totaled \$15,734,753.

Investments. The City has the following investment fair values and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Illinois Funds	\$ 590,455	590,455	-	-	-
IMET	5,637,280	5,637,280	-	-	-
Municipal Bonds	10,050,568	9,625,916	424,652	-	-
	16,278,303	15,853,651	424,652	-	-

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy 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.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To guard against credit risk for deposits with financial institutions, the City'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 City. At year-end, the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's. The IMET Convenience Fund is rated AA Af by Standard & Poors and the 1-3 year Fund is rated AA Af by Standard & Poors.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not mitigate custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk – Continued. For investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not mitigate custodial credit risk for investments and the City's investment in the Illinois Fund is noncategorizable. The IMET Convenience Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET Convenience Fund at the Federal Reserve Bank of New York.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy limits its investment 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 year-end, the City's investment in negotiable certificates of deposit and in the IMET Convenience Fund represents more than 5 percent of the total cash and investment portfolio.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,081,300 and the bank balances totaled \$1,081,300.

Investments. At year-end, the Fund has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agencies	\$ 10,129,339	1,313,481	7,439,382	994,669	381,807
Corporate Bonds	625,302	-	625,302	-	-
	10,754,641	1,313,481	8,064,684	994,669	381,807

Interest Rate Risk. The Fund's investment policy limits exposure to interest rate risk by requiring that assets remain sufficiently liquid to meet the Fund's disbursement requirements for the payment of operating expenses and benefits.

Credit Risk. The Fund limits its exposure to credit risk, the risk that the issuers 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. As of June 30, 2013, the ratings of the agency's corporate bonds are AA+ as rated by Standard and Poor's.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk. In the case of deposits, it is the risk that in the event of a bank's failure, the Funds deposits may not be returned to them. The Fund's investment policy requires the pledging of collateral for all bank balances in excess of federal depository insurance. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund limits its exposure to custodial credit risk by requiring third party safekeeping for all securities owned by the Fund. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not able to recover the value of its investments that are in the possession of an outside party.

Concentration Risk. Concentration of Credit Risk is the risk that the Fund has a high percentage of their investments invested in one type of investment. The Fund's investment policy requires diversification of investment to avoid unreasonable risk. It is the policy of the Fund to invest 52% of its portfolio in fixed income securities, 55% in equities and the remaining 3% in cash and cash equivalents. The Fund has hired a fund manager to manage the fixed income portfolio and utilizes its consultant to assist with the equity investments. In addition to the securities and fair values listed above, the Fund also has \$14,896,362 invested in mutual funds. At year-end the Fund had greater than 5% of its overall portfolio invested in FHLB and FFCB U.S. agency obligations which is in accordance with the Fund's investment policy.

At June 30, 2013, the Fund had approximately 43% of its investment portfolio in fixed income holdings. The investment policy diversifies its fixed income holdings with a range of 45% to 75% with a target of 52%.

The Fund had approximately 55% of its funds invested in equities. The Fund's investment policy defines the strategy in which the Board follows for the equity investments. The Board diversifies its equity holdings by the following allocation guideline:

	Target Allocation	Range of Allocation
Equity Securities:		
International	35%	0% - 50%
Domestic	65%	20% - 100%

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,327,449 and the bank balances totaled \$1,327,449.

Investments. At year-end, the Fund has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agencies	\$ 2,300,165	-	1,460,888	839,277	-
U.S. Treasuries	7,404,767	501,465	6,903,302	-	-
	9,704,932	501,465	8,364,190	839,277	-

Interest Rate Risk. The Fund's investment policy limits exposure to interest rate risk by requiring that assets remain sufficiently liquid to meet the Fund's disbursement requirements for the payment of operating expenses and benefits.

Credit Risk. The Fund limits its exposure to credit risk, the risk that the issuers 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. As of June 30, 2013, 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.

Custodial Credit Risk. In the case of deposits, it is the risk that in the event of a bank's failure, the Funds deposits may not be returned to them. The Fund's investment policy requires the pledging of collateral for all bank balances in excess of federal depository insurance. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund limits its exposure to custodial credit risk by requiring third party safekeeping for all securities owned by the Fund.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk. Concentration of Credit Risk is the risk that the Fund has a high percentage of their investments invested in one type of investment. The Fund's investment policy requires diversification of investment to avoid unreasonable risk. It is the policy of the Fund to invest 60% of its portfolio in fixed income securities, 35% in equities and the remaining 5% in cash and cash equivalents. The Fund has hired a fund manager to manage the fixed income portfolio and utilizes its consultant to assist with the equity investments. In addition to the securities and fair values listed above, the Fund also has \$12,144,477 invested in mutual funds.

At June 30, 2013, the Fund had approximately 427% 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 Fund had greater than 5% of its fixed income holdings in U.S. Treasury Notes and FMNAs.

The Fund had approximately 52% of its funds invested in equities. The Fund's investment policy defines the strategy in which the Board follows for the equity investments. The Board diversifies its equity holdings by the following allocation guideline, 5% to 45%, with a target of 35%.

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically.

CITY OF DEKALB, ILLINOIS**Notes to the Financial Statements
June 30, 2013****NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued****CAPITAL ASSETS****Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 10,113,091	-	-	10,113,091
Land Right of Way	25,736,657	-	-	25,736,657
Construction in Progress	5,171,420	10,050,256	-	15,221,676
	<u>41,021,168</u>	<u>10,050,256</u>	<u>-</u>	<u>51,071,424</u>
Depreciable Capital Assets				
Buildings and Improvements	7,965,068	-	-	7,965,068
Equipment	4,728,551	412,105	167,845	4,972,811
Vehicles	6,502,075	519,636	21,850	6,999,861
Infrastructure	146,359,837	311,905	-	146,671,742
	<u>165,555,531</u>	<u>1,243,646</u>	<u>189,695</u>	<u>166,609,482</u>
Less Accumulated Depreciation				
Buildings and Improvements	3,216,413	142,143	-	3,358,556
Equipment	2,072,403	351,989	153,531	2,270,861
Vehicles	4,345,215	379,317	21,850	4,702,682
Infrastructure	65,831,960	3,009,179	-	68,841,139
	<u>75,465,991</u>	<u>3,882,628</u>	<u>175,381</u>	<u>79,173,238</u>
Total Net Depreciable Capital Assets	<u>90,089,540</u>	<u>(2,638,982)</u>	<u>14,314</u>	<u>87,436,244</u>
Total Net Capital Assets	<u>131,110,708</u>	<u>7,411,274</u>	<u>14,314</u>	<u>138,507,668</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 89,670
Public Safety	289,797
Highways and Streets	378,593
Community Development	<u>3,124,568</u>
	<u>3,882,628</u>

CITY OF DEKALB, ILLINOIS

**Notes to the Financial Statements
June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 18,896,047	-	-	18,896,047
Land Improvements	407,381	-	-	407,381
Construction in Progress	72,454	16,970	-	89,424
	<u>19,375,882</u>	<u>16,970</u>	<u>-</u>	<u>19,392,852</u>
Depreciable Capital Assets				
Buildings	4,804,864	-	-	4,804,864
Water Distribution System	39,166,351	432,755	-	39,599,106
Vehicles	1,042,963	68,335	18,346	1,092,952
Equipment	630,873	152,150	78,863	704,160
Airport Infrastructure	10,888,258	-	-	10,888,258
	<u>56,533,309</u>	<u>653,240</u>	<u>97,209</u>	<u>57,089,340</u>
Less Accumulated Depreciation				
Buildings	1,666,754	93,652	-	1,760,406
Water Distribution System	15,208,378	896,957	-	16,105,335
Vehicles	835,861	56,324	15,594	876,591
Equipment	542,031	28,727	75,577	495,181
Airport Infrastructure	2,086,615	272,206	-	2,358,821
	<u>20,339,639</u>	<u>1,347,866</u>	<u>91,171</u>	<u>21,596,334</u>
Total Net Depreciable Capital Assets	<u>36,193,670</u>	<u>(694,626)</u>	<u>6,038</u>	<u>35,493,006</u>
Total Net Capital Assets	<u>55,569,552</u>	<u>(677,656)</u>	<u>6,038</u>	<u>54,885,858</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 998,460
Airport	<u>349,405</u>
	<u>1,347,865</u>

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CONSTRUCTION COMMITMENTS

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

	Project Authorization	Expended To Date	Remaining Commitment
Hollister Avenue Main Replacement	\$ 361,257	233,976	127,281
Route 23 Carroll Avenue Signal	482,797	108,907	373,890
Bethan Road Widening (between N. 1st and Meadow Trail W)	898,000	-	898,000
Taylor Street Widening	385,144	-	385,144
Locust Street Widening	73,183	56,332	16,851
Augusta Avenue Widening	49,616	-	49,616
Total	2,249,997	399,215	1,850,782

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Motor Fuel Tax	\$ 23,579
General	Tax Increment Financing #1	85,258
General	Tax Increment Financing #2	4,923
General	Nonmajor Governmental	20,442
Tax Increment Financing	Tax Increment Financing #1	4,300
Public Safety Building	General	24,384
Public Safety Building	Nonmajor Governmental	7,120
Nonmajor Governmental	Nonmajor Governmental	55,000
Airport	General	180
Internal Service	Internal Service	165,000
		<u>390,186</u>

Interfund balances are advances in anticipation of receipts.

CITY OF DEKALB, ILLINOIS

**Notes to the Financial Statements
June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Motor Fuel Tax	\$ 23,639
General	Mass Transit	37,404
General	Tax Increment Financing #1	611,151
General	Tax Increment Financing #2	146,305
General	Nonmajor Governmental	72,443
General	Water	550,000
General	Nonmajor Business-Type	273,000
Tax Increment Financing Debt Service	Tax Increment Financing #1	1,539,071
General Debt Service	General	1,011,680
Capital Projects	General	398,500
Fleet Replacement	General	265,691
Nonmajor Governmental	General	184,000
Airport	General	328,750
Internal Service	General	63,000
		<u>5,504,634</u>

The purpose of significant interfund transfers is as follows:

- \$1,539,071 transferred from the Tax Increment Financing #1 Fund to the Tax Increment Financing (“TIF”) Debt Service Fund covered current year TIF debt service payments. This transfer will not be repaid.
- \$1,011,680 transferred from the General Fund to the General Debt Service Fund covered current year general debt service costs. This transfer will not be repaid.
- \$611,151 transferred from the Tax Increment Financing #1 Fund and \$146,395 transferred from the Tax Increment Financing #2 to the General Fund represent surplus distributions. These transfers will not be repaid.
- \$550,000 transferred from the Water Fund to the General Fund is a Payment in Lieu of Taxes (aka “PILOT”). This transfer will not be repaid.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds issued for business-type activities are reported in the proprietary funds as they are expected to be repaid from proprietary revenues. 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	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2002A, due in annual installments of \$155,000 to \$215,000 plus interest at 1.30% to 3.85% through December 30, 2013.	Tax Increment Financing	\$ 425,000	-	210,000	215,000
General Obligation Refunding Bonds of 2003A, due in annual installments of \$35,000 to \$445,000 plus interest at 1.00% to 3.625% through December 1, 2013.	Tax Increment Financing	150,000	-	75,000	75,000
General Obligation Refunding Bonds of 2004, due in annual installments of \$15,000 to \$1,365,000 plus interest at 2.00% to 4.50% through January 1, 2021.	General Debt Service	1,810,000	-	335,000	1,475,000
	Water	2,355,000	-	225,000	2,130,000
	Airport	480,000	-	5,000	475,000
General Obligation Taxable Bonds of 2005, due in annual installments of \$10,000 to \$560,000 plus interest at 5.70% through January 1, 2015.	Airport	635,000	-	30,000	605,000

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2010A, due in annual installments of \$755,000 to \$1,145,000 plus interest at 2.00% to 4.00% through December 1, 2021.	Tax Increment Financing	\$ 9,225,000	-	770,000	8,455,000
General Obligation Refunding Bonds of 2010B, due in annual installments of \$150,000 to \$955,000 plus interest at 4.25% to 4.75% through January 1, 2028.	General Debt Service	3,905,000	-	-	3,905,000
General Obligation Refunding Bonds of 2010C, due in annual installments of \$180,000 to \$755,000 plus interest at 1.90% to 5.90% through January 1, 2023.	General Debt Service	5,020,000	-	180,000	4,840,000
General Obligation Bonds of 2012A, due in annual installments of \$505,000 to \$865,000 plus interest at 2.00% to 2.50% through January 1, 2030.	General Debt Service	-	9,905,000	-	9,905,000
General Obligation Bonds of 2013B, due in annual installments of \$30,000 to \$745,000 plus interest at 0.80% to 3.00% through January 1, 2022.	General Debt Service	-	2,380,000	-	2,380,000
		24,005,000	12,285,000	1,830,000	34,460,000

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Revenue Bonds Payable

The City enters into revenue bonds payable to provide funds for acquisition and construction of major capital facilities for the tax increment financing district. Revenue bonds payable have been issued for governmental activities. Revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment Financing Revenue Bonds of 2003, due in annual installments of \$110,000 to \$775,000 plus interest of varied rates through January 1, 2013.	Tax Increment Financing	\$ 345,000	-	345,000	-

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, and the changes in fair value of such derivative instruments for the year then ended in the 2013 financial statements are as follows:

Governmental Activities	Changes in Fair Value*		Fair Value at June 30, 2013		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges: Pay - Fixed Interest Rate Swap	Deferred Outflow (Asset)	\$ 17,808	Fair Value of Swap (Asset)	\$ 6,457	\$ -

*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 Position 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 Tax Increment Financing Revenue Bonds of 2003. The intention of the swap was to effectively change the City's variable interest rate to a synthetic fixed rate of 3.90%.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Revenue Bonds Payable – Continued

Terms. The bonds and the related swap agreement mature on January 1, 2013 and the swap's notional amount of \$4,350,000 matched 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, 2013, rates were as follows:

Interest Rate Swap		
Fixed Payment to Counterparty	Fixed	3.90 %
Variable Payment from Counterparty	BMA Index	(0.21)
Net Interest Rate Swap Payments		<u>3.69</u>

Fair Value. As of June 30, 2013, the swap had a negative fair value of \$6,457. The negative fair value of the swap may be counted 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 to hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit Risk. As of June 30, 2013, 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, 2013.

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 50 at the net interest rate of 3.69% at June 30, 2013. As rates vary in the future, variable rate bond interest payments will change.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loan Contracts Payable

The City, through the IEPA, received low interest loans for the construction of a water treatment facility. Loan contracts payable have been issued for business-type activities. Loan contracts currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan #L17133700 Contract Payable of 1999, due in semi annual installments of \$133,239 including interest at 2.535% through January 8, 2021.	Water	\$ 2,132,381	-	213,768	1,918,613
IEPA Loan #L17161400 Contract Payable of 2000, due in semi annual installments of \$109,406 including interest at 2.535% through May 30, 2021.	Water	1,750,951	-	175,530	1,575,421
IEPA Loan #L174045 Contract Payable of 2012, due in semi annual installments of \$5,749 including interest at 2.295% through October 26, 2032.	Water	-	179,954	-	179,954
		3,883,332	179,954	389,298	3,673,988

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Capital Leases Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Equipment	Capital Projects	\$ 53,842	-	53,842	-
Equipment	Capital Projects	524,460	-	173,956	350,504
Equipment	Capital Projects	-	250,000	-	250,000
Police Software	Equipment	-	375,969	125,323	250,646
Equipment	Airport	5,263	-	5,263	-
Equipment	Airport	20,253	-	6,468	13,785
		603,818	625,969	364,852	864,935

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total Lease Payment
2014	\$ 336,850	7,265	344,115
2015	316,888	7,265	324,153
2016	16,667	-	16,667
2017	16,667	-	16,667
2018	16,667	-	16,667
2019	16,667	-	16,667
2020	16,667	-	16,667
2021	16,667	-	16,667
2022	16,667	-	16,667
2023	16,667	-	16,667
2024	16,667	-	16,667
2025	16,667	-	16,667
2026	16,667	-	16,667
2027	16,667	-	16,667
2028	16,662	-	16,662
	870,404	14,530	884,934
Interest Portion	(19,254)	(745)	(19,999)
Principal Balance	851,150	13,785	864,935

CITY OF DEKALB, ILLINOIS

**Notes to the Financial Statements
June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 4,657,508	433,208	216,604	4,874,112	243,706
Net Pension Obligation	179,828	20,763	-	200,591	-
Net Other Post-Employment Benefit Obligation	7,159,438	-	21,479	7,137,959	-
General Obligation Bonds	20,535,000	12,285,000	1,570,000	31,250,000	2,225,000
Plus/Less Unamortized Items:					
Premium	331,010	245,078	46,134	529,954	-
Discount	(37,476)	(157,296)	(2,418)	(192,354)	-
Loss on Refunding	(394,074)	-	(92,188)	(301,886)	-
Revenue Bonds	345,000	-	345,000	-	-
Capital Leases	578,302	625,969	353,121	851,150	323,453
	<u>33,354,536</u>	<u>13,452,722</u>	<u>2,457,732</u>	<u>44,349,526</u>	<u>2,792,159</u>
Business-Type Activities					
Compensated Absences	359,370	59,652	29,826	389,196	77,839
Net Pension Obligation	35,844	717	-	36,561	-
Net Other Post-Employment Benefit Obligation	426,964	1,816	-	428,780	-
General Obligation Bonds	3,470,000	-	260,000	3,210,000	265,000
Plus Unamortized Items:					
Premium	67,172	-	7,903	59,269	-
IEPA Loan Contracts	3,883,332	179,954	389,298	3,673,988	406,641
Capital Leases	25,516	-	11,731	13,785	6,747
	<u>8,268,198</u>	<u>242,139</u>	<u>698,758</u>	<u>7,811,579</u>	<u>756,227</u>

