

CITY OF DEKALB, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
June 30, 2007

Prepared by the Administrative Services Department

Rudy Espiritu
Assistant City Manager

Ted Kozinski
Comptroller/Treasurer

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INTRODUCTORY SECTION

CITY OF DEKALB, ILLINOIS

PRINCIPAL OFFICIALS

June 30, 2007

LEGISLATIVE

Frank Van Buer, Mayor

Alderman Bertrand Simpson, Ward One

Alderman Kris Povlsen, Ward Two

Alderman Victor Wogen, Ward Three

Alderman Donna Gorski, Ward Four

Alderman Ronald Naylor, Ward Five

Alderman David Baker, Ward Six

Alderman Brent Keller, Ward Seven

Donna Johnson, City Clerk

ADMINISTRATIVE

Mark Biernacki, City Manager

Rudy Espiritu, Assistant City Manager

William Feithen, Police Chief

Lanson Russell, Fire Chief

Russell Farnum, Community Development Director

Joel Maurer, City Engineer

Rick Monas, Public Works Director

Norma Guess, City Attorney

Ted Kozinski, Comptroller/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeKalb
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director



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

December 10, 2007

Mayor Frank Van Buer & DeKalb City Council Members
Mr. Mark Biernacki, City Manager
Citizens of DeKalb

We are pleased to forward for your consideration the City of DeKalb's FY 2007 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. It has been done so in accordance with generally accepted governmental accounting principles and the Illinois Compiled Statutes.

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

Sikich LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of DeKalb's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

Government Profile of the City of DeKalb, Illinois

General Information

The City of DeKalb, incorporated in 1856, is a home-rule municipality with an estimated population of 45,749. The community, comprised of some 12 square miles, is a 30-minute drive to the high growth cities of Aurora and Naperville, and only a little more than an hour away from both downtown Chicago and O'Hare International Airport. Yet, in spite of its proximity to

the Chicago region, the City remains apart, maintaining its own unique character as a rapidly growing university community with both urban and rural roots. Many of its older neighborhoods have brick paved streets and well kept historic homes while the edge of the City bustles with new residential and commercial development.

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

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

The DeKalb Public Library was established in 1893. Its present building, which was constructed in 1931, has been remodeled and an addition was constructed in 1979. The library participates in the Prairie Area Library System which allows access to the collections of nearly 400 member agencies.

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

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of DeKalb’s financial planning and control. These controls are intended to ensure that there is compliance with the legal provisions of the annual budget approved by the Mayor and City Council. Activities of the governmental and proprietary funds are included in the approved annual budget. The level of budgetary control is established at the fund, department, and divisional levels. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, encumbrances generally are rebudgeted as part of the following year's budget.

Historical Backdrop

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

access to larger markets.

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

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

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

Economic Condition

Local economy

The City ended FY2007 with a sound local economy demonstrated through unemployment rates that remained at historically low levels; continued EAV growth in commercial, industrial and residential categories; and stable local taxable sales.

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

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate rose from an initial low of 2.9 percent (1998) to a decade high of 5.2 percent (2003), only to descend once more to the current rate of 4.1 percent.

Long-term Financial Planning

Unreserved, undesignated fund balance in the General Fund ended at 12.7 percent of total General Fund expenditures and transfers out. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., maintain a minimum of 12%).

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

- Reduce the General Fund's reliance on operating transfers from TIF and MFT Funds
- Raise the reserves of the Self-Insurance Funds
- Commit 8% of FY06 Home Rules Sales Taxes and an additional 2% each succeeding year for a total of 10% to be dedicated annually for general capital purposes

Relevant Financial Policies

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

Major Initiatives during the Year

During FY2007, 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 \$214,000 of general revenues for the Human Services Program, benefiting numerous local social service agencies
- Sponsored 12 summer concerts by the DeKalb Municipal Band and participated with the DeKalb Park District in sponsoring the community's annual Fourth of July celebration
- Continued sponsorship of the Senior Citizens Utility Assistance Program for local senior residents of limited income to receive reduced water rates, free refuse service, and a rebate of all utility taxes they pay to the municipality

Administrative Services Department

- Completed the DeKalb Downtown Revitalization Plan which will promote and restore the downtown area as the centerpiece of the community
- Finalized the redevelopment plans for South Fourth Street and the Pearl Street neighborhoods
- Purchased several parcels in the downtown TIF district for redevelopment
- Continued substantial broadcasting improvements and upgrades to the City's government access television station as well as to the City's website
- Implemented new residential design guidelines to ensure and promote high quality future residential development throughout the community
- Finalized the Special Census to accurately reflect the City's most current population so as to maximize State revenues
- Achieved the Government Finance Officers Association Award for "Excellence in Financial Reporting" for the 13th consecutive year

Legal Service Department

- The Juvenile Intervention Program dealt with 42 minors on charges ranging from curfew to retail theft – the majority dealt with alcohol and tobacco use. These children performed 1,021 hours of community service work for the elderly and not-for-profit agencies
- Implemented the Administrative Hearing procedure to expedite and streamline the prosecution of code enforcement and parking offenses
- Revised the City’s Accident Investigation Policy to standardize and streamline reporting and documentation procedures to assist in the collection and distribution of funds owed to or by the City for liability accidents
- Finalized intergovernmental agreements on impact fees and contributions and tax abatement amounts and procedures with other units of local government

Police Department

- Upgraded Departmental computer systems to latest versions including CRIMES record management system; the mobile data browser; Digital Booking; the video surveillance and recording system; upgraded four in-car radio systems; and began installation of a new police/fire radio dispatch system
- Enhanced the levels of existing service throughout the community by increasing foot and bike patrol presence in residential areas
- Trained two Child Safety Seat Technicians; one bicycle officer; 4 substitute crossing guards; 1 new police officer and sent one sergeant to the Northwestern University Center for Public Safety School of Staff and Command
- Presented D.A.R.E. to 340 local grade school children
- Hosted 2nd Citizens Police Academy
- Trained and qualified officers on the AR-15 police rifle
- Added a second motorcycle to patrol and trained officer

Fire Department

- Received and placed into service a new engine at Fire Station 2
- Continued training of all paramedics upgraded to new Illinois Department of Public Health standards
- Received a state of the art Hazardous Materials Decon Unit through the Illinois Terrorism Task Force and MABAS
- Maintained status as a Level “A” Team under the MABAS Statewide Mutual Aid Plan
- Enhanced the level of training of many team members using resources available through the Illinois Terrorism Task Force to reduce local costs

Public Works Department

- Successfully completed negotiations and executed a 15-year agreement with the DeKalb Sanitary District for water billing services, fees and other related duties
- Recipient of the Tree City USA Community Award for the ninth consecutive year and the first time recipient of the Tree City USA Growth Award from the Illinois Department of Natural Resources
- Coordinated the creation of a Tree Planting Advisory Committee in identifying user-friendly tree planting guidelines in the public rights-of-way
- Assisted in the coordination of the Public Service Announcement informing the local citizenry and Renew DeKalb of the Union Pacific Railroad crossing closures
- Partnered with Renew DeKalb to maintain and enhance the appearance and improvement of the downtown and continue to serve in an ongoing advisory role with the Downtown Revitalization Committee
- Assisted in the purchase preparation and acquisition of the commercial properties located at 126 N. 1st Street, 104, 106 and 108 E. Locust Street
- Adopted the Minimum Standards policy for commercial businesses at the DeKalb Taylor Municipal Airport (DTMA)
- Completed the Glide Slope and MALSR runway approach lighting equipment system purchases for Runway 2
- Secured State Fire Marshal and IDOT approvals to install a self serve fuel station for the aviation community
- Acquired 52 acres at the north end of the airport for future improvements
- Large DC-9 Cargo aircraft operations now utilize DTMA for freight deliveries
- DTMA hosted the World War II Bomber “Sentimental Journey” visit to DeKalb. The Arizona Wing of the Commemorative Air Force Presented the City of DeKalb with the “GOLD Seal” award for most responsive visit during their nationwide tour
- Adopted a Mission Statement and Action Plan for the DTMA
- Continued the meter replacement program. Currently, 95% of the meters are being read by radio transmission that helps to decrease meter reading time and increase reading accuracy
- Added in-line pH monitoring equipment at the four remaining Water Treatment Plants to achieve and maintain accurate real-time pH monitoring of finished water
- Complied with new Water Quality Standards set by IEPA for pH and orthophosphate
- Passed Lead/Copper monitoring allowing the City to be placed on a reduced monitoring schedule for the first time since the construction of the Water Treatment Facilities
- Achieved eleventh consecutive year of compliance with the Illinois Fluoridation