For the governmental activities, compensated absences, the net pension obligation, and the net other post-employment benefit obligation are generally liquidated by the General Fund. The General Obligation Bonds are being liquidated by the Tax Increment Financing and General Debt Service Funds. The General Debt Service Fund makes payments on the Revenue Bonds.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For the business-type activities, compensated absences, the net pension obligation, and the net other post-employment benefit obligation are being liquidated by the Water and Airport Funds. The Water and Airport Funds make payments on the general obligation bonds. The IEPA loan contract is being liquidated by the Water Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation		General Obligation		IEPA	
	Bonds		Bonds		Loan Contract	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,225,000	1,048,180	265,000	146,632	406,641	90,504
2015	1,985,000	1,036,140	870,000	135,522	416,996	79,793
2016	2,045,000	1,023,551	315,000	89,900	427,617	69,172
2017	2,100,000	1,010,742	330,000	75,725	438,506	58,283
2018	2,165,000	997,612	-	60,875	449,676	47,114
2019	2,355,000	984,186	695,000	60,875	461,125	35,664
2020	2,440,000	969,136	360,000	33,075	472,869	23,920
2021	2,545,000	948,136	375,000	16,875	484,911	11,878
2022	2,645,000	926,386	-	-	8,895	2,603
2023	1,560,000	904,036	-	-	9,100	2,398
2024	1,620,000	888,736	-	-	9,311	2,188
2025	1,670,000	873,136	-	-	9,526	1,973
2026	1,725,000	856,036	-	-	9,746	1,753
2027	1,785,000	841,036	-	-	9,971	1,529
2028	1,015,000	823,398	-	-	10,201	1,298
2029	865,000	805,442	-	-	10,436	1,063
2030	505,000	785,978	-	-	10,677	821
2031	-	-	-	-	10,924	575
2032	-	-	-	-	11,176	323
2033	-	-	-	-	5,684	65
Total	31,250,000	15,721,867	3,210,000	619,479	3,673,988	432,917

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of 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 Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets was comprised of the following as of June 30, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 138,507,668
Plus Unspent Bond Proceeds	2,904,967
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2004	(1,475,000)
General Obligation Bonds of 2010B	(3,905,000)
General Obligation Bonds of 2010C	(4,840,000)
General Obligation Bonds of 2012A	(9,905,000)
General Obligation Bonds of 2012B	(2,380,000)
Unamortized Premium	(280,632)
Unamortized Discount	192,354
Unamortized Loss on Refunding	297,908
Capital Leases	(851,150)
Net Investment in Capital Assets	<u>118,266,115</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	54,885,858
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2004	(2,605,000)
General Obligation Taxable Bonds of 2005	(605,000)
Unamortized Premium	(59,269)
IEPA Loan #L17133700 Contract	(1,918,613)
IEPA Loan #L17161400 Contract	(1,575,421)
IEPA Loan #L174045 Contract	(179,954)
Capital Leases	(13,785)
Net Investment in Capital Assets	<u>47,928,816</u>

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Committed Fund Balance. The City reports committed fund balance in the Economic Development Fund, Capital Projects Fund, Public Safety Building Fund, Equipment Fund, and Fleet Replacement Fund. Formal City Council action (ordinance and/or resolution) is required to establish, modify or rescind a fund balance commitment. The City Council, through formal board action, has committed the funds in this portion of the fund balance for multiple priorities based on how these funds were received, these priorities include improvements to City facilities, parking in the City Center, street improvements, and bikeway improvements.

Minimum Fund Balance Policy. The City's policy manual states that the Corporate Fund should maintain a minimum unassigned fund balance equal to 25% of annual expenditures.

	Special Revenue					Debt Service	Capital Projects		
			Tax	Tax					
	General	Motor Fuel Tax	Mass Transit	Increment Financing #1	Increment Financing #2	Increment Financing	Public Safety Building	Nonmajor	Totals
Fund Balances									
Nonspendable - Inventories	\$ 37,161	-	-	-	-	-	-	-	37,161
Restricted									
Specific Purpose	6,262	-	-	-	-	-	-	100,950	107,212
Maintenance of Roadways	-	2,006,007	-	-	-	-	-	-	2,006,007
Economic Development	-	-	-	3,349,486	6,672,420	-	-	-	10,021,906
Public Safety	-	-	-	-	-	-	-	47,725	47,725
	6,262	2,006,007	-	3,349,486	6,672,420	-	-	148,675	12,182,850
Committed									
Economic Development	-	-	-	-	-	-	-	23,418	23,418
Capital Projects	-	-	-	-	-	-	3,367,671	347,979	3,715,650
	-	-	-	-	-	-	3,367,671	371,397	3,739,068
Unassigned	5,177,514	-	-	-	-	-	-	-	5,177,514
Total Fund Balances	5,220,937	2,006,007	-	3,349,486	6,672,420	-	3,367,671	520,072	21,136,593

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. The City has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds.

Intergovernmental Personnel Benefit Cooperative (IPBC)

Risks for medical and death benefits for employees and retirees are provided for through the City's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC acts as an administrative agency to receive, process and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims in excess of \$50,000 per individual employee participant. The City pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years experience factor for premiums. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

The City has established the following internal service funds to account for these activities: Workers' Compensation, Liability/Property Insurance and Health Insurance Funds. Each participating fund makes payments to the insurance funds. Such payment are displayed on the financial statements as revenues and expenses to the extent that the charge to the other funds is based on the actual expense 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 – Prior to May 2012, the City was completely self-insured with no specific or aggregate stop loss policies. However, as of June 30, 2013, the City is self-insured up to \$600,000 in potential claims losses while any additional claims liabilities are covered by a policy purchased from a national insurance provider.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Personnel Benefit Cooperative (IPBC) – Continued

A reconciliation of claims payable for the fiscal years ended June 30, 2012 and 2013 are as follows:

	Workers' Compensation	Liability/ Property Insurance	Totals
Claims Payable - June 30, 2011	\$ 1,214,877	51,228	1,266,105
Incurred Claims	352,016	-	352,016
Claims Paid	(1,051,850)	(50,228)	(1,102,078)
Claims Payable - June 30, 2012	515,043	1,000	516,043
Incurred Claims	318,232	104,054	422,286
Claims Paid	(257,081)	(104,054)	(361,135)
Claims Payable - June 30, 2013	576,194	1,000	577,194

CONTINGENT LIABILITIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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.

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, 2013, the City has incurred \$1,040,113 in rebates.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is 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. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 200 South 4th Street, DeKalb, IL 60115. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. For the calendar year 2012, the employer contribution rate used by the employer was equal to the employer annual required contribution rate of 19.71 percent.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At June 30, 2013 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	46
Current Employees	
Vested	42
Nonvested	19
	<u>107</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or $\frac{1}{2}$ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

Firefighters' Pension Fund

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At June 30, 2013 the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	55
Current Employees	
Vested	30
Nonvested	<u>22</u>
	<u>107</u>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank at the date of retirement. The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, 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. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues 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.

Method Used to Value Investments

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

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters – Continued

Significant Investments

There are no investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits for either the Police or Firefighters' Pension Plans. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (asset) for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 1,279,073	1,097,501	1,837,536	4,214,110
Interest on Net Pension Obligation (Asset)	18,017	71	(4,188)	13,900
Adjustment to Annual Required Contribution	(12,879)	(48)	2,863	(10,064)
Annual Pension Cost	1,284,211	1,097,524	1,836,211	4,217,946
Actual Contribution	1,279,073	1,079,450	1,807,256	4,165,779
Change in NPO/(NPA)	5,138	18,074	28,955	52,167
NPO/(NPA) - Beginning	240,233	943	(55,841)	185,335
NPO/(NPA) - Ending	245,371 *	19,017	(26,886)	237,502

* The DeKalb Public Library's portion of \$27,236 is included.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The City's actuarial assumptions and related information for each plan are as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	19.71%	21.92%	42.32%
Employee	4.50%	9.91%	9.46%
Actuarial Valuation Date	12/31/2012	6/30/2013	6/30/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	28 Years	28 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.50%	4.50%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

CITY OF DEKALB, ILLINOIS**Notes to the Financial Statements
June 30, 2013****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Trend Information**

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2011	\$ 1,249,560	\$ 1,347,651	\$ 2,007,794
	2012	960,014	1,333,941	2,060,476
	2013	1,284,211	1,097,524	1,836,211
Actual Contributions	2011	1,012,131	1,342,558	2,001,368
	2012	922,618	1,306,414	2,019,607
	2013	1,279,073	1,079,450	1,807,256
Percentage of APC Contributed	2011	81.00%	99.62%	99.68%
	2012	96.10%	97.94%	98.02%
	2013	99.60%	98.35%	98.42%
Net Pension Obligation/ (Asset)	2011	202,810	(26,584)	(96,710)
	2012	240,233	943	(55,841)
	2013	245,371	19,017	(26,886)

CITY OF DEKALB, ILLINOIS**Notes to the Financial Statements
June 30, 2013****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Funded Status and Funding Progress**

The City's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2012	6/30/2013	6/30/2013
Percent Funded	59.66%	53.06%	41.95%
Accuarial Accrued Liability for Benefits	\$23,311,116	\$49,148,427	\$52,889,722
Actuarial Value of Assets	\$13,907,453	\$26,078,318	\$22,186,069
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$9,403,663)	(\$23,070,109)	(\$30,703,653)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$5,919,833	\$4,923,730	\$4,270,692
Ratio of UAAL to Covered Payroll	158.85%	468.55%	718.94%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the City offers post-employment health care insurance benefits (OPEB) for its eligible 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 General Fund.

The City offers post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are not eligible for benefits.

All health care benefits are provided through the City's health insurance 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 abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending June 30, 2013, retirees contributed \$362,561 to the plan. Active employees do not contribute to the post-employment health care plan until retirement.

At June 30, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	133
Active Employees	<u>196</u>
Total	<u>329</u>
Participating Employers	1

The City does not currently have a funding policy.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of June 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 882,122
Interest on the Net OPEB Obligation	304,349
Adjustment to the ARC	<u>(253,624)</u>
Annual OPEB Cost	932,847
Actual Contribution	<u>(950,439)</u>
Increase in the Net OPEB Obligation	(17,592)
Net OPEB Obligation - Beginning	<u>7,608,734</u>
Net OPEB Obligation - Ending*	<u><u>7,591,142</u></u>

*The DeKalb Public Library's portion of \$24,403 is included.

Trend Information

The City's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 2,703,854	\$ 1,112,666	41.15%	\$ 6,116,053
2012	2,306,156	813,475	35.27%	7,608,734
2012	932,847	950,439	101.89%	7,591,142

Funded Status and Funding Progress

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

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress – Continued

The funded status of the plan as of June 30, 2013 was as follows:

Actuarial Accrued Liability (AAL)	\$ 21,666,777
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	21,666,777
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	13,631,798
UAAL as a Percentage of Covered Payroll	158.94%

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, 2013 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0%, with an ultimate 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, 2013, was 30 years.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – DEKALB PUBLIC LIBRARY

DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool that is available for use by all funds. Each fund type'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 Library's funds.

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

Library Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$13,835,298 and the bank balances totaled \$13,787,506.

Investments. At year-end, the Library has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Bonds	\$ 59,437	-	59,437	-	-
U.S. Treasuries	32,446	-	32,446	-	-
	91,883	-	91,883	-	-

Interest Rate Risk. The Library's investment policy 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.

Credit Risk. 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.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – DEKALB PUBLIC LIBRARY – Continued

DEPOSITS AND INVESTMENTS – Continued

Library Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk. The Library's investment policy limits its exposure to custodial credit risk for deposits by utilizing an independent third party institution, selected by the Library Board. At year-end \$11,589,729 of the bank balance of the deposits was not covered by federal depository or equivalent insurance, and \$137,358 represents cash at paying agent for debt service payments.

The Library's investment policy does not mitigate custodial credit risk for investments.

Concentration Risk. The Library's investment policy limits its investment to the safest types of securities, pre-qualifies financial institutions, broker/dealers, intermediaries and advisors with which the Library does business and diversifies the investment portfolio so that potential losses on individual securities will be minimized. The investment policy does not include any limitations on individual investment types. At year-end, the Library has no investments that represent more than 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost in excess of \$10,000 are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – DEKALB PUBLIC LIBRARY – Continued

CAPITAL ASSETS – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Building Improvements	40 Years
Equipment and Furniture	10 Years

Capital asset activity for the year was as follows:

	Beginning Balnces	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,558,032	-	-	1,558,032
Construction in Progress	15,028	35,368	-	50,396
	<u>1,573,060</u>	<u>35,368</u>	<u>-</u>	<u>1,608,428</u>
Depreciable Capital Assets				
Buildings and Improvements	593,325	-	-	593,325
Equipment and Furniture	216,310	10,700	-	227,010
	<u>809,635</u>	<u>10,700</u>	<u>-</u>	<u>820,335</u>
Less Accumulated Depreciation				
Buildings and Improvements	329,857	10,023	-	339,880
Equipment and Furniture	82,318	16,665	-	98,983
	<u>412,175</u>	<u>26,688</u>	<u>-</u>	<u>438,863</u>
Total Net Depreciable Capital Assets	<u>397,460</u>	<u>(15,988)</u>	<u>-</u>	<u>381,472</u>
Total Net Capital Assets	<u>1,970,520</u>	<u>19,380</u>	<u>-</u>	<u>1,989,900</u>

CITY OF DEKALB, ILLINOIS

Notes to the Financial Statements June 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – DEKALB PUBLIC LIBRARY – Continued

LONG-TERM DEBT

General Obligation Bonds

The Library 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 Library. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Enging Balances
General Obligation Bonds of 2013, due in annual installments of \$265,000 to \$470,000 plus interest at 3.00% to 4.00% through Janaury 1, 2033.	Library General	\$ -	6,685,000	-	6,685,000

Loans Payable

The Library enters into loans payable for the acquisition of capital equipment. Loans payable are direct obligations and pledge the full faith and credit of the Library. Loans payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Enging Balances
Loan Payable of 2013, due in one payment of \$3,000,000 including interest at 3.25% on June 18, 2015.	Library General	\$ -	3,000,000	-	3,000,000

CITY OF DEKALB, ILLINOIS

**Notes to the Financial Statements
June 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – DEKALB PUBLIC LIBRARY – Continued

LONG-TERM DEBT – Continued

Debt Certificates

The Library issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates have been issued for general governmental purposes and are direct obligations that pledge the full faith and credit of the Library. Debt certificates currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Enging Balances
Debt Certificates of 2011, due in annual installments of \$111,111 plus interest at 2.960% through July 1, 2020.	Library General	\$ 1,000,000	-	111,111	888,889

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 27,211	17,833	8,916	36,128	7,226
Net Pension Obligation	25,504	1,732	-	27,236	-
Net Other Post-Employment Benefit Obligation	22,332	2,071	-	24,403	-
General Bonds Obligations Payable	-	6,685,000	-	6,685,000	-
Loans Payable	-	3,000,000	-	3,000,000	-
Debt Certificates	1,000,000	-	111,111	888,889	111,111
	1,075,047	9,706,636	120,027	10,661,656	118,337

CITY OF DEKALB, ILLINOIS**Notes to the Financial Statements
June 30, 2013****NOTE 4 – OTHER INFORMATION – Continued****COMPONENT UNIT – DEKALB PUBLIC LIBRARY – Continued****LONG-TERM DEBT – Continued****Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Bonds		Loans Payable		Debt Certificates	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	121,201	-	97,500	111,111	26,311
2015	265,000	226,076	3,000,000	97,500	111,111	23,022
2016	270,000	218,126	-	-	111,111	19,733
2017	280,000	210,026	-	-	111,111	16,444
2018	285,000	201,626	-	-	111,111	13,156
2019	295,000	193,076	-	-	111,111	9,867
2020	305,000	184,226	-	-	111,111	6,578
2021	315,000	175,076	-	-	111,112	3,289
2022	325,000	165,626	-	-	-	-
2023	335,000	155,876	-	-	-	-
2024	345,000	145,826	-	-	-	-
2025	355,000	135,476	-	-	-	-
2026	365,000	124,826	-	-	-	-
2027	375,000	112,962	-	-	-	-
2028	390,000	99,838	-	-	-	-
2029	405,000	86,188	-	-	-	-
2030	420,000	71,000	-	-	-	-
2031	435,000	54,200	-	-	-	-
2032	450,000	36,800	-	-	-	-
2033	470,000	18,800	-	-	-	-
Total	6,685,000	2,736,851	3,000,000	195,000	888,889	118,400

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedules of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund (IMRF)
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan (OPEB)
- Budgetary Comparison Schedules
 - General Fund
 - Motor Fuel Tax – Special Revenue Fund
 - Mass Transit – Special Revenue Fund
 - Tax Increment Financing #1 – Special Revenue Fund
 - Tax Increment Financing #2 – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF DEKALB, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions**

June 30, 2013

Funding Progress

Actuarial Valuation Date Dec. 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2011	12,508,651	21,665,655	57.73%	9,157,004	6,151,371	148.86%
2012	13,907,453	23,311,116	59.66%	9,403,663	5,919,833	158.85%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	922,618	955,703	96.54%
2013	1,279,073	1,279,073	100.00%

CITY OF DEKALB, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

June 30, 2013

Funding Progress

Actuarial Valuation Date Jun. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2012	24,957,662	45,332,124	55.06%	20,374,462	4,690,761	434.35%
2013	26,078,318	49,148,427	53.06%	23,070,109	4,923,730	468.55%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	1,306,414	1,334,737	97.88%
2013	1,079,450	1,097,501	98.36%

CITY OF DEKALB, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions**

June 30, 2013

Funding Progress

Actuarial Valuation Date Jun. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2012	20,836,332	50,026,972	41.65%	29,190,640	4,205,623	694.09%
2013	22,186,069	52,889,722	41.95%	30,703,653	4,270,692	718.94%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	2,019,607	2,063,370	97.88%
2013	1,807,256	1,837,536	98.35%

CITY OF DEKALB, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

June 30, 2013

Funding Progress

Actuarial Valuation Date Jun. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability 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%
2012	-	20,805,232	0.00%	20,805,232	13,467,132	154.49%
2013	-	21,666,777	0.00%	21,666,777	13,631,798	158.94%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	813,475	2,265,382	35.91%
2013	950,439	882,122	107.74%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. The City is required to have an actuarial valuation performed biennially, but has elected to have an annual valuation performed.