Act

- Rehabilitated Well 10, 11 and 16 increasing the total pumping capacity of the wells by 1,000 GPM or a potential increase of 1,440,000 gallons per day
- Adjusted water pumping schedules saving over \$60,000 in electrical cost
- Contracted with MidAmerican for electricity supply for wells and water treatment plants resulting in a considerable cost savings compared with Comed rates
- Achieved full compliance with all Federal and State EPA water standards.
- Successfully conducted snow removal operations battling a season accumulative total of 48.8 inches of snow
- Implemented a “Citizen Ride Along” program to educate residents on the challenges of removing snow

Community Development Department

- Completed initial “Top 75” problem properties through Enhanced Property Maintenance Program and began working on second set of 75
- Created new residential design requirements
- Updated residential zoning districts and adopted new “MFR-1” and “MFR-2” Multiple Family Residential zoning districts
- Completed comprehensive update to the Zoning Map
- Continued implementation of East Lincoln Highway Plan, including administration of ISTEAs and EDI grants and preliminary engineering of streetscape improvements
- Coordinated construction of Lincoln Highway gazebo with Lincoln Highway Coalition and DeKalb Park District
- Assisted with the initiation of the Downtown Redevelopment Plan
- Began a program for rezoning residential neighborhoods and completed at least one neighborhood
- Hired consultant for completion of Pearl Street neighborhood revitalization plan
- Continued UDO updates with drafting and adoption of major policy changes and implementation of new residential policies
- Completed Affordable Housing Study
- Implemented mobile computerized tracking system for Code Enforcement

Engineering Department

- Provided technical support and inspection of residential and commercial projects such as Panduit expansion, Park 88 Lot 9, Glidden Crossing (Schnuck’s), Rivermist Phases IV, and South Pointe Greens Unit II
- Coordinated construction of watermain moves near RTE 38 Bridge
- Received \$680,000 federal funding for S. First Street improvements between Taylor and Barb Boulevard and completed construction for this \$1,250,000 improvement

- Completed some construction for the North portion of Annie Glidden Road widening improvements between the Tollway and Route 38 and acquired over 10 right-of-way parcels for the second phase from Highpointe Drive to Bellevue Drive
- Managed capital improvement projects of one million dollars including alley repairs, sidewalk replacement, TIF Street Maintenance, general striping, and patching
- Completed design and construction of the Railroad noise mitigation wayside horn project
- Undertook design of Bethany Road widening project, East on N. 1st Street

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 2008 will include the following initiatives:

- Participate in the redevelopment projects of "Renew DeKalb, Inc."
- Participate in long term planning for Tax Increment Financing extension
- Complete financing and specifications for the construction of a Police Station
- Continue to work with School District on long term facilities needs and planning
- Continue to cooperate with developers for the strategic development and/or redevelopment of commercial and industrial properties
- Coordinate eminent domain and/or purchase of property for City purposes
- Update the City's compliance with current Health Insurance Portability and Accessibility Act (HIPAA) requirements
- Implement in-car "field reporting" program in squads
- Install in-car video cameras in two squads
- Expand the volunteer program
- Install police monitoring cameras at high school
- Seek funding for replacement of all SCBA through a grant from the Department of Homeland Security/U.S. Fire Administration
- Place a new engine in service at Fire Station 3
- Complete specification and seek proposals for the replacement of aerial platform
- Purchase a new medium duty ambulance for Station 2
- Implement "Existing Building" code to encourage rehabs of older buildings
- Transition enhanced property maintenance program from target neighborhoods to major corridors
- Begin large meter testing of City's highest water users to insure meters are accurate and water consumption is being billed properly
- Monitor new electrical rates and pumping schedules to decrease electrical costs
- Adjust current water rates and fees to achieve rates that better reflect the true cost of providing water
- Continue aggressive meter change-out program with the goal to achieve 100% radio read devices by end of FY2008

- Acquire 63 acres +/- of land for future airport improvements
- Work with Renew DeKalb, Inc and City staff to enhance and revitalize the Central Business District
- Continue to seek Union Pacific Railroad and Surface Transportation Board approvals to mitigate the Pleasant Street watershed flooding issue
- Complete engineering and project studies for downtown / corridor landscaping and lighting upgrades as part of the IDOT Enhancement Grant project
- Construct a pocket park at 300 Block of East Lincoln Highway
- Complete design and bid a first phase of Bethany Road widening between Fairway Oaks Drive and Kishwaukee Hospital
- Complete building of Annie Glidden Road widening from the railroad underpass to Bellevue Drive

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, 2006. This was the thirteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

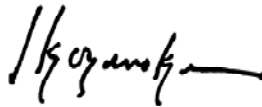
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Most especially, we wish to express our appreciation to the Mayor, City Council, and City Manager for their continued support of all of our financial management efforts.

Sincerely,



Rudy Espiritu
Assistant City Manager



Ted Kozinski, CPA
Comptroller & Treasurer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate nonmajor governmental funds, the aggregate nonmajor enterprise funds and the aggregate remaining fund information of the City of DeKalb, Illinois as of and for the year ended June 30, 2007, which collectively comprise the City of DeKalb, Illinois' basic financial statements as listed in the table of contents. We have also audited the financial statements of each nonmajor fund and each fiduciary fund as of and for the year ended June 30, 2007. These financial statements are the responsibility of the City of DeKalb, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate nonmajor governmental funds, the aggregate nonmajor enterprise funds and the aggregate remaining fund information of the City of DeKalb, Illinois as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, each individual nonmajor fund and each fiduciary fund financial statement referred to above present fairly, in all material respects, the financial position of each of the individual funds and the changes in financial position and, where applicable, of the cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2007 on our consideration of the City of DeKalb, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

A handwritten signature in black ink that reads "Seuch LLP". The signature is written in a cursive, slightly slanted style.

Aurora, Illinois
November 13, 2007

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF DEKALB, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

This section of the City of DeKalb's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the City's financial activities during the fiscal year ended June 30, 2007. This should be read in conjunction with the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Net Asset position and performance in total – The City's total net assets increased from \$138,841,557 at June 30, 2006 to \$146,377,960 at June 30, 2007.
- Governmental Activity summary – Net assets for governmental activities increased by \$2,340,623 during the year to \$101,597,652.
- Business-type Activity summary – Net assets for business-type activities increased by \$5,195,780 during the year to \$44,780,308.
- General Fund summary – The City's General Fund reported a decrease of (\$522,466) in fund balance for the year to \$3,303,177.
- Budget vs. Actual – The City's General Fund actual revenues were \$643,689 less than budgeted revenues while General Fund actual expenditures and transfers were less than budgeted expenditures by \$7,307.
- Capital – Total capital and infrastructure assets of Governmental and Business-Type Activities increased by \$6,731,607 to \$179,602,202. More detailed information regarding the City's capital assets debt can be found in Note 5 of the financial statements.
- Debt Service – The City issued \$1,000,000 million in general obligation bond anticipation notes to finance the future redevelopment of the downtown area. In addition, the City paid off a \$1,450,000 note owed to a developer of a retail mall in DeKalb. More detailed information regarding the City's long-term debt can be found in Note 8 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Government-Wide Statements

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

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to disclose bottom line results for the City and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

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

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

Fund Financial Statements

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

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

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

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

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

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB 34 now requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) that

periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset’s original useful life or expand its capacity – the cost of the project will be expensed. For example, an “overlay” of a street will be considered maintenance whereas a “rebuild” of a street will be capitalized.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE
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In accordance with GASB Statement No. 34, the City is required to provide comparative analysis of government-wide information. The current year comparative statements follow:

NET ASSETS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

**Table 1
Statement of Net Assets
As of June 30, 2007**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
<i>Current and Other Assets</i>	20,558,257	20,706,471	2,391,287	1,889,211	22,949,544	22,595,682
<i>Capital Assets</i>	122,557,860	123,637,455	50,312,735	55,964,747	172,870,595	179,602,202
<i>Total Assets</i>	<i>\$143,116,117</i>	<i>\$144,343,926</i>	<i>\$52,704,022</i>	<i>\$57,853,958</i>	<i>\$195,820,139</i>	<i>\$202,197,884</i>
<i>Other Liabilities</i>	11,977,074	14,079,855	1,571,736	2,057,382	13,548,810	16,137,237
<i>Long-Term Liabilities</i>	31,882,014	28,666,419	11,547,818	11,016,268	43,429,832	39,682,687
<i>Total Liabilities</i>	<i>\$43,859,088</i>	<i>\$42,746,274</i>	<i>\$13,119,554</i>	<i>\$13,073,650</i>	<i>\$56,978,642</i>	<i>\$55,819,924</i>
<i>Net Assets:</i>						
<i>Invested in capital assets</i>	107,038,191	109,228,834	39,392,443	45,585,845	146,430,634	154,814,679
<i>Restricted</i>	3,295,898	3,159,513	0	0	3,295,898	3,159,513
<i>Unrestricted</i>	(11,077,060)	(10,790,695)	192,085	(805,537)	(10,884,975)	(11,596,232)
<i>Total Net Assets</i>	<i>\$99,257,029</i>	<i>\$101,597,652</i>	<i>\$39,584,528</i>	<i>\$44,780,308</i>	<i>\$138,841,557</i>	<i>\$146,377,960</i>

Normal Impacts-Net Assets

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

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

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

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

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

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

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

Current Year Impacts-Net Assets

The City's combined net assets increased from \$138,841,557 to \$146,377,960. As is has been the case for a number of years, the main source of the increase was due to additions to Capital Assets (Land, Infrastructure, and Vehicles).

Net assets of the City's governmental activities increased by \$2,340,623 during the year to \$101,597,652. The basis of the increase was due to the new Wayside Horn System (which reduced the nuisance of train whistles and, at the same time, maintained safety), Annie Glidden Street Reconstruction, widening of First Street, and purchases of land in the downtown area pegged for redevelopment.

Net assets of the City's business-type activities increased by \$5,195,780 during the year to \$44,780,308 due largely to additions to the City's Airport land acquisitions and completion of the Airport Glidescope project. The City's business type activities include individual Funds for Water, Refuse, Airport, and Development Services. The total FY 2007 expenses of these Funds (excluding transfers) was \$6,898,546 compared to FY 2006 \$6,579,467, and FY 2005 \$6,037,692.

Unrestricted net assets, available to finance the continuing operation of its business type activities, were (\$805,537) in FY 2007 versus \$192,085 in FY 2006, \$1,273,772 in FY 2005, and \$1,631,020 in FY 2004. The Water Fund and Airport Fund have been the source of this descending trend over the years and the significant FY 2007 decrease occurred due to a continuation of Airport operating deficits as well as the Water Fund's expansion of the distribution system in the west side of DeKalb along Lincoln Highway and the Annie Glidden/Highpointe area. To improve the financial situation of the Water Fund, the City underwent a rate analysis in the first half of 2007 and will increase rates and other various fees beginning in July 2007.

CHANGES IN NET ASSETS

Statement of Changes In Net Assets

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

Table 2
Changes in Net Assets
For the Fiscal Year Ended June 30, 2007

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Primary Government</i>	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
REVENUES						
<i>Program Revenues:</i>						
<i>Charges for Services</i>	\$3,173,862	\$3,018,858	\$6,384,432	\$6,152,261	\$9,558,294	\$9,171,119
<i>Operating grants</i>	2,867,194	2,148,087	0	0	\$2,867,194	\$2,148,087
<i>Capital grants</i>	3,036,831	1,609,289	257,211	2,865,831	\$3,294,042	\$4,475,120
<i>General Revenues:</i>						
<i>Property Taxes</i>	7,408,007	8,799,430	75,194	0	\$7,483,201	\$8,799,430
<i>Sales Taxes</i>	11,553,379	12,275,585	0	0	\$11,553,379	\$12,275,585
<i>Other Taxes</i>	7,725,521	8,121,889	0	0	\$7,725,521	\$8,121,889
<i>Investment Income</i>	340,505	428,938	9,214	0	\$349,719	\$428,938
<i>Contributions</i>	1,004,424	1,525,564	771,776	3,201,438	\$1,776,200	\$4,727,002
<i>Other</i>	353,141	281,650	41,634	43,633	\$394,775	\$325,283
<i>Special Item</i>	0	869,786	0	0	\$ 0	\$869,786
Total Revenues	<u>\$37,462,864</u>	<u>\$39,079,076</u>	<u>\$7,539,461</u>	<u>\$12,263,163</u>	<u>\$45,002,325</u>	<u>\$51,342,239</u>
EXPENSES						
<i>General Government</i>	\$6,505,926	\$8,553,164	\$0	\$0	\$6,505,926	\$8,553,164
<i>Public Safety</i>	14,009,805	16,371,735	0	0	\$14,009,805	\$16,371,735
<i>Community Improvement</i>	7,706,447	6,133,081	0	0	\$7,706,447	\$6,133,081
<i>Highways And Streets</i>	4,743,859	4,888,810	0	0	\$4,743,859	\$4,888,810
<i>Interest</i>	1,154,903	960,500	0	0	\$1,154,903	\$960,500
<i>Water</i>	0	0	4,131,341	4,206,023	\$4,131,341	\$4,206,023
<i>Refuse</i>	0	0	1,313,885	1,403,778	\$1,313,885	\$1,403,778
<i>Airport</i>	0	0	839,450	1,039,450	\$839,450	\$1,039,450
<i>Development Services</i>	0	0	294,791	249,295	\$294,791	\$249,295
Total Expenses	<u>\$34,120,940</u>	<u>\$36,907,290</u>	<u>\$6,579,467</u>	<u>\$6,898,546</u>	<u>\$40,700,407</u>	<u>\$43,805,836</u>
Change in Net Assets Before Transfers						
	<u>\$3,341,924</u>	<u>\$2,171,786</u>	<u>\$959,994</u>	<u>\$5,364,617</u>	<u>\$4,301,918</u>	<u>\$7,536,403</u>
<i>Transfers In (Out)</i>	172,713	168,837	(172,713)	(168,837)	\$ 0	\$ 0
Change in Net Assets	<u>\$3,514,637</u>	<u>\$2,340,623</u>	<u>\$787,281</u>	<u>\$5,195,780</u>	<u>\$4,301,918</u>	<u>\$7,536,403</u>
Restated Net Assets, July 1*						
	\$94,756,164	\$99,257,029	\$38,326,047	\$39,584,528	\$133,082,211	\$138,841,557
Net Assets, June 30	<u>\$98,270,801</u>	<u>\$101,597,652</u>	<u>\$39,113,328</u>	<u>\$44,780,308</u>	<u>\$137,384,129</u>	<u>\$146,377,960</u>

*Please refer to Note 15 of the financial statements for further details on net asset restatements.

Normal Impacts-Changes In Net Assets

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

Revenues:

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

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

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

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

Expenses:

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

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

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

Inflation – while overall inflation appears to be modest (the year-over-year Consumer Price Index of All Urban Consumers was slightly over 2.68% as of June 30, 2007), the City is a major consumer of certain commodities and services that typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include insurance, fuel, electricity, and construction-related costs.

Current Year Impacts-Changes In Net Assets

Governmental Activities

Revenue:

Revenues from governmental activities totaled \$39,079,076. Sales taxes continue to be the City's largest source of tax revenues. The \$12,275,585 in sales tax revenues received in FY 2007 compared

favorably to last year's \$11,553,379. Although the rate of increase has slowed from the FY06 pace, year-over-year growth in the sales tax base was a strong 6.3%

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

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

The largest dollar-changes from FY 2007 were noted in "Capital Grants", "Property Taxes", and a "Special Item". For DeKalb, property taxes are levied to cover the City's pension obligations. The special item was due to an unusual circumstance whereby the holder of a developer note obligation accepted a discounted value for early re-payment. Capital Grant revenue normally varies greatly from year-to-year, so the decrease in revenue from this source was not unexpected.

Although most other revenue categories increased from the prior fiscal year due to the general improvement in the overall State and local economy, the one most particularly impacted by the improvement has been State income tax distributions which rose 9.7%. However, not following the general trend have been revenues from Licenses and Permits which decreased 25.1%.