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 15,831,337	15,831,337	15,607,187
Licenses and Permits	369,662	369,662	483,375
Intergovernmental	9,398,165	9,398,165	9,920,048
Charges for Services	1,667,707	1,667,707	1,601,648
Fines and Forfeitures	657,200	657,200	678,942
Interest	5,300	5,300	67,944
Miscellaneous	325,500	325,500	539,294
Total Revenues	28,254,871	28,254,871	28,898,438
Expenditures			
General Government	4,873,601	4,873,601	5,189,549
Public Safety	18,624,603	18,624,603	18,603,710
Community Development	3,983,677	3,983,677	4,083,703
Total Expenditures	27,481,881	27,481,881	27,876,962
Excess (Deficiency) of Revenues Over (Under) Expenditures	772,990	772,990	1,021,476
Other Financing Sources (Uses)			
Transfers In	1,636,820	1,636,820	1,713,942
Transfers Out	(2,110,486)	(2,110,486)	(2,251,621)
	(473,666)	(473,666)	(537,679)
Net Change in Fund Balance	299,324	299,324	483,797
Fund Balance - Beginning			4,737,140
Fund Balance - Ending			5,220,937

CITY OF DEKALB, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
State Motor Fuel Tax	\$ 1,150,000	1,150,000	1,098,053
Federal Grants	-	-	17,665
State Grants	199,000	199,000	240,102
Interest	2,500	2,500	2,312
Miscellaneous	-	-	7
Total Revenues	<u>1,351,500</u>	<u>1,351,500</u>	<u>1,358,139</u>
Expenditures			
Highways and Streets			
Commodities	390,000	390,000	245,393
Contractual Services	1,255,000	1,255,000	504,681
Capital Outlay			
Permanent Improvements	-	-	93,258
Total Expenditures	<u>1,645,000</u>	<u>1,645,000</u>	<u>843,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(293,500)	(293,500)	514,807
Other Financing (Uses)			
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(23,639)</u>
Net Change in Fund Balance	<u>(343,500)</u>	<u>(343,500)</u>	491,168
Fund Balance - Beginning			<u>1,514,839</u>
Fund Balance - Ending			<u>2,006,007</u>

CITY OF DEKALB, ILLINOIS

Mass Transit - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Federal Grants	\$ 1,107,887	1,107,887	890,741
State Grants	2,970,268	2,970,268	2,974,162
Miscellaneous	2,593	2,593	-
Total Revenues	4,080,748	4,080,748	3,864,903
Expenditures			
General Government			
Personal Services	114,828	114,828	116,432
Commodities	7,525	7,525	821
Contractual Services	3,905,466	3,905,466	3,668,087
Equipment	3,900	3,900	23,496
Capital Outlay			
Permanent Improvements	30,063	30,063	30,063
Total Expenditures	4,061,782	4,061,782	3,838,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,966	18,966	26,004
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	11,400
Transfers In	1,556	1,556	-
Transfers Out	-	-	(37,404)
	1,556	1,556	(26,004)
Net Change in Fund Balance	20,522	20,522	-
Fund Balance - Beginning			-
Fund Balance - Ending			-

CITY OF DEKALB, ILLINOIS

Tax Increment Financing #1 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 6,593,531	6,593,531	6,679,893
Intergovernmental			
Sales Taxes	995,864	995,864	1,330,744
Interest	50,000	50,000	45,181
Miscellaneous			
Refunds and Reimbursements	-	-	608
Total Revenues	7,639,395	7,639,395	8,056,426
Expenditures			
Capital Outlay			
Contractual Services	423,000	423,000	233,971
Permanent Improvements	6,513,672	6,513,672	7,572,242
Total Expenditures	6,936,672	6,936,672	7,806,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	702,723	702,723	250,213
Other Financing (Uses)			
Transfers Out	(2,335,299)	(2,335,299)	(2,150,222)
Net Change in Fund Balance	(1,632,576)	(1,632,576)	(1,900,009)
Fund Balance - Beginning			5,249,495
Fund Balance - Ending			3,349,486

CITY OF DEKALB, ILLINOIS**Tax Increment Financing #2 - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,828,815	1,828,815	1,851,355
Expenditures			
Capital Outlay			
Contractual Services	451,089	451,089	289,532
Permanent Improvements	705,000	705,000	179,020
Total Expenditures	1,156,089	1,156,089	468,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	672,726	672,726	1,382,803
Other Financing (Uses)			
Transfers Out	(146,305)	(146,305)	(146,305)
Net Change in Fund Balance	526,421	526,421	1,236,498
Fund Balance - Beginning			5,435,922
Fund Balance - Ending			6,672,420

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Internal Service Funds
- Budgetary Comparison Schedules – Internal Service Funds
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are created to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

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

Mass Transit Fund

The Mass Transit Fund is used to account for the tow community mass transit services: Northern Illinois University's Huskies Line and Voluntary Action Center's Trans Vac Service.

Tax Increment Financing #1 Fund

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

Tax Increment Financing #2 Fund

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

Foreign Fire Insurance Fund

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

Housing Rehabilitation Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

Community Development Block Grant Fund

The Community Development Block Grant Fund is used to account for the receipts and disbursement of community development grants funds.

Heritage Ridge Special Service Area #3 Fund

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

Knolls Special Service Area #4 Fund

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

Greek Row Special Service Area #6 Fund

The Greek Special Service Area #6 Fund is used to account for the accumulation of resources for improvements for Special Service Area #6.

Economic Development Fund

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

DEBT SERVICE FUNDS

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Tax Increment Financing Fund

The Tax Increment Financing Fund is used to account for accumulation of resources and payment of bond principal and interest on the tax increment financing areas.

General Debt Service Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Public Safety Building Fund

The Public Safety Building Fund is used for construction, and debt for the new police station and any other public safety building in the future.

Capital Projects Fund

The Capital Projects Fund is used to account for the City's general infrastructure improvements including street (re)construction, stormwater management, public buildings, streetlighting, sidewalk repairs, as well as the purchase of vehicles and equipment.

Equipment Fund

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

Fleet Replacement Fund

The Fleet Replacement Fund is used to account for revenue and expenditures associated with the acquisition of City vehicles and major equipment (i.e. trailers and plows).

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Water Fund

The Water Fund is used to account 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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS – Continued

Airport Fund

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

Refuse Fund

The Refuse Fund is used to account for the billing, collection and payment of refuse collection.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies, or to other governmental units, on a cost-reimbursement basis.

Workers' Compensation Fund

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

Health Insurance Fund

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

Liability/Property Insurance Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Taxes			
Property	\$ 4,171,652	4,171,652	4,127,823
Home Rule Sales	5,972,603	5,972,603	5,852,867
Utility	3,575,791	3,575,791	3,534,755
Franchise	469,682	469,682	465,671
Restaurant/Bar	1,641,609	1,641,609	1,626,071
	<u>15,831,337</u>	<u>15,831,337</u>	<u>15,607,187</u>
Licenses and Permits			
Licenses			
Amusement	3,825	3,825	2,750
Liquor	161,737	161,737	191,601
Rooming House	12,500	12,500	12,955
Other	39,000	39,000	42,916
Permits			
Building	60,000	60,000	120,084
Electric	20,000	20,000	24,155
HVAC	13,000	13,000	18,904
Parking	2,600	2,600	3,145
Other	57,000	57,000	66,865
	<u>369,662</u>	<u>369,662</u>	<u>483,375</u>
Intergovernmental			
Federal Grant	50,000	50,000	13,260
State Grant	10,000	10,000	20,181
Replacement Tax	135,000	135,000	140,694
State Sales Tax	3,855,086	3,855,086	3,871,872
State Income Tax	3,685,753	3,685,753	4,130,363
State Use Tax	632,000	632,000	705,503
TIF Property Tax Surplus	212,747	212,747	213,176
TIF Sales Tax Surplus	448,945	448,945	466,466
Miscellaneous	368,634	368,634	358,533
	<u>9,398,165</u>	<u>9,398,165</u>	<u>9,920,048</u>

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Charges for Services			
Fire Protection	\$ 744,957	744,957	758,941
Ambulance Fees	840,000	840,000	627,277
Police Services	16,000	16,000	3,040
Planning/Zoning Fees	10,000	10,000	22,552
Engineering Plan Review	30,000	30,000	6,954
Zoning Fees	6,000	6,000	5,380
Developmental Inspection Fees	20,000	20,000	16,537
Rents	-	-	158,482
Other	750	750	2,485
	<u>1,667,707</u>	<u>1,667,707</u>	<u>1,601,648</u>
Fines and Forfeitures			
Circuit Court	272,000	272,000	342,774
Police	266,500	266,500	90,406
Abatement	3,000	3,000	34,433
False Fire Alarm	1,000	1,000	900
Other	114,700	114,700	210,429
	<u>657,200</u>	<u>657,200</u>	<u>678,942</u>
Interest			
Investment Income	5,300	5,300	67,944
Miscellaneous			
Refunds/Reimbursements	177,000	177,000	264,556
Miscellaneous	148,500	148,500	274,738
	<u>325,500</u>	<u>325,500</u>	<u>539,294</u>
Total Revenues	<u>28,254,871</u>	<u>28,254,871</u>	<u>28,898,438</u>

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
General Government			
Legislative	\$ 330,316	330,316	322,041
Administrative Services	2,181,713	2,181,713	2,250,033
City Clerk	120,850	120,850	98,364
Legal Counsel	255,453	255,453	259,451
General Fund Support Service	1,985,269	1,985,269	2,259,660
	<u>4,873,601</u>	<u>4,873,601</u>	<u>5,189,549</u>
Public Safety			
Police Protection	9,656,419	9,656,419	9,893,747
Fire Protection	8,968,184	8,968,184	8,709,963
	<u>18,624,603</u>	<u>18,624,603</u>	<u>18,603,710</u>
Community Development	<u>3,983,677</u>	<u>3,983,677</u>	<u>4,083,703</u>
Total Expenditures	<u>27,481,881</u>	<u>27,481,881</u>	<u>27,876,962</u>

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
General Government			
Legislative			
Personnel Services	\$ 96,766	96,766	96,418
Commodities	2,500	2,500	3,984
Contractual Services	231,050	231,050	220,346
Other Services	-	-	1,293
	330,316	330,316	322,041
Administrative Services			
Personnel Services	1,848,151	1,848,151	1,904,492
Commodities	83,750	83,750	83,437
Contractual Services	68,812	68,812	85,471
Other Services	170,000	170,000	165,299
Equipment	11,000	11,000	11,334
	2,181,713	2,181,713	2,250,033
City Clerk			
Personnel Services	117,150	117,150	96,017
Commodities	750	750	823
Contractual Services	2,700	2,700	1,048
Equipment	250	250	476
	120,850	120,850	98,364
Legal			
Personnel Services	77,653	77,653	77,924
Commodities	2,380	2,380	1,005
Contractual Services	2,420	2,420	5,341
Other Services	173,000	173,000	175,181
	255,453	255,453	259,451
General Fund Support Services			
Personnel Services	1,281,919	1,281,919	1,678,267
Commodities	153,650	153,650	167,219
Contractual Services	124,700	124,700	133,455
Other Services	425,000	425,000	280,719
	1,985,269	1,985,269	2,259,660
Total General Government	4,873,601	4,873,601	5,189,549

CITY OF DEKALB, ILLINOIS**General Fund****Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Public Safety			
Police Protection			
Personnel Services	\$ 9,260,731	9,260,731	9,350,532
Commodities	246,625	246,625	336,572
Contractual Services	119,638	119,638	153,132
Other Services	23,000	23,000	24,092
Equipment	6,425	6,425	29,419
	9,656,419	9,656,419	9,893,747
Fire Protection			
Fire Administrative Services			
Personnel Services	394,889	394,889	435,690
Commodities	52,757	52,757	55,462
Contractual Services	30,480	30,480	30,252
Fire Service			
Personnel Services	8,129,640	8,079,640	7,899,208
Commodities	166,990	166,990	134,840
Contractual Services	186,468	236,468	150,674
Other Services	6,960	6,960	3,400
Equipment	-	-	437
	8,968,184	8,968,184	8,709,963
Total Public Safety	18,624,603	18,624,603	18,603,710

CITY OF DEKALB, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Community Development			
Public Works			
Personnel Services	\$ 2,847,315	2,847,315	2,904,848
Commodities	531,500	531,500	536,655
Contractual Services	548,262	548,262	588,539
Other Services	39,000	39,000	38,325
Equipment	17,600	17,600	15,336
Total Community Development	3,983,677	3,983,677	4,083,703
 Total Expenditures	 27,481,881	 27,481,881	 27,876,962

CITY OF DEKALB, ILLINOIS**Tax Increment Financing - Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	18
Expenditures			
Debt Service			
Principal	1,400,000	1,400,000	1,400,000
Interest and Fiscal Charges	325,148	325,148	324,372
Total Expenditures	1,725,148	1,725,148	1,724,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,725,148)	(1,725,148)	(1,724,354)
Other Financing Sources			
Transfers In	1,573,198	1,573,198	1,539,071
Net Change in Fund Balance	(151,950)	(151,950)	(185,283)
Fund Balance - Beginning			185,283
Fund Balance - Ending			-

CITY OF DEKALB, ILLINOIS

Public Safety Building - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2013

	Budget		Actual
	Original	Actual	
Revenues			
Intergovernmental			
Local Fuel Tax	\$ 300,000	300,000	278,330
Hotel/Motel Tax	20,000	20,000	20,000
Fines and Forfeitures			
Police Fines	-	-	80,000
Interest	1,000	1,000	5,001
Total Revenues	321,000	321,000	383,331
Expenditures			
General Government			
Contractual Services	-	-	92,523
Capital Outlay	12,000,000	12,000,000	9,418,681
Total Expenditures	12,000,000	12,000,000	9,511,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,679,000)	(11,679,000)	(9,127,873)
Other Financing Sources (Uses)			
Debt Issuance	12,000,000	12,000,000	12,285,000
Discount on Debt Issuance	-	-	(157,296)
Premium on Debt Issuance	-	-	245,078
	12,000,000	12,000,000	12,372,782
Net Change in Fund Balance	321,000	321,000	3,244,909
Fund Balance - Beginning			122,762
Fund Balance - Ending			3,367,671

CITY OF DEKALB, ILLINOIS**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Investments	\$ 158,421	-	560,221	718,642
Receivables - Net of Allowances				
Property Taxes	3,281	-	-	3,281
Other	-	-	9,977	9,977
Due from Other Governments	54,348	-	64,830	119,178
Due from Other Funds	-	-	55,000	55,000
Total Assets	216,050	-	690,028	906,078
LIABILITIES				
Accounts Payable	15,227	-	176,202	191,429
Due to Other Funds	20,442	-	62,120	82,562
Other Payables	1,700	-	103,727	105,427
Total Liabilities	37,369	-	342,049	379,418
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	6,588	-	-	6,588
Total Liabilities and Deferred Inflows of Resources	43,957	-	342,049	386,006
FUND BALANCES				
Restricted	148,675	-	-	148,675
Committed	23,418	-	347,979	371,397
Total Fund Balances	172,093	-	347,979	520,072
Total Liabilities, Deferred Inflows of Resources and Fund Balances	216,050	-	690,028	906,078

CITY OF DEKALB, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

**Nonmajor Governmental Funds
Year Ended June 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ 192,421	-	-	192,421
Intergovernmental	301,285	-	792,760	1,094,045
Charges for Services	-	-	125,794	125,794
Interest	64	-	-	64
Miscellaneous	-	-	83,228	83,228
Total Revenues	493,770	-	1,001,782	1,495,552
Expenditures				
General Government	313,294	-	1,092,511	1,405,805
Public Safety	38,973	-	-	38,973
Capital Outlay	101,103	-	714,108	815,211
Debt Service				
Principal	-	515,000	353,121	868,121
Interest and Fiscal Charges	-	496,680	14,157	510,837
Total Expenditures	453,370	1,011,680	2,173,897	3,638,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,400	(1,011,680)	(1,172,115)	(2,143,395)
Other Financing Sources (Uses)				
Debt Issuance	-	-	625,969	625,969
Transfers In	20,000	1,011,680	828,191	1,859,871
Transfers Out	(72,443)	-	-	(72,443)
	(52,443)	1,011,680	1,454,160	2,413,397
Net Change in Fund Balances	(12,043)	-	282,045	270,002
Fund Balances - Beginning	184,136	-	65,934	250,070
Fund Balances - Ending	172,093	-	347,979	520,072

CITY OF DEKALB, ILLINOIS**Combining Balance Sheet****Nonmajor Governmental - Special Revenue Funds
June 30, 2013**

	Foreign Fire Insurance Tax	Housing Rehabilitation
ASSETS		
Cash and Investments	\$ 48,187	57,942
Receivables - Net of Allowances		
Property Taxes	-	-
Due from Other Governments	-	-
Total Assets	48,187	57,942
LIABILITIES		
Accounts Payable	462	208
Other Payables	-	-
Due to Other Funds	-	-
Total Liabilities	462	208
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Total Liabilities and Deferred Inflows of Resources	462	208
FUND BALANCES		
Restricted	47,725	57,734
Committed	-	-
Total Fund Balances	47,725	57,734
Total Liabilities, Deferred Inflows of Resources and Fund Balances	48,187	57,942

Community Development Block	Heritage Ridge Special Service Area #3	Knolls Special Service Area #4	Greek Row Special Service Area #6	Economic Development	Totals
18,143	7,805	4,129	20,547	1,668	158,421
-	-	734	2,547	-	3,281
27,098	-	-	-	27,250	54,348
45,241	7,805	4,863	23,094	28,918	216,050
6,655	50	869	1,483	5,500	15,227
1,700	-	-	-	-	1,700
20,442	-	-	-	-	20,442
28,797	50	869	1,483	5,500	37,369
-	-	1,488	5,100	-	6,588
28,797	50	2,357	6,583	5,500	43,957
16,444	7,755	2,506	16,511	-	148,675
-	-	-	-	23,418	23,418
16,444	7,755	2,506	16,511	23,418	172,093
45,241	7,805	4,863	23,094	28,918	216,050

CITY OF DEKALB, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental - Special Revenue Funds Year Ended June 30, 2013

	Foreign Fire Insurance Tax	Housing Rehabilitation
Revenues		
Taxes	\$ 44,908	-
Intergovernmental	-	-
Interest	-	64
Total Revenues	<u>44,908</u>	<u>64</u>
Expenditures		
General Government	-	733
Public Safety	38,973	-
Capital Outlay	-	12,530
Total Expenditures	<u>38,973</u>	<u>13,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,935</u>	<u>(13,199)</u>
Other Financing Sources (Uses)		
Transfers In	-	-
Transfers Out	-	-
	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,935	(13,199)
Fund Balances - Beginning	<u>41,790</u>	<u>70,933</u>
Fund Balances - Ending	<u><u>47,725</u></u>	<u><u>57,734</u></u>

Community Development Block	Heritage Ridge Special Service Area #3	Knolls Special Service Area #4	Greek Row Special Service Area #6	Economic Development	Totals
-	2,788	1,486	9,965	133,274	192,421
301,285	-	-	-	-	301,285
-	-	-	-	-	64
301,285	2,788	1,486	9,965	133,274	493,770
141,769	87	3,036	6,669	161,000	313,294
-	-	-	-	-	38,973
88,573	-	-	-	-	101,103
230,342	87	3,036	6,669	161,000	453,370
70,943	2,701	(1,550)	3,296	(27,726)	40,400
-	-	-	-	20,000	20,000
(70,943)	(500)	(500)	(500)	-	(72,443)
(70,943)	(500)	(500)	(500)	20,000	(52,443)
-	2,201	(2,050)	2,796	(7,726)	(12,043)
16,444	5,554	4,556	13,715	31,144	184,136
16,444	7,755	2,506	16,511	23,418	172,093

CITY OF DEKALB, ILLINOIS

Foreign Fire Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Foreign Fire Insurance Tax	\$ 42,000	42,000	44,908
Expenditures			
Public Safety			
Commodities	14,600	14,600	13,008
Contractual Services	4,675	4,675	3,035
Equipment	22,000	22,000	22,930
Total Expenditures	41,275	41,275	38,973
Net Change in Fund Balance	725	725	5,935
Fund Balance - Beginning			41,790
Fund Balance - Ending			47,725

CITY OF DEKALB, ILLINOIS**Housing Rehabilitation - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 150	150	64
Miscellaneous			
Refunds and Reimbursements	20,000	20,000	-
Total Revenues	20,150	20,150	64
Expenditures			
General Government			
Contractual Services	1,250	1,250	733
Other Services	5,500	5,500	-
Capital Outlay			
Permanent Improvements	20,000	20,000	12,530
Total Expenditures	26,750	26,750	13,263
Net Change in Fund Balance	(6,600)	(6,600)	(13,199)
Fund Balance - Beginning			70,933
Fund Balance - Ending			57,734

CITY OF DEKALB, ILLINOIS**Community Development Block Grant - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Grants	\$ 412,064	412,064	301,285
Expenditures			
General Government			
Commodities	200	200	183
Contractual Services	143,000	143,000	123,592
Other Services	25,000	25,000	17,365
Equipment	1,000	1,000	629
Capital Outlay			
Permanent Improvements	175,000	175,000	88,573
Total Expenditures	344,200	344,200	230,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,864	67,864	70,943
Other Financing (Uses)			
Transfers Out	(67,864)	(67,864)	(70,943)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning			16,444
Fund Balance - Ending			16,444

CITY OF DEKALB, ILLINOIS**Heritage Ridge Special Service Area #3 - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,788	2,788	2,788
Expenditures			
General Government			
Commodities	1,500	1,500	-
Contractual Services	538	538	87
Total Expenditures	2,038	2,038	87
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	750	2,701
Other Financing (Uses)			
Transfers Out	(500)	(500)	(500)
Net Change in Fund Balance	250	250	2,201
Fund Balance - Beginning			5,554
Fund Balance - Ending			7,755

CITY OF DEKALB, ILLINOIS

Knolls Special Service Area #4 - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,486	1,486	1,486
Expenditures			
General Government			
Contractual Services	736	736	3,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	750	(1,550)
Other Financing (Uses)			
Transfers Out	(500)	(500)	(500)
Net Change in Fund Balance	250	250	(2,050)
Fund Balance - Beginning			4,556
Fund Balance - Ending			2,506

CITY OF DEKALB, ILLINOIS**Greek Row Special Service Area #6 - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 10,101	10,101	9,965
Expenditures			
General Government			
Contractual Services	9,601	9,601	6,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	3,296
Other Financing (Uses)			
Transfers Out	(500)	(500)	(500)
Net Change in Fund Balance	-	-	2,796
Fund Balance - Beginning			13,715
Fund Balance - Ending			16,511

CITY OF DEKALB, ILLINOIS

Economic Development - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Actual	
Revenues			
Taxes			
Hotel/Motel	\$ 128,000	128,000	133,274
Expenditures			
General Government			
Contractual Services	161,000	161,000	161,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,000)	(33,000)	(27,726)
Other Financing Sources			
Transfers In	-	-	20,000
Net Change in Fund Balance	(33,000)	(33,000)	(7,726)
Fund Balance - Beginning			31,144
Fund Balance - Ending			23,418

CITY OF DEKALB, ILLINOIS**General Debt Service - Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Debt Service			
Principal	515,000	515,000	515,000
Interest and Fiscal Charges	496,680	496,680	496,680
Total Expenditures	1,011,680	1,011,680	1,011,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,011,680)	(1,011,680)	(1,011,680)
Other Financing Sources			
Transfers In	1,011,680	1,011,680	1,011,680
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning			-
Fund Balance - Ending			-

CITY OF DEKALB, ILLINOIS**Combining Balance Sheet****Nonmajor Governmental - Capital Projects Funds****June 30, 2013**

	Capital Projects	Equipment	Fleet Replacement	Totals
ASSETS				
Cash and Investments	\$ 234,557	165,332	160,332	560,221
Receivables - Net of Allowances				
Other	1,977	8,000	-	9,977
Due from Other Governments	64,830	-	-	64,830
Due from Other Funds	55,000	-	-	55,000
Total Assets	356,364	173,332	160,332	690,028
LIABILITIES				
Accounts Payable	-	16,422	159,780	176,202
Due to Other Funds	7,120	55,000	-	62,120
Other Payables	1,977	101,750	-	103,727
Total Liabilities	9,097	173,172	159,780	342,049
FUND BALANCES				
Committed	347,267	160	552	347,979
Total Liabilities and Fund Balances	356,364	173,332	160,332	690,028

CITY OF DEKALB, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental - Capital Projects Funds

Year Ended June 30, 2013

	Capital Projects	Equipment	Fleet Replacement	Totals
Revenues				
Intergovernmental	\$ 789,671	3,089	-	792,760
Charges for Services	125,794	-	-	125,794
Miscellaneous	-	71,654	11,574	83,228
Total Revenues	915,465	74,743	11,574	1,001,782
Expenditures				
General Government	10,726	555,057	526,728	1,092,511
Capital Outlay	714,108	-	-	714,108
Debt Service				
Principal	227,798	125,323	-	353,121
Interest and Fiscal Charges	14,157	-	-	14,157
Total Expenditures	966,789	680,380	526,728	2,173,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,324)	(605,637)	(515,154)	(1,172,115)
Other Financing Sources				
Debt Issuance	-	375,969	250,000	625,969
Transfers In	398,500	164,000	265,691	828,191
	398,500	539,969	515,691	1,454,160
Net Change in Fund Balances	347,176	(65,668)	537	282,045
Fund Balances - Beginning	91	65,828	15	65,934
Fund Balances - Ending	347,267	160	552	347,979

CITY OF DEKALB, ILLINOIS**Capital Projects - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Actual	
Revenues			
Intergovernmental			
Local Fuel Tax	\$ 400,000	400,000	373,085
State Grants	-	-	416,586
Charges for Services			
Rental Income	115,000	115,000	125,544
Traffic Impact Fees	-	-	250
Total Revenues	515,000	515,000	915,465
Expenditures			
General Government			
Contractual Services	18,500	18,500	10,726
Capital Outlay			
Permanent Improvements	445,000	445,000	714,108
Debt Service			
Principal	227,798	227,798	227,798
Interest and Fiscal Charges	15,122	15,122	14,157
Total Expenditures	706,420	706,420	966,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,420)	(191,420)	(51,324)
Other Financing Sources			
Transfers In	398,500	398,500	398,500
Net Change in Fund Balance	207,080	207,080	347,176
Fund Balance - Beginning			91
Fund Balance - Ending			347,267

CITY OF DEKALB, ILLINOIS

Equipment - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Actual	
Revenues			
Intergovernmental			
State Grants	\$ -	-	3,089
Miscellaneous			
Refunds and Reimbursements	76,000	76,000	71,654
Total Revenues	76,000	76,000	74,743
Expenditures			
General Government			
Commodities	28,000	28,000	44,922
Contractual Services	14,700	14,700	26,840
Equipment	125,000	125,000	483,295
Debt Service			
Principal	-	-	125,323
Total Expenditures	167,700	167,700	680,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,700)	(91,700)	(605,637)
Other Financing Sources			
Debt Issuance	-	-	375,969
Transfers In	2,000	2,000	164,000
	2,000	2,000	539,969
Net Change in Fund Balance	(89,700)	(89,700)	(65,668)
Fund Balance - Beginning			65,828
Fund Balance - Ending			160

CITY OF DEKALB, ILLINOIS

Fleet Replacement - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2013**

	Budget		
	Original	Actual	Actual
Revenues			
Miscellaneous			
Refunds and Reimbursements	\$ 18,000	18,000	11,574
Expenditures			
General Government			
Equipment	102,000	102,000	526,728
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,000)	(84,000)	(515,154)
Other Financing Sources			
Debt Issuance	-	-	250,000
Transfers In	155,000	155,000	265,691
	155,000	155,000	515,691
Net Change in Fund Balance	71,000	71,000	537
Fund Balance - Beginning			15
Fund Balance - Ending			552

CITY OF DEKALB, ILLINOIS

Water Fund Department Accounts - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Operations and Maintenance		
	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services			
Water Sales	\$ 4,973,456	4,973,456	5,340,253
Permits	13,000	13,000	23,648
Miscellaneous	23,000	23,000	66,216
Total Operating Revenues	5,009,456	5,009,456	5,430,117
Operating Expenses			
Operations			
Personal Services	1,709,181	1,709,181	1,745,756
Commodities	408,600	408,600	420,379
Contractual Services	596,400	596,400	283,824
Other Services/Expenses	1,558,298	1,558,298	45,153
Equipment	272,000	272,000	147,123
Permanent Improvements	422,300	422,300	-
Depreciation and Amortization	-	-	994,129
Total Operating Expenses	4,966,779	4,966,779	3,636,364
Operating Income (Loss)	42,677	42,677	1,793,753
Nonoperating Revenues (Expenses)			
Interest Income	150	150	4,318
Disposal of Capital Assets	-	-	(3,286)
Grants	-	-	99,000
Interest Expense	(196,915)	(196,915)	(190,676)
	(196,765)	(196,765)	(90,644)
Income (Loss) Before Contributions and Transfers	(154,088)	(154,088)	1,703,109
Capital Contributions	-	-	15,960
Transfers Out	(500,000)	(500,000)	(550,000)
Change in Net Position	(654,088)	(654,088)	1,169,069
Net Position - Beginning			23,107,591
Net Position - Ending			24,276,660

System Construction			Totals		
Budget		Actual	Budget		Actual
Original	Final		Original	Final	
-	-	-	4,973,456	4,973,456	5,340,253
50,000	50,000	72,932	63,000	63,000	96,580
-	-	-	23,000	23,000	66,216
50,000	50,000	72,932	5,059,456	5,059,456	5,503,049
-	-	-	1,709,181	1,709,181	1,745,756
-	-	-	408,600	408,600	420,379
-	-	-	596,400	596,400	283,824
-	-	-	1,558,298	1,558,298	45,153
-	-	-	272,000	272,000	147,123
700,000	700,000	254,342	1,122,300	1,122,300	254,342
-	-	-	-	-	994,129
700,000	700,000	254,342	5,666,779	5,666,779	3,890,706
(650,000)	(650,000)	(181,410)	(607,323)	(607,323)	1,612,343
-	-	-	150	150	4,318
-	-	-	-	-	(3,286)
-	-	-	-	-	99,000
-	-	-	(196,915)	(196,915)	(190,676)
-	-	-	(196,765)	(196,765)	(90,644)
(650,000)	(650,000)	(181,410)	(804,088)	(804,088)	1,521,699
-	-	-	-	-	15,960
-	-	-	(500,000)	(500,000)	(550,000)
(650,000)	(650,000)	(181,410)	(1,304,088)	(1,304,088)	987,659
		853,304			23,960,895
		671,894			24,948,554

CITY OF DEKALB, ILLINOIS

Water - Enterprise Fund

Schedule of Capital Assets and Depreciation Year Ended June 30, 2013

	Assets			Ending Balances
	Beginning Balances	Additions	Retirements/ Transfers	
Land	\$ 528,648	-	-	528,648
Buildings and Improvements	2,544,389	-	-	2,544,389
Water System	39,166,351	432,755	-	39,599,106
Vehicles	616,258	40,900	-	657,158
Equipment	403,783	129,450	78,863	454,370
	<u>43,259,429</u>	<u>603,105</u>	<u>78,863</u>	<u>43,783,671</u>
	Accumulated Depreciation			Ending Balances
	Beginning Balances	Additions	Retirements/ Transfers	
Buildings and Improvements	753,451	50,888	-	804,339
Water System	15,208,378	896,956	-	16,105,334
Vehicles	554,896	30,160	-	585,056
Equipment	347,858	20,457	75,577	292,738
	<u>16,864,583</u>	<u>998,461</u>	<u>75,577</u>	<u>17,787,467</u>
Net Capital Asset Value	<u>26,394,846</u>			<u>25,996,204</u>

CITY OF DEKALB, ILLINOIS

Airport - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual Year Ended June 30, 2013

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services			
Rents/Taxes	\$ 360,000	360,000	340,175
Fuel Sales	393,750	393,750	710,593
Airport Operators	11,280	11,280	-
Miscellaneous	5,500	5,500	43,359
Total Operating Revenues	770,530	770,530	1,094,127
Operating Expenses			
Operations			
Personal Services	279,612	279,612	297,085
Commodities	407,700	407,700	638,350
Contractual Services	137,850	137,850	191,980
Other Services	80,989	80,989	65,269
Equipment	32,000	32,000	17,968
Permanent Improvements	375,000	375,000	25,287
Depreciation and Amortization	-	-	349,405
Total Operating Expenses	1,313,151	1,313,151	1,585,344
Operating Income (Loss)	(542,621)	(542,621)	(491,217)
Nonoperating Revenues (Expenses)			
Interest Income	-	-	20
Disposal of Capital Assets	-	-	(2,752)
Grants	318,925	318,925	15,698
Interest Expense	(53,752)	(53,752)	(56,196)
	265,173	265,173	(43,230)
Income (Loss) Before Transfers	(277,448)	(277,448)	(534,447)
Transfers In	328,750	328,750	328,750
Change in Net Position	51,302	51,302	(205,697)
Net Position - Beginning			28,083,610
Net Position - Ending			27,877,913

CITY OF DEKALB, ILLINOIS**Refuse - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,871,579	1,871,579	1,748,670
Miscellaneous	-	-	25,000
Total Operating Revenues	1,871,579	1,871,579	1,773,670
Operating Expenses			
Operations			
Contractual Services	1,730,606	1,730,606	1,756,850
Income Before Transfers	140,973	140,973	16,820
Transfers Out	(260,000)	(260,000)	(273,000)
Change in Net Position	<u>(119,027)</u>	<u>(119,027)</u>	(256,180)
Net Position - Beginning			<u>258,093</u>
Net Position - Ending			<u>1,913</u>