Expenses:

Expenses for governmental activities totaled \$36,907,290 compared to FY 2006 \$34,120,940. Expenses were negatively impacted by rising pension and healthcare costs.

Business Type Activities

Revenue:

Revenue from business-type activities totaled \$12,263,163 in FY 2007. This represents a \$4,723,702 increase from last year and was primarily due to capital grants to fund Airport land acquisitions and contributions from the State for the Airport Glideslope project.

Expenses:

Expenses for business-type activities totaled \$6,898,546. There were no major changes from last year for the Water, Refuse, Airport, and Development Services Funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2007, the governmental funds reflect a combined fund balance of \$5,384,395 compared to \$6,645,603 in FY06. This decrease was due largely to an operating deficit in the General Fund and a drawdown of fund balances in the Capital Projects Fund and Motor Fuel Tax Fund for various capital expenditures and road improvements. Offsetting these fund balance decreases were significant improvements seen in the TIF #1 and TIF #2 Funds due to higher property tax and sales tax revenues combined with lower expenditures.

The General Fund FY 2007 ending fund balance of \$3,303,177 equals about 6 weeks of FY 2008 expenditures. For FY 2008, the City needs fund balance to increase to insure it stays above Council's goal to not fall below 12% of budgeted expenditures. Although Council has planned to budget a portion of Home Rule sales tax to fund various capital projects, City staff will monitor the financial situation throughout the year to determine whether this will be possible or not.

In January 2007, the City issued \$1,000,000 million in general obligation bond anticipation notes to finance the redevelopment of the downtown district. Unlike FY 2007, in FY08 the City will continue to expand its use of capital leases to fund various equipment and vehicle purchases. More detailed information regarding the City's long-term debt can be found in Note 8 of the financial statements.

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

General Fund Budgetary Highlights

<i>General Fund</i>	<i>FY 2007 Original Budget</i>	<i>FY 2007 Amended Budget</i>	<i>FY 2007 Actual</i>	<i>Prior Year FY 2006 Actual</i>
<i>Revenues</i>				
<i>Taxes</i>	\$21,843,652	\$21,843,652	\$21,902,386	\$20,724,507
<i>Licenses & Permits</i>	749,000	749,000	448,192	598,657
<i>Charges for Services</i>	1,885,000	1,885,000	1,487,590	1,548,946
<i>Fines & Forfeitures</i>	820,000	820,000	672,403	696,551
<i>Other</i>	514,000	514,000	657,392	960,322
<i>Total</i>	<i>\$25,811,652</i>	<i>\$25,811,652</i>	<i>\$25,167,963</i>	<i>\$24,528,983</i>
<i>Expenditures and Transfers</i>				
<i>General Government</i>	\$4,383,896	\$4,383,896	\$4,450,266	\$3,947,310
<i>Public Safety</i>	15,538,380	15,538,380	15,695,093	14,963,148
<i>Community Improvement</i>	4,514,760	4,514,760	4,425,779	3,780,017
<i>Proceeds on Sale of Capital Assets</i>	(5,000)	(5,000)	(4,133)	(3,074)
<i>Transfers In</i>	(770,000)	(770,000)	(377,587)	(397,443)
<i>Transfers Out</i>	2,035,700	2,035,700	1,501,011	2,118,521
<i>Total</i>	<i>\$25,697,736</i>	<i>\$25,697,736</i>	<i>\$25,690,429</i>	<i>\$24,408,479</i>
<i>Change in Fund Balance</i>	<i>\$113,916</i>	<i>\$113,916</i>	<i>(\$522,466)</i>	<i>\$120,504</i>

During fiscal year 2007, the City Council made no revenue or expenditure budget amendments. Due largely to shortfalls in budgeted sales taxes, utility taxes, building permits, planning fees, ambulance revenues, and circuit court fines, the actual General Fund revenues came in less than original budgeted revenues by (\$643,689) during FY 2007.

Actual General Fund expenditures and transfers were less than the original budget by (\$7,307) which was primarily assisted by the elimination of the scheduled \$575,000 transfer to the Capital Projects Fund.

In looking at other Major Governmental Funds:

- Tax Increment Funds #1 and #2 had FY 2007 ending fund balances of \$845,262 and (\$458,734) respectively as compared to FY 2006 balances of \$279,455 and (\$918,112). TIF #1 will fully expire in 2011 while TIF # 2 will expire in 2018.
- Motor Fuel Tax, the Council continued the use of motor fuel tax money normally reserved for specific MFT eligible road projects to pay for street lighting, road salt, and other street-related maintenance activities budgeted in the general fund.

Water Fund Highlights

<i>Water Fund</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Actual</i>
<i>Revenues</i>				
<i>Charges for Services</i>				
<i>Water Sales</i>	\$3,725,387	\$3,634,382	\$3,979,822	\$3,901,470
<i>Permits</i>	909,125	649,654	466,622	283,691
<i>Miscellaneous</i>	31,649	31,061	17,796	22,397
<i>Total</i>	<i>\$4,666,161</i>	<i>\$4,315,097</i>	<i>\$4,464,240</i>	<i>\$4,207,558</i>
<i>Expenses, Transfers, and Contributions</i>				
<i>Operating Expenses</i>	(\$2,468,583)	(\$2,496,256)	(\$2,708,143)	(\$2,805,181)
<i>Depreciation & Amortization</i>	(965,314)	(1,050,606)	(1,088,404)	(1,099,162)
<i>Non-Operating Revenues (Expenses)</i>	(351,802)	(300,368)	(325,580)	(105,512)
<i>Transfers In</i>	0	0	0	0
<i>Transfers Out</i>	(392,600)	(426,458)	(397,443)	(377,587)
<i>Developer Contributions</i>	791,875	729,577	568,186	482,329
<i>Total</i>	<i>(\$3,386,424)</i>	<i>(\$3,544,111)</i>	<i>(\$3,951,384)</i>	<i>(\$3,905,113)</i>
<i>Change in Net Assets</i>	<i>\$1,279,737</i>	<i>\$770,986</i>	<i>\$512,856</i>	<i>\$302,445</i>

The FY 2007 ending net assets of the Water Fund stands at \$20,726,414 compared to \$20,423,969 last year. Although the change in Net Assets continues to be positive, the upward trend does not reflect the yearly deterioration in the unrestricted portion of those Net Assets which now stands at (\$148,960) compared to \$123,938 in FY06 and \$1,608,613 in FY05. As stated before, management has undergone a rate analysis of water sales and will increase rates and various fees in FY08 to insure that the Water Fund remains healthy.

CAPITAL ASSETS

At the end of fiscal year 2007, the City's Governmental Funds had invested \$123,637,455 in a variety of capital assets and infrastructure, as reflected in the following schedule.

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

	<i>Balance June 30, 2006</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2007</i>
Non-Depreciable Assets			
<i>Land & Land Right of Way</i>	\$33,575,199	\$2,165,234	\$35,740,433
Depreciable Capital Assets			
<i>Buildings and Improvements</i>	5,791,609	43,485	5,835,094
<i>Equipment and Vehicles</i>	7,160,395	657,701	7,818,096
<i>Infrastructure</i>	130,528,327	1,321,270	131,849,597
<i>Accumulated Depreciation on Capital Assets</i>	(54,497,670)	(3,108,095)	(57,605,765)
Totals	\$122,557,860	\$1,079,595	\$123,637,455

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

At the end of fiscal year 2007, the City's Business-Type Funds had invested \$55,964,747 in capital assets as reflected in the following schedule.