CITY OF DEKALB, ILLINOIS**Combining Statement of Net Position - Internal Service Funds
June 30, 2013**

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 1,093,205	34,258	7,633	1,135,096
Receivables - Net of Allowances				
Accrued Interest	4,958	-	-	4,958
Due from Other Funds	165,000	-	-	165,000
Prepays	431,004	136,844	-	567,848
Total Current Assets	1,694,167	171,102	7,633	1,872,902
LIABILITIES				
Current Liabilities				
Accounts Payable	5,917	2,797	2,733	11,447
Accrued Payroll	-	3,082	-	3,082
Claims Payable	576,194	-	1,000	577,194
Due to Other Funds	-	165,000	-	165,000
Total Current Liabilities	582,111	170,879	3,733	756,723
NET POSITION				
Unrestricted	1,112,056	223	3,900	1,116,179

CITY OF DEKALB, ILLINOIS

Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
Year Ended June 30, 2013

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Totals
Operating Revenues				
Charges for Services	\$ 934,998	5,456,568	125,000	6,516,566
Miscellaneous	1,669	-	17,350	19,019
Total Operating Revenues	936,667	5,456,568	142,350	6,535,585
Operating Expenses				
Administration	882,240	5,613,246	138,917	6,634,403
Operating Income (Loss)	54,427	(156,678)	3,433	(98,818)
Nonoperating Revenues				
Interest Income	3,129	380	-	3,509
Income (Loss) Before Transfers	57,556	(156,298)	3,433	(95,309)
Transfers In	54,500	8,500	-	63,000
Change in Net Position	112,056	(147,798)	3,433	(32,309)
Net Position - Beginning	1,000,000	148,021	467	1,148,488
Net Position - Ending	1,112,056	223	3,900	1,116,179

CITY OF DEKALB, ILLINOIS

**Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2013**

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Totals
Cash Flows from Operating Activities				
Interfund Services Provided	\$ 738,130	5,381,224	142,350	6,261,704
Payment to Suppliers	(865,026)	(5,449,230)	(146,947)	(6,461,203)
	(126,896)	(68,006)	(4,597)	(199,499)
Cash Flows from Noncapital Financing Activities				
Transfers In	54,500	8,500	-	63,000
Cash Flows from Investing Activities				
Interest Received	3,129	380	-	3,509
Net Change in Cash and Cash Equivalents	(69,267)	(59,126)	(4,597)	(132,990)
Cash and Cash Equivalents - Beginning	1,162,472	93,384	12,230	1,268,086
Cash and Cash Equivalents - Ending	1,093,205	34,258	7,633	1,135,096
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	54,427	(156,678)	3,433	(98,818)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
(Increase) Decrease in Current Assets	(198,537)	(75,344)	-	(273,881)
Increase (Decrease) in Current Liabilities	17,214	164,016	(8,030)	173,200
Net Cash Provided by Operating Activities	(126,896)	(68,006)	(4,597)	(199,499)

CITY OF DEKALB, ILLINOIS

Workers' Compensation Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Contributions	\$ 935,000	935,000	934,998
Miscellaneous	-	-	1,669
Total Operating Revenues	935,000	935,000	936,667
Operating Expenses			
Administration			
Contractual Services	55,600	55,600	60,799
Claims	1,336,807	1,336,807	821,441
Total Operating Expenses	1,392,407	1,392,407	882,240
Operating Income (Loss)	(457,407)	(457,407)	54,427
Nonoperating Revenues			
Interest Income	-	-	3,129
Income (Loss) Before Transfers	(457,407)	(457,407)	57,556
Transfers In	213,000	213,000	54,500
Change in Net Position	(244,407)	(244,407)	112,056
Net Position - Beginning			1,000,000
Net Position - Ending			1,112,056

CITY OF DEKALB, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Contributions	\$ 5,472,456	5,472,456	5,420,867
Miscellaneous	2,000	2,000	35,701
Total Operating Revenues	5,474,456	5,474,456	5,456,568
Operating Expenses			
Administration			
Contractual Services	18,000	18,000	18,138
Claims	5,732,538	5,732,538	5,595,108
Total Operating Expenses	5,750,538	5,750,538	5,613,246
Operating Income (Loss)	(276,082)	(276,082)	(156,678)
Nonoperating Revenues			
Interest Income	20	20	380
Income (Loss) Before Transfers	(276,062)	(276,062)	(156,298)
Transfers In	-	-	8,500
Change in Net Position	(276,062)	(276,062)	(147,798)
Net Position - Beginning			148,021
Net Position - Ending			223

CITY OF DEKALB, ILLINOIS**Liability/Property Insurance - Internal Service Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Contributions	\$ 130,000	130,000	125,000
Miscellaneous	35,000	35,000	17,350
Total Operating Revenues	165,000	165,000	142,350
Operating Expenses			
Administration			
Contractual Services	60,000	60,000	29,987
Claims	86,500	86,500	108,878
Other	-	-	52
Total Operating Expenses	146,500	146,500	138,917
Change in Net Position	18,500	18,500	3,433
Net Position - Beginning			467
Net Position - Ending			3,900

CITY OF DEKALB, ILLINOIS**Pension Trust Funds****Combining Statement of Net Position
June 30, 2013**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 615,890	945,304	1,561,194
Investments			
U.S. Treasury and Agency Securities	10,129,339	9,704,932	19,834,271
Corporate Bonds	625,302	-	625,302
Certificates of Deposit	-	102,810	102,810
Money Market Mutual Funds	465,410	279,335	744,745
Mutual Funds	14,896,362	12,144,477	27,040,839
Receivables			
Accrued Interest	46,302	55,280	101,582
Prepays	5,710	-	5,710
Total Assets	26,784,315	23,232,138	50,016,453
LIABILITIES			
Accounts Payable	14,051	3,520	17,571
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	691,944	1,042,549	1,734,493
Total Liabilities and Deferred Inflows of Resources	705,995	1,046,069	1,752,064
NET POSITION			
Held in Trust for Pension Benefits	26,078,320	22,186,069	48,264,389

CITY OF DEKALB, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Net Position Year Ended June 30, 2013

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,079,450	1,807,256	2,886,706
Contributions - Plan Members	501,405	411,770	913,175
Total Contributions	1,580,855	2,219,026	3,799,881
Investment Income			
Interest Income	514,945	533,261	1,048,206
Net Change in Fair Value	1,303,960	1,469,087	2,773,047
	1,818,905	2,002,348	3,821,253
Less Investment Expenses	(54,297)	(48,440)	(102,737)
Net Investment Income	1,764,608	1,953,908	3,718,516
Total Additions	3,345,463	4,172,934	7,518,397
Deductions			
Administration	34,448	39,943	74,391
Benefits and Refunds	2,190,358	2,783,254	4,973,612
Total Deductions	2,224,806	2,823,197	5,048,003
Change in Net Position	1,120,657	1,349,737	2,470,394
Net Position Held in Trust for Pension Benefits			
Beginning	24,957,663	20,836,332	45,793,995
Ending	26,078,320	22,186,069	48,264,389

CITY OF DEKALB, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Net Position - Budget and Actual
Year Ended December 31, 2011**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,097,501	1,097,501	1,079,450
Contributions - Plan Members	498,750	498,750	501,405
Total Contributions	1,596,251	1,596,251	1,580,855
Investment Income			
Interest Income	643,750	643,750	514,945
Net Change in Fair Value	1,800,000	1,800,000	1,303,960
	2,443,750	2,443,750	1,818,905
Less Investment Expenses	(58,504)	(58,504)	(54,297)
Net Investment Income	2,385,246	2,385,246	1,764,608
Total Additions	3,981,497	3,981,497	3,345,463
Deductions			
Administration	30,250	30,250	34,448
Benefits and Refunds	1,934,710	1,934,710	2,190,358
Total Deductions	1,964,960	1,964,960	2,224,806
Change in Net Position	2,016,537	2,016,537	1,120,657
Net Position Held in Trust for Pension Benefits			
Beginning			24,957,663
Ending			26,078,320

CITY OF DEKALB, ILLINOIS

Firefighters' Pension - Pension Trust Fund

**Schedule of Changes in Net Position - Budget and Actual
Year Ended June 30, 2013**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,837,536	1,837,536	1,807,256
Contributions - Plan Members	447,840	447,840	411,770
Total Contributions	2,285,376	2,285,376	2,219,026
Investment Income			
Interest Income	300,000	300,000	533,261
Net Change in Fair Value	100,000	100,000	1,469,087
	400,000	400,000	2,002,348
Less Investment Expenses	(60,000)	(60,000)	(48,440)
Net Investment Income	340,000	340,000	1,953,908
Total Additions	2,625,376	2,625,376	4,172,934
Deductions			
Administration	40,000	40,000	39,943
Benefits and Refunds	2,418,245	2,418,245	2,783,254
Total Deductions	2,458,245	2,458,245	2,823,197
Change in Net Position	167,131	167,131	1,349,737
Net Position Held in Trust for Pension Benefits			
Beginning			20,836,332
Ending			22,186,069

COMPONENT UNIT – DEKALB PUBLIC LIBRARY

**CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY**

**Statement of Net Position and
Combining Balance Sheet - Governmental Funds
June 30, 2013**

See Following Page

CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY

Statement of Net Position and
Combining Balance Sheet - Governmental Funds
June 30, 2013

	<u>General</u>
ASSETS	
Cash and Investments	\$ 13,613,865
Receivables - Net of Allowances	
Taxes	896,577
Accrued Interest	458
Prepays	11,132
Capital Assets	
Nondepreciable	-
Depreciable	-
Accumulated Depreciation	-
Total Assets	<u>14,522,032</u>
LIABILITIES	
Accounts Payable	71,245
Accrued Payroll	21,598
Compensated Absences Payable	-
Net Pension Obligation Payable	-
Net Other Post-Employment Benefit Payable	-
General Obligations Bonds Payable	-
Loans Payable	-
Debt Certificates Payable	-
Total Liabilities	<u>92,843</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>1,798,552</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,891,395</u>
FUND BALANCES/NET POSITION	
Fund Balances	
Net Investment in Capital Assets	-
Nonspendable	11,132
Restricted - Culture and Recreation	12,619,505
Restricted - Endowments	-
Assigned	-
Total Fund Balances	<u>12,630,637</u>
Total Liabilities and Fund Balances	<u>14,522,032</u>

Capital Projects	Permanent	Totals	Adjustments	Statement of Net Position
86,003	227,313	13,927,181	-	13,927,181
-	-	896,577	-	896,577
303	801	1,562	-	1,562
-	-	11,132	-	11,132
-	-	-	1,608,428	1,608,428
-	-	-	820,335	820,335
-	-	-	(438,863)	(438,863)
86,306	228,114	14,836,452	1,989,900	16,826,352
-	-	71,245	-	71,245
-	-	21,598	-	21,598
-	-	-	36,128	36,128
-	-	-	27,236	27,236
-	-	-	24,403	24,403
-	-	-	6,685,000	6,685,000
-	-	-	3,000,000	3,000,000
-	-	-	888,889	888,889
-	-	92,843	10,661,656	10,754,499
-	-	1,798,552	-	1,798,552
-	-	1,891,395	10,661,656	12,553,051
-	-	-	1,101,011	1,101,011
-	-	11,132	(11,132)	-
-	-	12,619,505	(9,761,635)	2,857,870
-	228,114	228,114	-	228,114
86,306	-	86,306	-	86,306
86,306	228,114	12,945,057	(8,671,756)	4,273,301
86,306	228,114	14,836,452	1,989,900	16,826,352

CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY

Statement of Activities and Combining Statement of
Revenues, Expenditures and Changes in Fund Balances/Net Position - Governmental Funds
Year Ended June 30, 2013

	<u>General</u>
Revenues	
Taxes	
Property Taxes	\$ 1,767,397
TIF Surplus	2,091,351
Replacement Taxes	35,337
Intergovernmental	
State Grants	45,247
Federal Grants	25,500
Charges for Services	32,193
Interest	6,514
Miscellaneous	269,799
Total Revenues	<u>4,273,338</u>
Expenditures	
Current	
Culture and Recreation	2,047,740
Debt Service	
Principal Retirement	111,111
Interest and Fiscal Charges	79,448
Total Expenditures	<u>2,238,299</u>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	<u>2,035,039</u>
Other Financing Sources (Uses)	
Debt Issuance	9,685,000
Transfers In	59,030
Transfers Out	-
	<u>9,744,030</u>
Net Change in Fund Balances/Net Position	11,779,069
Fund Balances/Net Position - Beginning	<u>851,568</u>
Fund Balances/Net Position - Ending	<u><u>12,630,637</u></u>

Capital Projects	Permanent	Totals	Adjustments	Statement of Activities
-	-	1,767,397	-	1,767,397
-	-	2,091,351	-	2,091,351
-	-	35,337	-	35,337
-	-	45,247	-	45,247
-	-	25,500	-	25,500
-	-	32,193	-	32,193
(294)	(475)	5,745	-	5,745
-	-	269,799	-	269,799
(294)	(475)	4,272,569	-	4,272,569
-	-	2,047,740	(6,660)	2,041,080
-	-	111,111	(111,111)	-
-	-	79,448	-	79,448
-	-	2,238,299	(117,771)	2,120,528
(294)	(475)	2,034,270	117,771	2,152,041
-	-	9,685,000	(9,685,000)	-
-	-	59,030	-	59,030
(56,881)	(2,149)	(59,030)	-	(59,030)
(56,881)	(2,149)	9,685,000	(9,685,000)	-
(57,175)	(2,624)	11,719,270	(9,567,229)	2,152,041
143,481	230,738	1,225,787	895,473	2,121,260
86,306	228,114	12,945,057	(8,671,756)	4,273,301

SUPPLEMENTAL SCHEDULES

CITY OF DEKALB, ILLINOIS

Schedule of General Long-Term Debt

**Long-Term Debt Payable from Governmental Funds
June 30, 2013**

See Following Page

CITY OF DEKALB, ILLINOIS

Schedule of General Long-Term Debt

Long-Term Debt Payable from Governmental Funds

June 30, 2013

	Compensated Absences	Net Pension Obligation	Net Other Post- Employment Benefits Obligation	Capital Lease	General Obligation Bonds of 2002A (TIF)
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**AMOUNT AVAILABLE AND TO BE
PROVIDED FOR THE RETIREMENT
OF GENERAL LONG-TERM DEBT**

Amount to be Provided for Retirement
of General Long-Term Debt

\$	4,874,112	200,591	7,137,959	851,150	215,000
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**GENERAL LONG-TERM
DEBT PAYABLE**

Compensated Absences Payable	4,874,112	-	-	-	-
Net Pension Obligation	-	200,591	-	-	-
Net Other Post-Employment Benefits Obligation	-	-	7,137,959	-	-
Capital Lease Payable	-	-	-	851,150	-
General Obligation Bonds Payable	-	-	-	-	215,000
	4,874,112	200,591	7,137,959	851,150	215,000

General Obligation Refunding Bonds of 2003A (TIF)	General Obligation Refunding Bonds of 2004	General Obligation Bonds of 2010A (TIF)	General Obligation Refunding Bonds of 2010B	General Obligation Refunding Bonds of 2010C	General Obligation Bonds of 2012A	General Obligation Bonds of 2013B	Totals
75,000	1,475,000	8,455,000	3,905,000	4,840,000	9,905,000	2,380,000	44,313,812
-	-	-	-	-	-	-	4,874,112
-	-	-	-	-	-	-	200,591
-	-	-	-	-	-	-	7,137,959
-	-	-	-	-	-	-	851,150
75,000	1,475,000	8,455,000	3,905,000	4,840,000	9,905,000	2,380,000	31,250,000
75,000	1,475,000	8,455,000	3,905,000	4,840,000	9,905,000	2,380,000	44,313,812

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2002A

June 30, 2013

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Dec. 30	Amount	Jun. 30	Amount
2012	\$ 215,000	4,300	219,300	2013	4,300	2014	-

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2003A June 30, 2013

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Dec. 1	Amount	Jun. 1	Amount
2012	\$ 75,000	1,329	76,329	2013	<u>1,329</u>	2014	<u>-</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2004

June 30, 2013

Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$8,355,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.50%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Depository Trust Company, New York NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 580,000	177,225	757,225	2013	88,613	2014	88,612
2013	655,000	154,025	809,025	2014	77,012	2015	77,013
2014	695,000	124,550	819,550	2015	62,276	2016	62,274
2015	720,000	93,275	813,275	2016	46,637	2017	46,638
2016	-	60,875	60,875	2017	30,437	2018	30,438
2017	695,000	60,875	755,875	2018	30,438	2019	30,437
2018	360,000	33,075	393,075	2019	16,538	2020	16,537
2019	375,000	16,875	391,875	2020	8,437	2021	8,438
	<u>4,080,000</u>	<u>720,775</u>	<u>4,800,775</u>		<u>360,388</u>		<u>360,387</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Taxable Bonds of 2005

June 30, 2013

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 30,000	34,057	64,057	2013	17,242	2014	16,815
2013	575,000	32,347	607,347	2014	16,387	2015	15,960
	605,000	66,404	671,404		33,629		32,775