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

	<i>Balance June 30, 2006</i>	<i>Net Additions/ Deletions</i>	<i>Balance June 30, 2007</i>
Non-Depreciable Assets			
<i>Land & Land Improvements</i>	\$12,894,200	\$3,452,440	\$16,346,640
Depreciable Capital Assets			
<i>Buildings</i>	5,188,975	0	5,188,975
<i>Water Distribution System</i>	36,212,586	741,102	36,953,688
<i>Equipment and Vehicles</i>	1,461,746	81,884	1,543,630
<i>Airport Infrastructure</i>	6,776,334	2,770,000	9,546,334
<i>Accumulated Depreciation on Capital Assets</i>	(12,221,106)	(1,393,414)	(13,614,520)
Totals	\$50,312,735	\$5,652,012	\$55,964,747

The major additions to capital assets during the year included major additions to the airport for land and infrastructure. For more detailed information regarding capital assets, please see Note 5 of the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-Type Activities	Total	Component Unit Library
ASSETS				
Cash and Investments	\$ 8,968,168	\$ 179,248	\$ 9,147,416	\$ 1,436,502
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	5,224,897	-	5,224,897	606,571
Accounts	-	1,410,305	1,410,305	-
Accrued Interest	4,628	-	4,628	4,900
Other	1,526,484	10,076	1,536,560	-
Prepaid Expenses	157,803	5,838	163,641	5,593
Due from Other Governments	3,356,806	261,968	3,618,774	106,403
Due from (to) Other Funds	146,080	(146,080)	-	-
Restricted Assets				
Restricted Cash and Investments	648,125	-	648,125	-
Deferred Charges	440,603	167,856	608,459	-
Net Pension Asset	232,877	-	232,877	-
Capital Assets				
Not Depreciated	35,740,433	16,346,640	52,087,073	10,000
Depreciated (Net of Accumulated Depreciation)	87,897,022	39,618,107	127,515,129	284,990
Total Assets	144,343,926	57,853,958	202,197,884	2,454,959
LIABILITIES				
Accounts Payable	2,222,128	834,410	3,056,538	31,611
Claims Payable	1,162,501	-	1,162,501	-
Accrued Payroll	737,976	61,286	799,262	26,721
Accrued Interest Payable	269,567	155,217	424,784	-
Contracts Payable	20,237	42,249	62,486	-
Other Payables	99,610	29,297	128,907	-
Unearned Property Taxes	9,237,456	-	9,237,456	1,210,022
Other Unearned Revenue	330,380	205,957	536,337	2,000
Due to Other Governments	-	728,966	728,966	-
Long-Term Liabilities				
Due Within One Year	5,654,169	626,008	6,280,177	2,075
Due in More than One Year	22,806,922	10,283,575	33,090,497	18,671
Unamortized Premium	205,328	106,685	312,013	-
Total Liabilities	42,746,274	13,073,650	55,819,924	1,291,100
NET ASSETS				
Invested in Capital Assets, Net of Related Debt Restricted for	109,228,834	45,585,845	154,814,679	294,990
Public Safety	242,733	-	242,733	-
Economic Development	845,262	-	845,262	-
Maintenance of Roadways	1,313,038	-	1,313,038	-
Specific Purpose	107,630	-	107,630	-
Debt Service	650,850	-	650,850	-
Unrestricted (Deficit)	(10,790,695)	(805,537)	(11,596,232)	868,869
TOTAL NET ASSETS	\$ 101,597,652	\$ 44,780,308	\$ 146,377,960	\$ 1,163,859

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 8,553,164	\$ 259,887	\$ 770,100	\$ 1,400,000
Public Safety	16,371,735	2,325,586	96,470	2,239
Community Improvement	6,133,081	433,385	18,671	-
Highways and Streets	4,888,810	-	1,262,846	207,050
Interest	960,500	-	-	-
Total Governmental Activities	36,907,290	3,018,858	2,148,087	1,609,289
Business-Type Activities				
Water	4,206,023	4,185,161	-	185,914
Airport	1,039,450	235,999	-	2,679,917
Development Services	249,295	230,060	-	-
Refuse	1,403,778	1,501,041	-	-
Total Business-Type Activities	6,898,546	6,152,261	-	2,865,831
TOTAL PRIMARY GOVERNMENT	\$ 43,805,836	\$ 9,171,119	\$ 2,148,087	\$ 4,475,120
COMPONENT UNIT				
Library	\$ 1,352,920	\$ 37,784	\$ 300,084	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
	\$ (6,123,177)	\$ -	\$ (6,123,177)	\$ -
	(13,947,440)	-	(13,947,440)	-
	(5,681,025)	-	(5,681,025)	-
	(3,418,914)	-	(3,418,914)	-
	(960,500)	-	(960,500)	-
	(30,131,056)	-	(30,131,056)	-
	-	165,052	165,052	-
	-	1,876,466	1,876,466	-
	-	(19,235)	(19,235)	-
	-	97,263	97,263	-
	-	2,119,546	2,119,546	-
	(30,131,056)	2,119,546	(28,011,510)	-
	-	-	-	(1,015,052)
General Revenues				
Taxes				
Property	8,799,430	-	8,799,430	1,078,384
Home Rule Sales	4,296,267	-	4,296,267	-
Utility	3,663,782	-	3,663,782	-
Income	3,689,547	-	3,689,547	-
State Sales - Unrestricted	5,864,315	-	5,864,315	-
Restaurant/Bar	1,557,627	-	1,557,627	-
Local Use	557,376	-	557,376	-
Other	768,560	-	768,560	38,246
Investment Income	428,938	-	428,938	62,378
Miscellaneous	281,650	43,633	325,283	70,137
Contributions	1,525,564	3,201,438	4,727,002	-
Transfers In (Out)	168,837	(168,837)	-	-
Special Item	869,786	-	869,786	-
Total	32,471,679	3,076,234	35,547,913	1,249,145
CHANGE IN NET ASSETS	2,340,623	5,195,780	7,536,403	234,093
NET ASSETS, JULY 1	98,270,801	39,113,328	137,384,129	929,766
Prior Period Adjustment	986,228	471,200	1,457,428	-
NET ASSETS, JULY 1, RESTATED	99,257,029	39,584,528	138,841,557	929,766
NET ASSETS, JUNE 30	\$ 101,597,652	\$ 44,780,308	\$ 146,377,960	\$ 1,163,859

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2007

	General	Motor Fuel Tax	Tax Increment Financing #1
ASSETS			
Cash and Investments	\$ 1,946,537	\$ 2,464,482	\$ 2,688,455
Restricted Cash and Investments	-	-	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	1,859,726	-	2,716,687
Accrued Interest	758	336	809
Other	1,222,723	-	-
Prepaid Items	147,508	-	2,769
Due from Other Governments	2,872,996	90,160	224,263
Due from Other Funds	365,064	11,463	1,562
Advances to Other Funds	-	-	1,077,000
TOTAL ASSETS	\$ 8,415,312	\$ 2,566,441	\$ 6,711,545
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 640,244	\$ 686,515	\$ 378,339
Accrued Payroll	735,166	-	-
Contracts Payable	-	-	18,562
Other Payables	99,610	-	-
Deferred Property Taxes	2,597,329	-	5,356,111
Other Deferred Revenue	1,030,136	250,000	-
Due to Other Funds	9,650	316,888	113,271
Advances from Other Funds	-	-	-
Total Liabilities	5,112,135	1,253,403	5,866,283
FUND BALANCES			
Reserved for Prepaid Items	147,508	-	2,769
Reserved for Public Safety	-	-	-
Reserved for Maintenance of Roadways	-	1,313,038	-
Reserved for Specific Purpose	-	-	-
Reserved for Advances to Other Funds	-	-	1,077,000
Reserved for Debt Service	-	-	-
Unreserved			
Undesignated - General Fund	3,155,669	-	-
Undesignated (Deficit) - Special Revenue Funds	-	-	-
Undesignated (Deficit) - Capital Projects Funds	-	-	(234,507)
Total Fund Balances	3,303,177	1,313,038	845,262
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,415,312	\$ 2,566,441	\$ 6,711,545

Tax Increment Financing #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 538,712	\$ 411,453	\$ 8,049,639
-	648,125	648,125
494,734	153,750	5,224,897
-	2,725	4,628
-	1,496	1,224,219
-	965	151,242
-	169,387	3,356,806
-	216,400	594,489
-	-	1,077,000
<u>\$ 1,033,446</u>	<u>\$ 1,604,301</u>	<u>\$ 20,331,045</u>

\$ 14,730	\$ 288,914	\$ 2,008,742
-	2,810	737,976
-	1,675	20,237
-	-	99,610
977,450	306,566	9,237,456
-	37,084	1,317,220
-	8,600	448,409
500,000	577,000	1,077,000
<u>1,492,180</u>	<u>1,222,649</u>	<u>14,946,650</u>