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010A June 30, 2013

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Dec. 1	Amount	Jun. 1	Amount
2012	\$ 785,000	281,826	1,066,826	2013	144,838	2014	136,988
2013	800,000	263,974	1,063,974	2014	136,987	2015	126,987
2014	825,000	243,663	1,068,663	2015	126,988	2016	116,675
2015	845,000	220,675	1,065,675	2016	116,675	2017	104,000
2016	870,000	190,600	1,060,600	2017	104,000	2018	86,600
2017	1,020,000	152,800	1,172,800	2018	86,600	2019	66,200
2018	1,060,000	111,200	1,171,200	2019	66,200	2020	45,000
2019	1,105,000	67,900	1,172,900	2020	45,000	2021	22,900
2020	1,145,000	22,900	1,167,900	2021	22,900	2022	-
	<u>8,455,000</u>	<u>1,555,538</u>	<u>10,010,538</u>		<u>850,188</u>		<u>705,350</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010B

June 30, 2013

Date of Issue	December 1, 2010
Date of Maturity	January 1, 2028
Authorized Issue	\$3,905,000
Denomination of Bonds	\$5,000
Interest Rates	4.25% to 4.75%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Northern Trust Company, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ -	175,968	175,968	2013	87,984	2014	87,984
2013	-	175,968	175,968	2014	87,984	2015	87,984
2014	-	175,968	175,968	2015	87,984	2016	87,984
2015	-	175,968	175,968	2016	87,984	2017	87,984
2016	-	175,968	175,968	2017	87,984	2018	87,984
2017	-	175,968	175,968	2018	87,984	2019	87,984
2018	-	175,968	175,968	2019	87,984	2020	87,984
2019	-	175,968	175,968	2020	87,984	2021	87,984
2020	-	175,968	175,968	2021	87,984	2022	87,984
2021	-	175,968	175,968	2022	87,984	2023	87,984
2022	150,000	169,592	319,592	2023	84,796	2024	84,796
2023	840,000	133,052	973,052	2024	66,526	2025	66,526
2024	875,000	94,115	969,115	2025	47,058	2026	47,057
2025	915,000	52,482	967,482	2026	26,241	2027	26,241
2026	955,000	8,070	963,070	2027	4,038	2028	4,032
2027	170,000	-	170,000	2028	-	2029	-
	<u>3,905,000</u>	<u>2,216,991</u>	<u>6,121,991</u>		<u>1,108,499</u>		<u>1,108,492</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010C

June 30, 2013

Date of Issue	December 1, 2010
Date of Maturity	January 1, 2023
Authorized Issue	\$3,415,000
Denomination of Bonds	\$5,000
Interest Rates	1.90% to 5.90%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Northern Trust Company, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 185,000	237,402	422,402	2013	118,701	2014	118,701
2013	190,000	232,316	422,316	2014	116,158	2015	116,158
2014	195,000	226,520	421,520	2015	113,260	2016	113,260
2015	205,000	219,792	424,792	2016	109,896	2017	109,896
2016	620,000	211,900	831,900	2017	105,950	2018	105,950
2017	650,000	184,930	834,930	2018	92,465	2019	92,465
2018	680,000	154,380	834,380	2019	77,190	2020	77,190
2019	715,000	119,700	834,700	2020	59,850	2021	59,850
2020	755,000	81,090	836,090	2021	40,545	2022	40,545
2021	645,000	38,056	683,056	2022	19,028	2023	19,028
	<u>4,840,000</u>	<u>1,706,086</u>	<u>6,546,086</u>		<u>853,043</u>		<u>853,043</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2012A

June 30, 2013

Date of Issue	October 25, 2012
Date of Maturity	January 1, 2030
Authorized Issue	\$9,905,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.50%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 590,000	204,882	794,882	2013	102,441	2014	102,441
2013	625,000	193,082	818,082	2014	96,541	2015	96,541
2014	635,000	180,582	815,582	2015	90,291	2016	90,291
2015	650,000	167,882	817,882	2016	83,941	2017	83,941
2016	660,000	154,882	814,882	2017	77,441	2018	77,441
2017	550,000	141,682	691,682	2018	70,841	2019	70,841
2018	-	130,682	130,682	2019	65,341	2020	65,341
2019	-	130,682	130,682	2020	65,341	2021	65,341
2020	-	130,682	130,682	2021	65,341	2022	65,341
2021	765,000	130,682	895,682	2022	65,341	2023	65,341
2022	780,000	115,382	895,382	2023	57,691	2024	57,691
2023	795,000	99,782	894,782	2024	49,891	2025	49,891
2024	810,000	82,682	892,682	2025	41,341	2026	41,341
2025	830,000	67,682	897,682	2026	33,841	2027	33,841
2026	845,000	50,044	895,044	2027	25,022	2028	25,022
2027	865,000	32,088	897,088	2028	16,044	2029	16,044
2028	505,000	12,624	517,624	2029	6,312	2030	6,312
	<u>9,905,000</u>	<u>2,026,004</u>	<u>11,931,004</u>		<u>1,013,002</u>		<u>1,013,002</u>

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2013B

June 30, 2013

Date of Issue	June 18, 2013
Date of Maturity	January 1, 2022
Authorized Issue	\$2,380,000
Denomination of Bonds	\$5,000
Interest Rates	0.80% to 3.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Castle Bank, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2012	\$ 30,000	69,944	99,944	2013	34,972	2014	34,972
2013	10,000	69,704	79,704	2014	34,852	2015	34,852
2014	10,000	69,615	79,615	2015	34,807	2016	34,808
2015	10,000	69,506	79,506	2016	34,753	2017	34,753
2016	15,000	69,376	84,376	2017	34,688	2018	34,688
2017	135,000	69,150	204,150	2018	34,575	2019	34,575
2018	700,000	65,100	765,100	2019	32,550	2020	32,550
2019	725,000	44,100	769,100	2020	22,050	2021	22,050
2020	745,000	22,350	767,350	2029	11,175	2030	11,175
	<u>2,380,000</u>	<u>548,845</u>	<u>2,928,845</u>		<u>274,422</u>		<u>274,423</u>

CITY OF DEKALB, ILLINOIS**Long-Term Debt Requirements****IEPA Loan #L17133700 Contract Payable of 1999
June 30, 2013**

Date of Contract	October 22, 1999
Date of Maturity	January 8, 2021
Amount of Loan	\$4,072,711
Interest Rate	2.535%
Interest Dates	July 8 and January 8
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ 219,222	47,256	266,478
2015	224,814	41,664	266,478
2016	230,549	35,929	266,478
2017	236,431	30,047	266,478
2018	242,462	24,016	266,478
2019	248,648	17,830	266,478
2020	254,991	11,487	266,478
2021	261,496	4,982	266,478
	1,918,613	213,211	2,131,824

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

**IEPA Loan #L17133700 Contract Payable of 2000
June 30, 2013**

Date of Contract	April 24, 2000
Date of Maturity	May 30, 2021
Amount of Loan	\$3,344,932
Interest Rate	2.535%
Interest Dates	November 30 and May 30
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ 180,008	38,804	218,812
2015	184,600	34,212	218,812
2016	189,311	29,501	218,812
2017	194,139	24,673	218,812
2018	199,094	19,718	218,812
2019	204,170	14,642	218,812
2020	209,379	9,433	218,812
2021	214,720	4,092	218,812
	1,575,421	175,075	1,750,496

CITY OF DEKALB, ILLINOIS

Long-Term Debt Requirements

**IEPA Loan #L174045 Contract Payable of 2012
June 30, 2013**

Date of Contract	August 9, 2013
Date of Maturity	October 26, 2032
Amount of Loan	\$396,000
Interest Rate	2.295%
Interest Dates	October 26 and April 26
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ 7,411	4,444	11,855
2015	7,582	3,917	11,499
2016	7,757	3,742	11,499
2017	7,936	3,563	11,499
2018	8,120	3,380	11,500
2019	8,307	3,192	11,499
2020	8,499	3,000	11,499
2021	8,695	2,804	11,499
2022	8,895	2,603	11,498
2023	9,100	2,398	11,498
2024	9,311	2,188	11,499
2025	9,526	1,973	11,499
2026	9,746	1,753	11,499
2027	9,971	1,529	11,500
2028	10,201	1,298	11,499
2029	10,436	1,063	11,499
2030	10,677	821	11,498
2031	10,924	575	11,499
2032	11,176	323	11,499
2033	5,684	65	5,749
	179,954	44,631	224,585

CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY

Long-Term Debt Requirements

General Obligation Bonds of 2013
June 30, 2013

Date of Issue	June 18, 2013
Date of Maturity	January 1, 2033
Authorized Issue	\$6,685,000
Denomination of Bonds	\$5,000
Interest Rate	3.00% to 4.00%
Interest Date	July 1 and January 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ -	121,201	121,201
2015	265,000	226,076	491,076
2016	270,000	218,126	488,126
2017	280,000	210,026	490,026
2018	285,000	201,626	486,626
2019	295,000	193,076	488,076
2020	305,000	184,226	489,226
2021	315,000	175,076	490,076
2022	325,000	165,626	490,626
2023	335,000	155,876	490,876
2024	345,000	145,826	490,826
2025	355,000	135,476	490,476
2026	365,000	124,826	489,826
2027	375,000	112,962	487,962
2028	390,000	99,838	489,838
2029	405,000	86,188	491,188
2030	420,000	71,000	491,000
2031	435,000	54,200	489,200
2032	450,000	36,800	486,800
2033	470,000	18,800	488,800
	<u>6,685,000</u>	<u>2,736,851</u>	<u>9,421,851</u>

CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY

Long-Term Debt Requirements

Loan Payable of 2013
June 30, 2013

Date of Loan	June 18, 2013
Date of Maturity	June 18, 2015
Amount of Loan	\$3,000,000
Interest Rate	3.25%
Interest Dates	July 18
Payable at	First National Bank of Omaha

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ -	97,500	97,500
2015	3,000,000	97,500	3,097,500
	3,000,000	195,000	3,195,000

CITY OF DEKALB, ILLINOIS
COMPONENT UNIT - DEKALB PUBLIC LIBRARY

Long-Term Debt Requirements

Debt Certificates of 2011
June 30, 2013

Date of Issue	December 16, 2011
Date of Maturity	July 1, 2020
Authorized Issue	\$1,000,000
Denomination of Bonds	\$5,000
Interest Rate	2.960%
Interest Date	July 1
Principal Maturity Date	July 1
Payable at	Castle Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ 111,111	26,311	137,422
2015	111,111	23,022	134,133
2016	111,111	19,733	130,844
2017	111,111	16,444	127,555
2018	111,111	13,156	124,267
2019	111,111	9,867	120,978
2020	111,111	6,578	117,689
2021	111,112	3,289	114,401
	<u>888,889</u>	<u>118,400</u>	<u>1,007,289</u>

STATISTICAL SECTION

(Unaudited)

This part of the 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.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF DEKALB, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
June 30, 2013 (Unaudited)

See Following Page

CITY OF DEKALB, ILLINOIS

Net Position by Component - Last Ten Fiscal Years* June 30, 2013 (Unaudited)

	2004	2005	2006	2007
Governmental Activities				
Net Investment in Capital Assets	\$ 79,281,779	104,193,560	107,038,191	109,228,834
Restricted	3,395,377	1,524,630	3,295,898	3,159,513
Unrestricted	(14,013,207)	(10,463,117)	(12,063,288)	(10,790,695)
Total Governmental Activities Net Position	68,663,949	95,255,073	98,270,801	101,597,652
Business-Type Activities				
Net Investment in Capital Assets	34,483,474	37,052,275	39,392,443	45,585,845
Restricted	-	-	-	-
Unrestricted	1,631,020	1,273,772	(279,115)	(805,537)
Total Business-Type Activities Net Position	36,114,494	38,326,047	39,113,328	44,780,308
Primary Government				
Net Investment in Capital Assets	113,765,253	141,245,835	146,430,634	154,814,679
Restricted	3,395,377	1,524,630	3,295,898	3,159,513
Unrestricted	(12,382,187)	(9,189,345)	(12,342,403)	(11,596,232)
Total Primary Government Net Position	104,778,443	133,581,120	137,384,129	146,377,960

* Accrual Basis of Accounting

2008	2009	2010	2011	2012	2013
113,947,561	116,350,547	116,154,934	119,410,592	120,169,717	118,266,115
10,131,297	10,401,769	15,569,514	11,857,498	12,358,010	12,182,850
(16,660,106)	(14,726,824)	(20,131,463)	(17,715,142)	(15,138,497)	(13,241,757)
107,418,752	112,025,492	111,592,985	113,552,948	117,389,230	117,207,208
46,840,204	48,402,014	48,482,070	48,222,651	48,123,532	47,928,816
-	-	-	-	-	-
(985,741)	(724,236)	(463,724)	2,919,291	4,179,066	4,899,564
45,854,463	47,677,778	48,018,346	51,141,942	52,302,598	52,828,380
160,787,765	164,752,561	164,637,004	167,633,243	168,293,249	166,194,931
10,131,297	10,401,769	15,569,514	11,857,498	12,358,010	12,182,850
(17,645,847)	(15,451,060)	(20,595,187)	(14,795,851)	(10,959,431)	(8,342,193)
153,273,215	159,703,270	159,611,331	164,694,890	169,691,828	170,035,588

CITY OF DEKALB, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
June 30, 2013 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$ 3,800,583	6,565,079	6,505,926	8,553,164	9,084,220	10,441,675	9,268,403	10,647,791	8,859,145	11,865,375
Public Safety	13,161,608	14,495,797	14,009,805	16,371,735	17,889,697	19,020,552	19,606,432	19,660,618	20,989,072	19,017,122
Highways and Streets	5,880,017	5,455,783	7,706,447	6,133,081	7,844,631	6,074,929	9,415,300	4,465,186	2,207,978	1,449,053
Community Development	4,872,446	10,481,051	4,743,859	4,888,810	4,068,000	6,022,846	5,083,380	7,929,922	10,738,364	13,208,902
Interest on Long-Term Debt	1,049,120	1,026,539	1,154,903	960,500	1,010,059	902,204	723,651	857,764	1,016,815	1,080,709
Total Governmental Activities Expenses	28,763,774	38,024,249	34,120,940	36,907,290	39,896,607	42,462,206	44,097,166	43,561,281	43,811,374	46,621,161
Business-Type Activities										
Water and Sewer	3,830,129	3,876,880	4,131,341	4,206,023	4,146,713	4,347,248	4,222,070	4,438,481	4,159,836	4,081,382
Airport	692,739	766,597	839,450	1,039,450	994,597	1,111,227	914,295	1,154,982	1,318,730	1,641,540
Refuse	-	1,199,238	1,313,885	1,403,778	1,466,215	1,656,645	1,671,915	1,736,937	1,670,364	1,756,850
Developmental Services	1,256,963	194,977	294,791	249,295	365,050	378,497	380,574	-	-	-
Total Business-Type Activities Expenses	5,779,831	6,037,692	6,579,467	6,898,546	6,972,575	7,493,617	7,188,854	7,330,400	7,148,930	7,479,772
Total Primary Government Expenses	34,543,605	44,061,941	40,700,407	43,805,836	46,869,182	49,955,823	51,286,020	50,891,681	50,960,304	54,100,933
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	248,199	266,806	337,340	259,887	303,453	292,071	340,015	325,169	238,190	330,222
Public Safety	2,021,775	4,961,170	2,281,500	2,325,586	2,440,715	2,631,448	2,710,546	2,739,272	2,462,313	2,090,752
Highways and Streets	1,147,291	791,567	555,022	433,385	333,154	325,866	210,319	496,852	212,232	125,794
Community Development	196,922	667,701	-	-	75,291	403,355	402,209	395,147	237,838	422,991
Operating Grants/Contributions	2,521,542	3,378,028	2,867,194	2,148,087	2,481,892	3,656,334	2,488,211	3,257,775	1,143,618	1,131,494
Capital Grants/Contributions	537,433	2,197,952	3,036,831	1,609,289	2,083,090	2,013,494	2,471,003	4,144,333	6,075,050	4,843,630
Total Governmental Activities Program Revenues	6,673,162	12,263,224	9,077,887	6,776,234	7,717,595	9,322,568	8,622,303	11,358,548	10,369,241	8,944,883
Business-Type Activities										
Charges for Services										
Water and Sewer	4,634,512	4,284,036	4,446,444	4,185,161	4,387,320	4,788,391	5,136,193	5,454,296	5,367,480	5,503,049
Airport	245,688	264,547	280,532	235,999	262,783	261,655	247,364	405,332	846,375	1,094,127
Refuse	1,277,131	1,318,513	1,407,499	1,501,041	1,584,288	1,623,529	1,625,213	1,696,646	1,757,410	1,773,670
Developmental Services	-	81,349	249,957	230,060	96,580	88,319	38,835	-	-	-
Operating Grants and Contributions	-	-	-	-	611	-	-	-	-	-
Capital Grants and Contributions	18,015	1,521,358	257,211	2,865,831	359,444	2,673,502	760,930	392,373	562,770	130,658
Total Business-Type Activities Program Revenues	6,175,346	7,469,803	6,641,643	9,018,092	6,691,026	9,435,396	7,808,535	7,948,647	8,534,035	8,501,504
Total Primary Government Program Revenues	12,848,508	19,733,027	15,719,530	15,794,326	14,408,621	18,757,964	16,430,838	19,307,195	18,903,276	17,446,387