-	965	151,242
-	9,466	9,466
-	-	1,313,038
-	112,103	112,103
-	-	1,077,000
-	650,850	650,850
-	-	3,155,669
-	(8,808)	(8,808)
(458,734)	(382,924)	(1,076,165)
<u>(458,734)</u>	<u>381,652</u>	<u>5,384,395</u>

<u>\$ 1,033,446</u>	<u>\$ 1,604,301</u>	<u>\$ 20,331,045</u>
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See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 5,384,395
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	123,637,455
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Interest payable	(269,567)
Compensated absences payable	(4,418,472)
Bonds payable	(18,515,000)
Bond anticipation notes payable	(3,000,000)
Capital lease payable	(1,028,621)
Due to other governments	(1,498,998)
Bond premiums are other financing sources in governmental funds in the year of issuance but are capitalized and amortized on the statement of net assets	(205,328)
Issuance costs and losses on refundings are expenditures in governmental funds but are capitalized and amortized on the statement of net assets	440,603
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	840,006
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	(1,698)
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	232,877
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 101,597,652</u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	General	Motor Fuel Tax	Tax Increment Financing #1
REVENUES			
Taxes	\$ 21,902,386	\$ -	\$ 6,102,433
Licenses and Permits	448,192	-	-
Intergovernmental	171,406	1,262,846	18,671
Charges for Services	1,487,590	-	-
Fines and Forfeitures	672,403	-	-
Investment Income	144,855	138,328	75,584
Miscellaneous	341,131	100,000	32,946
Total Revenues	25,167,963	1,501,174	6,229,634
EXPENDITURES			
Current			
General Government	4,450,266	-	-
Public Safety	15,695,093	-	-
Community Improvement	4,425,779	-	-
Highways and Streets	-	1,843,360	-
Capital Outlay	-	-	4,364,324
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	24,571,138	1,843,360	4,364,324
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	596,825	(342,186)	1,865,310
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	4,133	-	-
Transfers In	377,587	-	-
Transfers (Out)	(1,501,011)	(85,000)	(2,299,503)
Notes Issued	-	-	1,000,000
Capital Lease Issued	-	-	-
Total Other Financing Sources (Uses)	(1,119,291)	(85,000)	(1,299,503)
NET CHANGE IN FUND BALANCES	(522,466)	(427,186)	565,807
FUND BALANCES (DEFICIT), JULY 1	3,825,643	2,211,424	279,455
Prior Period Adjustment	-	(471,200)	-
FUND BALANCES (DEFICIT), JULY 1, RESTATED	3,825,643	1,740,224	279,455
FUND BALANCES (DEFICIT), JUNE 30	\$ 3,303,177	\$ 1,313,038	\$ 845,262

Tax Increment Financing #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 772,578	\$ 319,834	\$ 29,097,231
-	-	448,192
-	2,271,792	3,724,715
-	198,401	1,685,991
-	-	672,403
-	70,171	428,938
-	41,673	515,750
772,578	2,901,871	36,573,220
-	2,290,556	6,740,822
-	24,759	15,719,852
-	-	4,425,779
-	-	1,843,360
313,200	1,969,676	6,647,200
-	2,835,214	2,835,214
-	906,585	906,585
313,200	8,026,790	39,118,812
459,378	(5,124,919)	(2,545,592)
-	32,300	36,433
-	3,676,764	4,054,351
-	-	(3,885,514)
-	-	1,000,000
-	79,114	79,114
-	3,788,178	1,284,384
459,378	(1,336,741)	(1,261,208)
(918,112)	1,706,031	7,104,441
-	12,362	(458,838)
(918,112)	1,718,393	6,645,603
\$ (458,734)	\$ 381,652	\$ 5,384,395

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

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NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (1,261,208)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	3,073,642
Contributions of capital assets are reported only in the statement of activities	1,525,564
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities:	
Bond anticipation notes issued	(1,000,000)
Capital lease issued	(79,114)
Certain revenues that are deferred in the governmental funds are recognized as revenue in the governmental activities	99,673
Gains (losses) on the disposal of capital assets are reported in the governmental activities	(32,915)
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	3,645,375
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(3,486,696)
Interest and amortization of bond issuance costs and loss on refunding	(53,915)
Compensated absences	(246,849)
The addition (reduction) in net assets of certain activities of internal service funds is included in governmental funds	(724,124)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	11,404
Special item	<u>869,786</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,340,623</u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2007

	Business-Type Activities				Governmental
	Water	Airport	Nonmajor	Total	Activities
			Enterprise Funds		Internal Service Funds
CURRENT ASSETS					
Cash and Investments	\$ 20,233	\$ (1,445)	\$ 160,460	\$ 179,248	\$ 918,529
Receivables					
Accounts	1,226,040	-	184,265	1,410,305	-
Other	1,200	8,876	-	10,076	302,265
Prepaid Expenses	5,162	676	-	5,838	6,561
Due from Other Governments	163,530	98,438	-	261,968	-
Due from Other Funds	-	-	603,924	603,924	483,000
Total Current Assets	1,416,165	106,545	948,649	2,471,359	1,710,355
NONCURRENT ASSETS					
Advance to Other Funds	734,100	-	-	734,100	-
Deferred Charges	126,351	41,505	-	167,856	-
Total Noncurrent Assets	860,451	41,505	-	901,956	-
CAPITAL ASSETS					
Nondepreciable	1,359,333	14,987,307	-	16,346,640	-
Depreciable	40,439,255	12,793,371	-	53,232,626	-
Accumulated Depreciation	(11,819,312)	(1,795,207)	-	(13,614,519)	-
Net Capital Assets	29,979,276	25,985,471	-	55,964,747	-
Total Assets	32,255,892	26,133,521	948,649	59,338,062	1,710,355
CURRENT LIABILITIES					
Accounts Payable	555,567	36,241	242,602	834,410	65,556
Accrued Payroll	46,179	6,704	8,403	61,286	-
Accrued Interest Payable	119,353	35,864	-	155,217	-
Retainage Payable	42,249	-	-	42,249	-
Other Payables	11,422	17,875	-	29,297	-
Unearned Revenue	1,200	19,720	185,037	205,957	996
Due to Other Funds	512,004	238,000	-	750,004	483,000
Due to Other Governments	728,966	-	-	728,966	-
Claims Payable	-	-	-	-	1,162,501
General Obligation Bonds Payable	170,000	25,000	-	195,000	-
Capital Lease Payable	20,521	29,509	-	50,030	-
IEPA Loans Payable	343,228	-	-	343,228	-
Compensated Absences Payable	31,813	2,538	3,399	37,750	-
Total Current Liabilities	2,582,502	411,451	439,441	3,433,394	1,712,053

(This statement is continued on the following page.)

CITY OF DEKALB, ILLINOIS

STATEMENT OF NET ASSETS (Continued)
 PROPRIETARY FUNDS

June 30, 2007

	Business-Type Activities				Governmental
	Water	Airport	Nonmajor	Total	Internal
			Enterprise		Service
			Funds		Funds
LONG-TERM LIABILITIES					
General Obligation Bonds Payable	\$ 3,145,000	\$ 1,250,000	\$ -	\$ 4,395,000	\$ -
Capital Lease Payable	79,089	123,670	-	202,759	-
IEPA Loans Payable	5,346,064	-	-	5,346,064	-
Advance from Other Funds	-	734,100	-	734,100	-
Compensated Absences Payable	286,317	22,843	30,592	339,752	-
Unamortized Premium	90,506	16,179	-	106,685	-
Total Long-Term Liabilities	8,946,976	2,146,792	30,592	11,124,360	-
Total Liabilities	11,529,478	2,558,243	470,033	14,557,754	1,712,053
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	20,875,374	24,710,471	-	45,585,845	-
Unrestricted (Deficit)	(148,960)	(1,135,193)	478,616	(805,537)	(1,698)
TOTAL NET ASSETS	\$ 20,726,414	\$ 23,575,278	\$ 478,616	\$ 44,780,308	\$ (1,698)

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Business-Type Activities				Governmental
	Water	Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 4,185,161	\$ 235,999	\$ 1,731,101	\$ 6,152,261	\$ 4,715,182
Miscellaneous	22,397	10,086	-	32,483	58,211
Total Operating Revenues	4,207,558	246,085	1,731,101	6,184,744	4,773,393
OPERATING EXPENSES					
Administration	-	-	-	-	5,502,972
Operations	2,805,181	637,976	1,653,073	5,096,230	-
Depreciation and Amortization	1,099,162	328,666	-	1,427,828	-
Total Operating Expenses	3,904,343	966,642	1,653,073	6,524,058	5,502,972
OPERATING INCOME (LOSS)	303,215	(720,557)	78,028	(339,314)	(729,579)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	-	-	-	-	5,455
Refunds/Reimbursements	-	896	-	896	-
Interest Expense	(301,680)	(72,808)	-	(374,488)	-
Grant Revenue	185,914	2,679,917	-	2,865,831	-
Gain on Sale of Capital Assets	10,254	-	-	10,254	-
Total Nonoperating Revenues (Expenses)	(105,512)	2,608,005	-	2,502,493	5,455
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	197,703	1,887,448	78,028	2,163,179	(724,124)
TRANSFERS					
Transfers In	-	123,750	85,000	208,750	-
Transfers (Out)	(377,587)	-	-	(377,587)	-
Total Transfers	(377,587)	123,750	85,000	(168,837)	-
CONTRIBUTIONS					
Contributions of Capital Assets	482,329	2,719,109	-	3,201,438	-
Total Contributions	482,329	2,719,109	-	3,201,438	-
CHANGE IN NET ASSETS	302,445	4,730,307	163,028	5,195,780	(724,124)
NET ASSETS, JULY 1	19,952,769	18,844,971	315,588	39,113,328	722,426
Prior Period Adjustment	471,200	-	-	471,200	-
NET ASSETS, JULY 1, RESTATED	20,423,969	18,844,971	315,588	39,584,528	722,426
NET ASSETS, JUNE 30	\$ 20,726,414	\$ 23,575,278	\$ 478,616	\$ 44,780,308	\$ (1,698)

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2007

	Business-Type Activities				Governmental
	Water	Airport	Nonmajor	Total	Internal
			Enterprise		Service
		Funds		Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 4,262,609	\$ 301,203	\$ 1,731,873	\$ 6,295,685	\$ -
Receipts from Interfund Services Transactions	-	-	-	-	4,715,182
Receipts from Miscellaneous Revenues	22,397	10,086	-	32,483	(47,458)
Payments to Suppliers	(833,465)	(378,369)	(1,391,967)	(2,603,801)	(5,341,998)
Payments to Employees	(1,494,522)	(206,159)	(237,262)	(1,937,943)	-
Net Cash from Operating Activities	1,957,019	(273,239)	102,644	1,786,424	(674,274)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	493,584	2,755,606	-	3,249,190	-
Reimbursements/Refunds	-	896	-	896	-
Interfund Receivables	6,674	-	(71,133)	(64,459)	(77,000)
Interfund Payables	(173,453)	237,000	(6,674)	56,873	77,000
Transfers In	-	123,750	85,000	208,750	-
Transfers (Out)	(377,587)	-	-	(377,587)	-
Net Cash from Noncapital Financing Activities	(50,782)	3,117,252	7,193	3,073,663	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(1,099,738)	(2,739,627)	-	(3,839,365)	-
Proceeds on Sale of Capital Assets	10,254	3,211	-	13,465	-
Principal Payments on Long-Term Debt	(521,389)	(48,336)	-	(569,725)	-
Interest Payments on Long-Term Debt	(275,667)	(61,151)	-	(336,818)	-
Net Cash from Capital and Related Financing Activities	(1,886,540)	(2,845,903)	-	(4,732,443)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	-	-	-	-	-
Sale of Investments	-	-	-	-	198,062
Interest Received on Investments	-	-	-	-	6,058
Net Cash from Investing Activities	-	-	-	-	204,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,697	(1,890)	109,837	127,644	(470,154)
CASH AND CASH EQUIVALENTS, JULY 1	536	445	50,623	51,604	1,388,683
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 20,233	\$ (1,445)	\$ 160,460	\$ 179,248	\$ 918,529

(This statement is continued on the following page.)

CITY OF DEKALB, ILLINOIS
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended June 30, 2007

	Business-Type Activities				Governmental
				Total	Activities
	Water	Airport	Nonmajor Enterprise Funds		Internal Service Funds
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH FLOWS FROM					
OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 303,215	\$ (720,557)	\$ 78,028	\$ (339,314)	\$ (729,579)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	1,099,162	328,666	-	1,427,828	-
Changes in Assets and Liabilities					
Accounts Receivable	44,739	-	(5,817)	38,922	-
Other Receivables	33,355	66,923	-	100,278	(106,665)
Prepaid Expenses	27,956	32,852	195	61,003	(72)
Accounts Payable	485,334	19,038	19,445	523,817	(16,965)
Accrued Payroll	2,378	(407)	434	2,405	-
Due to Other Governments	(77,334)	-	-	(77,334)	-
Claims Payable	-	-	-	-	178,011
Other Payables	1,132	(2,615)	-	(1,483)	-
Deferred Revenue	(646)	(1,719)	6,589	4,224	996
Compensated Absences	37,728	4,580	3,770	46,078	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,957,019	\$ (273,239)	\$ 102,644	\$ 1,786,424	\$ (674,274)
CASH AND INVESTMENTS					
Cash and Cash Equivalents	\$ 20,233	\$ (1,445)	\$ 160,460	\$ 179,248	\$ 918,529
Investments	-	-	-	-	-
TOTAL CASH AND INVESTMENTS	\$ 20,233	\$ (1,445)	\$ 160,460	\$ 179,248	\$ 918,529
NONCASH TRANSACTIONS					
Contributed Capital Assets	\$ 482,329	\$ 2,719,109	\$ -	\$ 3,201,438	\$ -

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

June 30, 2007

ASSETS	
Cash and Short-Term Investments	\$ 2,360,659
Investments, at Fair Value	
Certificates of Deposit	87,196
Mutual Funds	18,652,146
U.S. Treasury Securities	4,103,161
U.S. Agency Securities	16,412,155
Receivables	
Accrued Interest	<u>264,759</u>
Total Assets	<u>41,880,076</u>
LIABILITIES	
Accounts Payable	9,269
Deferred Revenue	<u>1,113,716</u>
Total Liabilities	<u>1,122,985</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 40,757,091</u></u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended June 30, 2007

ADDITIONS	
Contributions	
Employer Contributions	\$ 1,994,647
Employee Contributions	<u>775,351</u>
Total Contributions	<u>2,769,998</u>
Investment Income	
Net Appreciation in Fair Value of Investments	3,079,614
Interest	<u>1,467,712</u>
Total Investment Income	4,547,326
Less Investment Expense	<u>(63,739)</u>
Net Investment Income	<u>4,483,587</u>
Total Additions	<u>7,253,585</u>
DEDUCTIONS	
Retirement Benefits	2,757,420
Disability Benefits	169,758
Administrative Expenses	<u>36,043</u>
Total Deductions	<u>2,963,221</u>
NET INCREASE	4,290,364
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
July 1	<u>36,466,727</u>
June 30	<u><u>\$ 40,757,091</u></u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

INDEX TO NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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CITY OF DEKALB, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Unit

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

The DeKalb Public Library

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

B. Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

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

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

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following proprietary fund:

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales taxes and telecommunication taxes which are 90 days. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. Cash and Investments

Cash and Cash Equivalents

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

Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

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

G. Inventories

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

H. Restricted Assets

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

I. Deferred Charges

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

J. Prepaid Items/Expenses

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

K. Capital Assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

<u>Asset Class</u>	<u>Capitalization Threshold</u>
Building and Land Improvements	\$ 10,000
Bridges, Streets, Stormsewers and Traffic Signals	25,000
Vehicles, Machinery and Equipment	10,000

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

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

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

	<u>Years</u>
Buildings and Building Improvements	40-50
Water System	40-65
Machinery and Equipment	10-20
Vehicles	3-20
Infrastructure	40-50

L. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

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

N. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the City's net assets are restricted due to enabling legislation adopted by the City. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

O. Interfund Transactions

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

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

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets of Individual Funds

The following funds had deficit fund balances/net assets as of June 30, 2007:

Fund	Deficit Balance
Tax Increment Financing #2	\$ 458,734
Knolls Special Service Area #4	8,233
County Home Tax Increment Financing District	576,691
Workers' Compensation	998,495
Liability/Property Insurance	15,716

3. DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - The City's investment policy authorizes the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds. The Police Pension and Firefighters' Pension investment policies also allow for investing in certain non U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and equity securities.