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental Activities	(22,090,612)	(25,761,025)	(25,043,053)	(30,131,056)	(32,179,012)	(33,139,638)	(35,474,863)	(32,202,733)	(33,442,133)	(37,676,278)
Business-Type Activities	395,515	1,432,111	62,176	2,119,546	(281,549)	1,941,779	619,681	618,247	1,385,105	1,021,732
Total Primary Government Net (Expense) Revenue	(21,695,097)	(24,328,914)	(24,980,877)	(28,011,510)	(32,460,561)	(31,197,859)	(34,855,182)	(31,584,486)	(32,057,028)	(36,654,546)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	6,506,752	6,907,239	7,408,007	8,799,430	10,366,305	12,446,812	13,371,039	13,405,653	12,733,599	12,673,310
Sales	8,008,678	8,738,221	9,630,952	10,160,582	10,251,569	11,297,335	11,413,254	11,426,292	11,132,604	11,078,544
Utility	3,740,234	3,933,220	4,032,927	4,077,785	4,230,240	4,012,575	3,739,824	4,449,288	3,788,953	3,534,755
Income	2,322,932	3,023,210	3,362,748	3,689,547	4,274,684	3,954,000	3,472,035	3,561,130	3,745,298	4,130,363
Other	1,513,142	2,008,060	2,252,273	2,469,560	2,695,564	2,575,341	2,484,759	3,426,431	4,775,612	4,835,868
Interest	106,229	169,202	340,505	428,938	347,511	189,302	75,779	71,691	37,782	124,029
Miscellaneous	12,757,264	12,581,513	1,357,565	2,677,000	5,618,738	2,972,237	188,830	157,306	839,167	623,137
Transfers	227,600	122,958	172,713	168,837	232,052	229,413	296,836	(2,453,290)	225,400	494,250
Total Governmental Activities	35,182,831	37,483,623	28,557,690	32,471,679	38,016,663	37,677,015	35,042,356	34,044,501	37,278,415	37,494,256
Business-Type Activities										
Property Taxes	75,539	74,674	75,194	-	-	-	-	-	-	-
Interest	30,607	30,356	9,214	-	132	300	16	16	380	4,338
Miscellaneous	5,048,831	766,846	813,410	3,245,071	1,452,830	110,649	42,707	28,384	571	(6,038)
Transfers	(227,600)	(122,958)	(172,713)	(168,837)	(232,052)	(229,413)	(321,836)	2,453,290	(225,400)	(494,250)
Total Business-Type Activities	4,927,377	748,918	725,105	3,076,234	1,220,910	(118,464)	(279,113)	2,481,690	(224,449)	(495,950)
Total Primary Government	40,110,208	38,232,541	29,282,795	35,547,913	39,237,573	37,558,551	34,763,243	36,526,191	37,053,966	36,998,306
Changes in Net Position										
Governmental Activities	13,092,219	11,722,598	3,514,637	2,340,623	5,837,651	4,537,377	(432,507)	1,841,768	3,836,282	(182,022)
Business-Type Activities	5,322,892	2,181,029	787,281	5,195,780	939,361	1,823,315	340,568	3,099,937	1,160,656	525,782
Total Primary Government	18,415,111	13,903,627	4,301,918	7,536,403	6,777,012	6,360,692	(91,939)	4,941,705	4,996,938	343,760

* Accrual Basis of Accounting

CITY OF DEKALB, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years* June 30, 2013 (Unaudited)

	2004	2005	2006
General Fund			
Reserved	\$ 105,452	58,705	70,296
Unreserved	3,155,369	3,532,201	3,755,347
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total General Fund	3,260,821	3,590,906	3,825,643
All Other Governmental Funds			
Reserved	4,323,494	3,345,268	4,643,715
Unreserved, Reported in,			
Special Revenue Funds	(22,476)	(20,788)	(18,120)
Debt Service Funds	-	-	-
Capital Projects Funds	(2,446,767)	(1,991,201)	(1,346,797)
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Total All Other Governmental Funds	1,854,251	1,333,279	3,278,798

* Modified Accrual Basis of Accounting

The City implemented GASB Statement No. 54 for the fiscal year ended June 30, 2011.

2007	2008	2009	2010	2011	2012	2013
147,508	738,577	2,067,865	2,177,003	6,257	-	-
3,155,669	2,161,911	1,633,753	1,331,219	-	-	-
-	-	-	-	50,934	61,660	37,161
-	-	-	-	-	6,262	6,262
-	-	-	-	2,692,928	4,669,218	5,177,514
3,303,177	2,900,488	3,701,618	3,508,222	2,750,119	4,737,140	5,220,937
3,166,191	1,808,174	2,653,139	2,783,493	-	-	-
(8,808)	(445)	(362)	(383)	-	-	-
-	-	-	-	-	-	-
(1,076,165)	9,104,021	8,552,208	13,352,510	-	-	-
-	-	-	-	3,650	1,500	-
-	-	-	-	11,725,897	12,537,031	12,176,588
-	-	-	-	340,327	219,840	3,739,068
2,081,218	10,911,750	11,204,985	16,135,620	12,069,874	12,758,371	15,915,656

CITY OF DEKALB, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years* June 30, 2013 (Unaudited)

	2004	2005	2006
Revenues			
Taxes	\$ 22,032,400	24,548,569	26,710,135
Intergovernmental	3,061,974	5,522,101	4,558,814
Licenses, Permits and Fees	846,571	618,029	598,657
Charges for Services	1,840,495	4,613,201	1,796,958
Fines and Forfeitures	638,815	654,353	696,551
Interest	106,229	169,202	340,505
Miscellaneous	351,754	399,324	2,794,723
Total Revenues	28,878,238	36,524,779	37,496,343
Expenditures			
General Government	4,088,975	5,619,515	5,990,453
Public Safety	12,432,869	13,915,879	14,990,271
Highways and Streets	3,928,040	3,432,725	3,780,017
Community Development	763,579	3,609,518	2,821,395
Capital Outlay	6,432,217	8,157,674	8,835,397
Debt Service			
Principal Retirement	1,545,000	1,810,000	2,220,000
Interest and Fiscal Charges	1,071,575	1,032,874	1,085,767
Total Expenditures	30,262,255	37,578,185	39,723,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,384,017)	(1,053,406)	(2,226,957)
Other Financing Sources (Uses)			
Debt Issuance	5,337,498	5,623,102	4,101,958
Premium (Discount) on Debt Issuance	46,962	191,795	-
Payment to Escrow Agent	(4,871,180)	(5,145,695)	-
Disposal of Capital Assets	7,744	112,517	18,309
Transfers In	3,242,930	3,282,821	4,631,683
Transfers Out	(3,015,330)	(3,202,021)	(4,458,970)
	748,624	862,519	4,292,980
Net Change in Fund Balances	(635,393)	(190,887)	2,066,023
Debt Service as a Percentage of Noncapital Expenditures	9.39%	7.82%	8.48%

* Modified Accrual Basis of Accounting

2007	2008	2009	2010	2011	2012	2013
29,097,231	31,898,673	34,305,038	34,305,038	36,266,887	24,753,767	24,330,856
3,724,715	4,347,447	6,070,086	6,070,086	6,576,584	18,750,569	17,863,890
448,192	364,103	354,375	354,375	499,938	396,095	483,375
1,685,991	1,721,234	1,772,322	1,772,322	2,137,997	2,149,403	1,727,442
672,403	766,504	728,572	728,572	639,450	605,075	758,942
428,938	347,511	189,302	189,302	71,691	37,681	120,520
515,750	734,928	737,263	737,263	517,485	839,167	623,137
36,573,220	40,180,400	44,156,958	44,156,958	46,710,032	47,531,757	45,908,162
6,740,822	6,925,455	8,604,319	8,604,319	9,582,025	8,981,636	10,496,713
15,719,852	16,666,201	17,407,054	17,407,054	18,267,633	19,371,392	18,642,683
4,425,779	4,529,707	3,930,979	3,930,979	2,933,330	609,488	750,074
1,843,360	2,322,976	1,797,965	1,797,965	1,045,409	3,185,002	4,083,703
6,647,200	6,843,723	8,163,413	8,163,413	12,011,245	10,359,355	18,631,978
2,835,214	4,465,000	2,605,000	2,605,000	5,940,000	2,129,920	2,268,121
906,585	882,467	859,247	859,247	808,239	938,679	835,209
39,118,812	42,635,529	43,367,977	43,367,977	50,587,881	45,575,472	55,708,481
(2,545,592)	(2,455,129)	788,981	788,981	(3,877,849)	1,956,285	(9,800,319)
1,079,114	10,607,240	-	-	9,320,000	-	12,910,969
-	-	-	-	(41,304)	-	87,782
-	-	-	-	(7,158,799)	-	-
36,433	60,231	6,608	6,608	2,050	26,533	11,400
4,054,351	4,032,407	5,679,484	5,679,484	5,461,545	5,113,090	5,138,884
(3,885,514)	(3,800,355)	(5,450,071)	(5,450,071)	(8,529,492)	(4,420,390)	(4,707,634)
1,284,384	10,899,523	236,021	236,021	(946,000)	719,233	13,441,401
(1,261,208)	8,444,394	1,025,002	1,025,002	(4,823,849)	2,675,518	3,641,082
11.25%	10.38%	13.44%	8.70%	14.62%	7.38%	6.99%

CITY OF DEKALB, ILLINOIS

Taxable Sales by Category - Last Ten Calendar Years June 30, 2013 (Unaudited)

	2003	2004	2005	2006
General Merchandise	\$ 142,530,983	160,665,590	163,641,647	170,225,753
Food	43,870,967	37,275,809	43,927,833	47,170,335
Drinking and Eating Places	49,213,644	52,351,156	52,849,443	60,927,328
Apparel	8,578,046	8,087,885	8,247,873	10,754,613
Furniture & H.H. & Radio	13,100,491	25,392,698	28,350,657	29,988,920
Lumber, Building Hardware	27,609,867	28,061,388	26,795,706	27,977,040
Automobile and Filling Stations	76,853,556	79,773,554	85,140,723	91,978,172
Drugs and Miscellaneous Retail	65,747,938	67,637,829	70,477,891	81,006,583
Agriculture and All Others	48,715,480	47,817,252	48,845,881	48,715,922
Manufacturers	1,500,600	6,481,064	11,253,745	12,975,167
Total	477,721,572	513,544,225	539,531,399	581,719,833
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%

Data Source: Illinois Department of Revenue

The data presents taxable sales subject to the Municipal Retailer's Occupation Tax.

2007	2008	2009	2010	2011	2013
171,985,064	164,736,328	154,138,547	161,257,806	129,818,177	149,564,784
53,207,066	60,740,900	55,760,959	56,012,687	67,456,918	65,852,747
65,260,253	67,402,498	64,478,308	66,461,264	66,649,641	68,587,766
9,626,133	7,332,715	6,235,098	5,912,150	30,582,619	7,128,112
33,834,022	28,883,333	24,677,414	25,081,450	22,181,422	20,684,998
26,936,010	24,505,165	22,566,265	21,682,737	21,563,108	22,120,923
93,408,943	94,746,090	76,117,806	81,678,462	84,369,200	90,624,448
83,283,571	84,314,769	81,599,087	79,606,161	76,036,417	74,197,724
41,446,148	39,136,195	28,154,513	28,623,247	29,011,979	29,448,085
15,254,811	18,224,889	13,889,966	15,507,914	7,289,300	1,546,592
594,242,021	590,022,882	527,617,963	541,823,878	534,958,781	529,756,179
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF DEKALB, ILLINOIS

Taxable Sales by Category - Home Rule - Last Ten Calendar Years June 30, 2013 (Unaudited)

	2003	2004	2005	2006
General Merchandise	\$ 91,964,969	103,347,408	107,910,203	111,235,234
Food	14,016,749	11,255,490	12,926,058	14,228,867
Drinking and Eating Places	48,265,899	51,038,005	51,883,076	59,524,764
Apparel	8,576,497	8,081,341	8,247,458	10,750,251
Furniture & H.H. & Radio	13,071,912	25,258,574	28,326,789	29,956,258
Lumber, Building Hardware	27,609,659	27,928,079	26,795,221	27,950,165
Automobile and Filling Stations	26,521,109	30,939,395	34,610,098	38,130,323
Drugs and Miscellaneous Retail	48,469,493	49,234,368	50,940,432	58,390,055
Agriculture and All Others	44,057,392	42,983,219	44,282,933	41,914,235
Manufacturers	1,099,009	5,952,384	11,013,882	12,663,868
Total	323,652,688	356,018,263	376,936,150	404,744,020
City Direct Sales Tax Rate	0.75%	1.25%	1.25%	1.25%

Data Source: Illinois Department of Revenue

The data presents taxable sales subject to the City's Home Rule Sales Tax.

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

2007	2008*	2009	2010	2011	2012
110,641,629	105,718,900	99,635,725	106,361,293	87,558,389	99,024,929
16,220,246	17,771,292	16,039,202	18,341,512	30,104,054	29,741,123
63,696,181	65,892,248	63,016,745	64,921,928	65,295,493	67,176,678
9,619,122	7,316,764	6,230,748	5,911,746	19,317,301	7,046,287
33,782,135	28,777,827	24,555,874	24,340,125	21,984,344	20,503,154
26,884,766	24,259,864	22,394,973	21,589,323	21,526,692	22,070,597
43,057,278	44,642,599	36,573,132	42,992,984	46,695,364	47,519,288
58,432,889	59,739,818	58,394,357	57,668,525	56,027,770	56,447,398
37,826,626	35,885,916	26,970,847	27,405,131	28,250,729	28,487,957
14,914,125	17,841,691	13,412,811	15,166,169	6,981,465	1,250,597
415,074,997	407,846,919	367,224,414	384,698,736	383,741,601	379,268,008
1.25%	1.75%	1.75%	1.75%	1.75%	1.75%

CITY OF DEKALB, ILLINOIS

Direct and Overlapping Sales Tax Rates - Last Ten Calendar Years June 30, 2013 (Unaudited)

Calendar Year	City Home Rule Rate	Municipal Retailers Occupation Tax	County Rate	State Rate	Total Sales Tax Rate
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*	1.75%	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%
2011	1.75%	1.00%	0.25%	5.00%	8.00%
2012	1.75%	1.00%	0.25%	5.00%	8.00%
2013	1.75%	1.00%	0.25%	5.00%	8.00%

Data Source: City, County and State Records

* The City raised its Home Rule Sales Tax to 1.75% on July 1, 2008.

CITY OF DEKALB, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
June 30, 2013 (Unaudited)**

See Following Page

CITY OF DEKALB, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years June 30, 2013 (Unaudited)

Tax Levy Year	Residential Property	Commercial Property
2003	\$ 269,635,069	\$ 133,004,731
2004	283,926,434	137,737,281
2005	325,079,355	145,545,712
2006	369,659,572	155,565,480
2007	407,662,378	163,615,149
2008	420,413,802	172,166,813
2009	413,507,993	176,052,268
2010	389,625,409	167,457,427
2011	365,267,969	167,604,810
2012	331,382,501	156,902,473

Data Source: Office of the County Clerk

Note: The City only reports the rate setting EAV.

* This includes the City of DeKalb and the DeKalb Public Library.

Industrial	Farm	Railroad	Total Taxable Assessed Value	Total Direct Tax Rate*
\$ 31,995,654	\$ 585,425	\$ 553,020	\$ 435,773,899	0.8097
33,506,906	548,207	623,213	456,342,041	0.8135
37,922,484	488,038	587,227	509,622,816	0.8040
43,514,766	494,098	572,356	569,806,272	0.8091
51,250,520	666,539	628,255	623,822,841	0.8437
51,905,133	686,727	682,620	645,855,095	0.8509
52,801,237	721,404	833,695	643,916,597	0.9293
49,380,638	825,082	1,044,391	608,332,947	0.9856
47,742,181	782,590	1,107,165	582,504,715	1.0293
43,536,967	731,665	1,252,297	533,805,903	1.1321

CITY OF DEKALB, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years June 30, 2013 (Unaudited)

	2003	2004	2005
City Direct Rates			
City of DeKalb	0.5967	0.6000	0.5930
Library	0.2130	0.2135	0.2110
Total Direct Rates	0.8097	0.8135	0.8040
Overlapping Rates			
DeKalb County	0.8622	0.8679	0.8547
DeKalb Township	0.1275	0.1284	0.1216
DeKalb Road & Bridge	0.2219	0.2197	0.2145
Forest Preserve District	0.0274	0.0276	0.0269
Sanitary District	0.1079	0.1078	0.1015
School Districts	5.0477	5.0648	4.9847
Park District	0.5723	0.5569	0.5295
	0.6235	0.6106	0.5826
Total Direct and Overlapping Rates	8.4001	8.3970	8.2199
Share of Total Tax Rate Levied by City of DeKalb and the DeKalb Library	9.64%	9.69%	9.78%

Data Source: Office of the County Clerk

Note: Rates are per \$100 of Assessed Value and are applied to the total rate setting EAV amounts listed in the schedule of EAV by property class.

2006	2007	2008	2009	2010	2011	2012
0.5967	0.6000	0.6000	0.6500	0.6899	0.7205	0.7952
0.2124	0.2437	0.2509	0.2793	0.2957	0.3088	0.3369
0.8091	0.8437	0.8509	0.9293	0.9856	1.0293	1.1321
0.8668	0.8449	0.8495	0.8539	0.9052	0.9694	1.0892
0.1151	0.1116	0.1130	0.1149	0.1260	0.1350	0.1508
0.1933	0.1874	0.1808	0.1839	0.1477	0.1548	0.1768
0.0548	0.0677	0.0678	0.0663	0.0700	0.0740	0.0797
0.0952	0.0913	0.0927	0.0944	0.1036	0.1110	0.1244
4.8927	0.5497	5.2079	5.2606	5.7414	6.2148	7.0275
0.5435	4.7288	0.5468	0.5638	0.5601	0.5758	0.6416
0.5494	0.5247	0.5131	0.5208	0.5606	0.5987	0.6745
8.1198	7.9498	8.4224	8.5879	9.2003	9.8628	11.0967
9.96%	10.61%	10.10%	10.82%	10.71%	10.44%	10.20%

CITY OF DEKALB, ILLINOIS

Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago June 30, 2013 (Unaudited)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
3M	\$ 11,357,544	1	2.13%	\$ 5,065,863	4	1.16%
Target	11,061,281	2	2.07%			
Panduit	7,321,367	3	1.37%	5,390,908	3	1.24%
Goodyear	6,847,508	4	1.28%	7,597,611	1	1.74%
Nestle	6,622,065	5	1.24%			
Northland Plaza	5,584,704	6	1.05%	3,737,456	7	0.86%
DeKalb Area Retirement Center	5,423,203	7	1.02%	3,066,453	8	0.70%
Faiview MSFP II, LLC	4,137,780	8	0.78%	7,427,618	2	1.70%
Dream Fund LLC	4,028,781	9	0.75%	3,815,368	6	0.88%
JLAR	3,412,711	10	0.64%			
Walmart Stores				2,744,124	9	0.63%
University Village I & II				4,086,593	5	0.94%
Herbert Katz				2,541,095	10	0.58%
	<u>65,796,944</u>		<u>12.33%</u>	<u>45,473,089</u>		<u>10.43%</u>

Data Sources: County Assessors Office (not adjusted for unreported title transfers) and City of DeKalb records

CITY OF DEKALB, ILLINOIS

Property Tax Levies and Collections - Last Ten Tax Levy Years
June 30, 2013 (Unaudited)

Tax Levy Year	City of DeKalb							DeKalb Library			
	Rates per \$100	Total Tax Levy Requested	Collections within the Levy Year		Collections in Subsequent Years	Total Collections to Date		Rates per \$100	Total Tax Levy Requested	Collections within the Levy Year	
			Amount	Percentage of Levy		Amount	Percentage of Levy			Amount	Percentage of Levy
2003	0.5967	\$ 2,599,938	\$ 2,599,938	100.00%	-	\$ 2,599,938	100.00%	0.2130	\$ 928,000	\$ 928,000	100.00%
2004	0.6000	2,861,055	2,740,571	95.79%	-	2,740,571	95.79%	0.2135	974,400	974,400	100.00%
2005	0.5930	3,022,052	3,022,052	100.00%	-	3,022,052	100.00%	0.2110	1,075,498	1,075,498	100.00%
2006	0.5967	3,400,000	3,400,000	100.00%	-	3,400,000	100.00%	0.2124	1,210,003	1,210,003	100.00%
2007	0.6000	3,742,937	3,679,970	98.32%	-	3,679,970	98.32%	0.2437	1,520,000	1,492,137	98.17%
2008	0.6000	3,889,007	3,765,927	96.84%	-	3,765,927	96.84%	0.2509	1,620,420	1,574,213	97.15%
2009	0.6500	4,185,332	4,160,967	99.42%	-	4,160,967	99.42%	0.2793	1,798,500	1,796,093	99.87%
2010	0.6899	4,196,805	4,107,807	97.88%	-	4,107,807	97.88%	0.2957	1,798,523	1,760,288	97.87%
2011	0.7205	4,196,890	4,127,590	98.35%	-	4,127,590	98.35%	0.3088	1,798,536	1,767,397	98.27%
2012	0.7952	4,244,648	2,245,680 *	52.91%	-	2,245,680	52.91%	0.3369	1,798,552	901,975 *	50.15%

Data Sources: Office of the County Clerk, Office of the County Treasurer

* Amount reflects collections through June 30, 2013.

Collections in Subsequent Years		Total Collections to Date		Totals									
				Rates per \$100	Total Tax Levy Requested	Collections within the Levy Year		Collections in Subsequent Years	Total Collections to Date				
		Amount	Percentage of Levy			Amount	Percentage of Levy		Amount	Percentage of Levy			
-	\$	928,000	100.00%	0.8097	\$	3,527,938	\$	3,527,938	100.00%	-	\$	3,527,938	100.00%
-		974,400	100.00%	0.8135		3,835,455		3,714,971	96.86%	-		3,714,971	96.86%
-		1,075,498	100.00%	0.8040		4,097,550		4,097,550	100.00%	-		4,097,550	100.00%
-		1,210,003	100.00%	0.8091		4,610,003		4,610,003	100.00%	-		4,610,003	100.00%
-		1,492,137	98.17%	0.8437		5,262,937		5,172,107	98.27%	-		5,172,107	98.27%
-		1,574,213	97.15%	0.8509		5,509,427		5,340,140	96.93%	-		5,340,140	96.93%
-		1,796,093	99.87%	0.9293		5,983,832		5,957,060	99.55%	-		5,957,060	99.55%
-		1,760,288	97.87%	0.9856		5,995,328		5,868,095	97.88%	-		5,868,095	97.88%
-		1,767,397	98.27%	1.0293		5,995,426		5,894,987	98.32%	-		5,894,987	98.32%
-		901,975	50.15%	1.13211		6,043,200		3,147,655	52.09%	-		3,147,655	52.09%

CITY OF DEKALB, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years June 30, 2013 (Unaudited)

Fiscal Year	Governmental Activities						Capital Leases
	General Obligation Bonds	G.O. Bond Anticipation Notes	Due to Other Governments	Tax Increment Financing Revenue Bonds	Tax Increment Financing Note		
2004	\$ 20,252,332	\$ -	\$ 2,998,998	\$ 4,350,000	\$ -	\$	647,252
2005	19,008,122	-	2,498,998	4,240,000	-		948,115
2006	17,211,725	2,000,000	1,998,998	3,790,000	1,450,000		1,259,669
2007	15,355,328	3,000,000	1,498,998	3,365,000	-		1,028,621
2008	13,433,931	10,500,000	998,998	2,795,000	-		1,888,540
2009	11,452,534	10,500,000	498,998	2,145,000	-		1,583,900
2010	20,952,108	4,000,000	1,337,055	1,430,000	-		1,245,095
2011	21,869,785	-	-	655,000	-		892,257
2012	20,434,460	-	-	345,000	-		578,302
2013	31,285,714	-	-	-	-		851,150

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
The City abates the entire property tax levied to pay general obligation bond debt each year.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

General Obligation Bonds	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	G.O. Bond Anticipation Notes	IEPA Loan Payable	Capital Leases			
\$ 5,225,000	\$ 400,000	\$ 6,668,591	\$ -	\$ 40,542,173	5.78%	\$ 939.08
4,710,000	400,000	6,350,346	95,975	38,251,556	5.32%	864.91
4,780,000	-	6,023,982	297,825	38,812,199	5.30%	862.44
4,590,000	-	5,689,292	252,789	34,780,028	4.68%	760.24
4,395,000	-	5,346,065	245,519	39,603,053	5.31%	862.87
4,180,000	-	4,994,081	188,714	35,543,227	4.76%	774.16
3,950,000	-	4,633,118	128,674	37,676,050	4.84%	858.97
3,710,000	-	4,262,947	66,093	31,456,082	4.04%	717.08
3,537,172	-	3,883,332	25,516	28,804,206	3.54%	654.20
3,269,269	-	3,673,988	13,786	39,093,907	4.64%	887.89

CITY OF DEKALB, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years June 30, 2013 (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2004	\$ 25,477,332	\$ 627,244	\$ 24,850,088	5.70%	\$ 575.61
2005	23,718,122	467,946	23,250,176	5.09%	525.71
2006	21,991,725	709,533	21,282,192	4.18%	472.91
2007	19,945,328	648,125	19,297,203	3.39%	421.81
2008	17,828,931	524,966	17,303,965	2.77%	377.02
2009	15,632,534	578,835	15,053,699	2.33%	327.88
2010	24,902,108	560,413	24,341,695	3.78%	554.96
2011	25,579,785	231,049	25,348,736	4.17%	577.85
2012	23,971,632	185,283	23,786,349	4.08%	540.23
2013	34,554,983	-	34,554,983	6.47%	784.81

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

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographics and Economic Statistics for personal income and population data.

CITY OF DEKALB, ILLINOIS

Schedule of Direct and Overlapping Governmental Activities Debt June 30, 2013 (Unaudited)

Governmental Unit	Gross Debt	Percentage of Debt Applicable to City (1)	City's Share of Debt
City	\$ 32,136,864	100.000%	\$ 32,136,864
Overlapping Debt			
DeKalb County	15,050,000	28.669%	4,314,723
DeKalb Community Unit School District #428	104,916,360	76.684%	80,453,548
Kishwaikee College #523	52,688,730	26.053%	13,727,239
Sycamore School District #427	-	98.228%	-
DeKalb Park District	1,855,000	100.000%	1,855,000
Total Overlapping Debt	174,510,089		100,350,510
Total Direct and Overlapping Debt	206,646,953		132,487,374

Data Source: Office of the County Clerk

(1) Determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

CITY OF DEKALB, ILLINOIS

**Pledged-Revenue Coverage - Last Ten Fiscal Years
June 30, 2013 (Unaudited)**

Fiscal Year	Tax Increment Financing Bonds and Notes						
	Incremental	Incremental	Less:	Net	Debt Service		Coverage
	Property Taxes	Sales Taxes	Contractual Obligations	Available for Debt Service	Principal	Interest	
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*	3,727,681	1,329,249	500,000	4,556,930	450,000	312,377	5.98
2007**	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
2012	6,691,097	1,368,512	-	8,059,609	310,000	9,831	25.20
2013	6,679,893	1,330,744	-	8,010,637	345,000	9,212	22.62

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

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

** 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 Statistics - Last Ten Fiscal Years June 30, 2013 (Unaudited)

Fiscal Year	Population	Equalized Assessed Value	Personal Income	Per Capita Personal Income	Median Family Income	Unemployment Rate
2004	43,172	435,773,899	\$ 702,017,982	\$ 16,261	53,017	5.00%
2005	44,226	456,342,041	719,158,986	16,261	53,017	5.10%
2006	45,003	509,622,816	731,793,783	16,261	53,017	3.80%
2007	45,749	569,806,272	743,924,489	16,261	53,017	4.10%
2008	45,897	623,822,841	746,331,117	16,261	53,017	5.30%
2009	45,912	645,855,095	746,575,032	16,261	53,017	9.80%
2010	43,862	643,916,597	777,673,260	17,730	60,571	9.80%
2011	43,867	608,332,947	777,761,910	17,730	60,571	10.00%
2012	44,030	582,504,715	814,026,640	18,488	60,571	9.60%
2013	44,030	533,805,903	841,853,600	19,120	60,571	10.30%

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

CITY OF DEKALB, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago June 30, 2013 (Unaudited)

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Population	Employees	Rank	Percentage of Total City Population
Northern Illinois University	3,596	1	8.17%	4,000	1	9.08%
Kishwaukee Community Hospital	1,200	2	2.73%	490	2	1.11%
3M	480	3	1.09%	250	8	0.57%
Walmart	475	4	1.08%	450	3	1.02%
Target Distribution Center	494	5	1.12%			
Tegant	325	7	0.74%			
American Marketing	358	6	0.81%			
Nestle Distribution	250	8	0.57%	300	7	0.68%
CST Storage	120	9	0.27%			
CVG DeKalb	120	10	0.27%			
Alloyd Company				436	4	0.99%
Monsanto				400	5	0.91%
AGCO				320	6	0.73%
A.O. Smith				210	9	0.48%
Good Year				180	10	0.41%
	<u>7,418</u>		<u>16.85%</u>	<u>7,036</u>		<u>15.98%</u>

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

CITY OF DEKALB, ILLINOIS

Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years*
June 30, 2013 (Unaudited)

See Following Page

CITY OF DEKALB, ILLINOIS

Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years* June 30, 2013 (Unaudited)

	2004	2005	2006
General Government			
Legislative**	9.00	9.00	9.00
Administrative Services	20.00	28.00	28.00
City Clerk	2.50	2.50	2.50
Legal	-	-	-
Public Safety			
Police			
Officers	57.00	60.00	60.00
Civilians	21.57	20.32	20.57
Fire			
Firefighters	56.00	56.00	59.00
Staff	2.00	2.00	2.00
Community Improvement			
Community Development	18.65	15.65	16.15
Engineering Services	-	3.50	3.50
Public Works			
Administration	2.00	1.50	1.50
Public Facilities	2.00	2.00	2.00
Engineering	5.00	-	-
Information & Technology	6.00	-	-
Streets	23.80	24.80	24.80
Water and Sewer	18.00	18.00	17.00
Airport Division	1.50	2.50	2.50
Development Services	-	3.00	3.50
Mass Transit	0.35	1.35	1.85
Total	245.37	250.12	253.87

Data Source: City Budget Records

* This schedule lists positions budgeted but not necessarily filled.

** These positions are part-time.

2007	2008	2009	2010	2011	2012	2013
9.00	9.00	9.00	9.00	9.00	9.00	9.00
25.00	25.00	23.00	23.00	21.25	16.50	20.00
2.50	2.50	2.50	2.50	1.50	1.50	1.50
4.20	4.20	4.20	4.20	3.20	2.00	-
61.00	63.00	63.00	61.00	60.00	61.00	63.00
22.57	21.07	20.07	20.07	19.07	19.07	23.07
60.00	60.00	60.00	58.00	54.00	53.00	53.00
2.00	2.00	2.00	2.00	1.00	1.00	1.00
16.15	17.15	13.65	10.00	4.50	7.00	7.00
3.50	3.50	3.83	4.10	1.85	2.00	2.00
1.50	1.50	0.59	1.50	1.26	1.50	1.50
2.50	2.50	1.00	1.00	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25.80	25.80	23.25	22.08	19.08	19.00	19.00
16.50	16.50	15.75	15.58	11.08	10.00	10.00
3.00	3.00	2.08	1.83	2.08	5.00	5.00
3.50	3.50	3.50	3.00	-	-	-
1.85	1.85	1.85	1.90	1.65	1.50	1.50
260.57	262.07	249.27	240.76	210.52	209.07	216.57

CITY OF DEKALB, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years June 30, 2013 (Unaudited)

	2004	2005	2006
General Government			
Community Development			
Building Permits Issued			
Residential Permits Issued:			
New Construction	332	293	205
Remodel	77	71	78
Industrial/Commercial Permits Issued:			
New Construction	33	18	24
Remodel	31	42	26
Other Permits	835	698	779
Total Number of Permits	1,308	1,122	1,112
Total Building Permit Valuation (\$)	82,646,830	67,271,969	62,775,315
Public Safety			
Police			
Physical Arrests	2,212	2,524	2,339
Traffic Violations	6,468	6,557	6,235
Parking Violations	17,774	16,150	17,418
Fire			
Fire Responses (Fire & Non-Fire)	2,050	2,275	2,397
Emergency Medical Services Responses	3,029	3,197	3,284
Public Works			
Vehicles Maintained by Dept.	119	121	124
Street Construction (Miles)	1.94	3.68	1.49
Street Reconstruction (Miles)	0.32	0.74	0.70
Street Resurfacing (Miles)	2.80	0.85	0.75
Water			
Average Daily Consumption 12/31			
Industrial/Commercial	527,834	546,530	564,799
Residential	2,279,568	2,259,132	2,363,354
Government/Church/School	737,971	776,828	705,612
Water Billing Accounts on 12/31			
Industrial/Commercial	701	719	728
Residential	8,599	9,005	9,384
Government/Church/School	195	206	206

N/A - Data is not available

Data Source: Various City Departments

2007	2008	2009	2010	2011	2012	2013
76	43	3	8	2	1	N/A
84	58	82	69	55	63	N/A
27	33	9	10	20	16	N/A
23	60	25	31	12	21	N/A
700	726	681	745	764	647	N/A
910	920	800	863	853	748	N/A
22,371,977	28,965,290	9,917,109	8,455,270	30,110,627	11,637,858	N/A
2,396	2,359	3,023	2,480	2,689	2,799	2,917
6,149	6,102	10,530	8,273	4,829	6,136	4,729
17,405	13,386	12,986	13,965	13,967	12,211	9,733
2,333	2,908	2,641	3,129	3,199	3,516	3,437
4,035	4,091	4,018	4,334	4,476	5,005	5,236
126	130	132	131	128	124	133
0.43	-	-	-	-	-	-
-	1.30	0.45	1.15	0.65	0.16	0.51
0.92	1.48	1.48	1.70	1.73	2.86	2.17
567,998	531,537	488,491	431,992	417,353	395,288	402,758
2,372,037	2,284,357	2,275,385	2,171,686	2,185,873	2,114,983	2,117,781
690,318	677,174	702,852	636,183	561,908	615,165	589,752
747	774	787	761	767	756	753
9,838	9,993	10,007	10,011	10,020	10,104	10,015
210	230	239	221	224	224	225

CITY OF DEKALB, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years June 30, 2013 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Stations/Municipal Center	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	26	28	29	26	26	28	27	27	26	28
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Ambulances	5	5	5	5	5	5	5	5	5	6
Fire Trucks	5	4	4	5	5	4	4	4	4	4
Public Works										
Residential Streets (Miles)	116	119	124	125	125	126	128	128	128	128
Traffic Signals	19	19	20	20	21	22	22	23	24	24
Water										
Water Towers	4	4	4	4	4	4	4	4	4	4
Storage Capacity (MG)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Water Wells	9	9	9	9	9	9	9	9	9	9
Water Mains (Miles)	155	159	167	170	172	175	175	177	177	177

Data Source: Various City Departments