A. Deposits

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of June 30, 2007, the City had the following investments and maturities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
Negotiable Certificates of Deposit	\$ 197,920	\$ 98,880	\$ 99,040	\$ -	\$ -	\$ -
Illinois Funds	6,421,648	-	-	6,421,648	-	-
TOTAL	\$6,619,568	\$ 98,880	\$ 99,040	\$ 6,421,648	\$ -	\$ -

As of June 30, 2007, the Police Pension Fund had the following investments and maturities in debt securities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
U.S. Agencies	\$ 11,197,630	\$ -	\$ 2,895,990	\$ 6,853,160	\$ 1,444,215	\$ 4,265
TOTAL	\$ 11,197,630	\$ -	\$ 2,895,990	\$ 6,853,160	\$ 1,444,215	\$ 4,265

As of June 30, 2007, the Firefighters' Pension Fund had the following investments and maturities.

Investment Type	Investment Maturities (in Years)					
	Fair Value	0 to 6 month	6 months to 1 year	1-5	6-10	More than 10
U.S. Treasuries	\$ 4,103,161	\$ 274,808	\$ -	\$ 3,089,356	\$ 738,997	\$ -
U.S. Agencies	5,214,525	499,064	-	2,788,608	1,926,853	-
Illinois Funds	965,259	-	-	965,259	-	-
TOTAL	\$ 10,282,945	\$ 773,872	\$ -	\$ 6,843,223	\$ 2,665,850	\$ -

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Operating Funds

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

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

At June 30, 2007, the City had greater than 5% of its overall portfolio invested in Illinois Funds (86%). The investment policy does not include any limitations on individual investment types.

GASB 40 - Police Pension Fund

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

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

At June 30, 2007, the Police Pension Fund had fixed income holdings that were approximately 48% of its investment portfolio. The investment policy diversifies its fixed income holdings with a range of 53% to 75% with a target of 53%. The Police Pension Fund had greater than 5% of its fixed income portfolio in FHLB notes.

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Police Pension Fund (Continued)

The Police Pension Fund invests 45% of its funds in equities. The Police Pension Fund's investment policy defines the strategy in which the Pension Board follows for the equity investments. The Police Pension Board diversifies its equity holdings as follows:

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

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

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

GASB 40 - Firefighters' Pension Fund

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

GASB 40 - Firefighters' Pension Fund (Continued)

At June 30, 2007, the Firefighters' Pension Fund had approximately 51% of its investment portfolio in fixed income holdings. The investment policy diversifies its fixed income holdings with a range of 40% to 80% with a target of 60%. The Firefighters' Pension Fund had greater than 5% of its fixed income holdings in FHLMC and FNMA investments.

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

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

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

4. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2006 levy year attach as an enforceable lien on January 1, 2006, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2007 and August 1, 2007, and are payable in two installments, on or about June 1, 2007 and September 1, 2007. The County collects such taxes and remits them periodically.

The City has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2006 tax levy has been recorded as deferred revenue on the financial statements. The 2007 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2007, the taxes will not be levied by the City or extended by the County until December 2007 and, therefore, the amount is not measurable at June 30, 2007.

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

5. CAPITAL ASSETS

A. Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 7,593,792	\$ 712,288	\$ -	\$ 8,306,080
Land Right of Way	25,681,407	-	-	25,681,407
Construction in Progress	300,000	2,681,281	1,228,335	1,752,946
Total Capital Assets not Being Depreciated	33,575,199	3,393,569	1,228,335	35,740,433
Capital Assets Being Depreciated				
Buildings and Improvements	5,791,609	43,485	-	5,835,094
Vehicles	5,610,388	728,229	345,217	5,993,400
Equipment	1,550,007	340,988	66,299	1,824,696
Infrastructure	130,528,327	1,321,270	-	131,849,597
Total Capital Assets Being Depreciated	143,480,331	2,433,972	411,516	145,502,787
Less Accumulated Depreciation for				
Buildings and Improvements	2,489,608	101,086	-	2,590,694
Vehicles	2,761,519	458,098	312,302	2,907,315
Equipment	988,875	99,100	66,299	1,021,676
Infrastructure	48,257,668	2,828,412	-	51,086,080
Total Accumulated Depreciation	54,497,670	3,486,696	378,601	57,605,765
Total Capital Assets Being Depreciated, Net	88,982,661	(1,052,724)	32,915	87,897,022
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 122,557,860	\$ 2,340,845	\$ 1,261,250	\$ 123,637,455
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 12,486,819	\$ 2,621,754	\$ -	\$ 15,108,573
Land Improvements	407,381	-	-	407,381
Construction in Progress	-	830,686	-	830,686
Total Capital Assets not Being Depreciated	12,894,200	3,452,440	-	16,346,640
Capital Assets Being Depreciated				
Buildings	5,188,975	-	-	5,188,975
Water Distribution System	36,212,586	741,102	-	36,953,688
Vehicles	939,164	99,623	37,167	1,001,620
Equipment	522,582	19,428	-	542,010
Airport Infrastructure	6,776,334	2,770,000	-	9,546,334
Total Capital Assets Being Depreciated	49,639,641	3,630,153	37,167	53,232,627

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

5. CAPITAL ASSETS (Continued)

A. (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Buildings	\$ 1,109,788	\$ 101,335	\$ -	\$ 1,211,123
Water Distribution System	9,890,387	928,415	-	10,818,802
Vehicles	398,832	127,727	37,167	489,392
Equipment	295,856	40,216	-	336,072
Airport Infrastructure	526,243	232,888	-	759,131
Total Accumulated Depreciation	<u>12,221,106</u>	<u>1,430,581</u>	<u>37,167</u>	<u>13,614,520</u>
Total Capital Assets Being Depreciated, Net	<u>37,418,535</u>	<u>2,199,572</u>	<u>-</u>	<u>39,618,107</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 50,312,735</u>	<u>\$ 5,652,012</u>	<u>\$ -</u>	<u>\$ 55,964,747</u>

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 14,794
Public Safety	347,337
Community Improvement	41,872
Highways and Streets, Including Depreciation of General Infrastructure Assets	<u>3,082,693</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 3,486,696</u>

B. Construction Contracts

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

	Project Authorizations	Expended to Date	Commitment
2006 TIF Street Maintenance	\$ 350,797	\$ 349,765	\$ 1,032
2007 TIF Street Maintenance	262,806	-	262,806
2007 Alley Maintenance	139,780	-	139,780
2007 TIF Sidewalks	101,044	-	101,044
2007 Greek ROW Sidewalks	132,000	-	132,000
W. Rt. 38 Watermain Replacement	576,570	423,390	153,180
Wayside Horns	372,061	371,230	831
Downtown Striping	4,762	-	4,762
TOTAL	<u>\$ 1,939,820</u>	<u>\$ 1,144,385</u>	<u>\$ 795,435</u>

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

6. RECEIVABLES

A. Other Receivables

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

GOVERNMENTAL ACTIVITIES	
Municipal Utility Tax	\$ 506,997
Restaurant and Bar	133,479
Fire Contracts	93,482
Ambulance (Net of Allowance)	277,688
Cable Franchise Fee	33,044
Gasoline and Diesel	18,020
Hotel/Motel Tax	13,904
Circuit Court Fines	26,713
Other Miscellaneous	15,332
Health Insurance Reinsurance	303,035
IDOT Road Projects	<u>104,790</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,526,484</u>
BUSINESS-TYPE ACTIVITIES	
Water Miscellaneous	\$ 1,200
Airport Rentals	<u>8,876</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 10,076</u>

B. Due From Other Governments

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

GOVERNMENTAL ACTIVITIES	
Local Use Tax	\$ 158,664
Sales Tax	1,433,101
City Sales Tax	1,246,490
Auto Rental Tax	3,636
Tax Increment Financing Sales Tax	205,592
Motor Fuel Tax	90,160
Mass Transit Grants	148,952
Community Development Grant	3,016
Other Grants	<u>67,195</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 3,356,806</u>
BUSINESS-TYPE ACTIVITIES	
Water Grants	\$ 163,530
Airport Grants	<u>98,438</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 261,968</u>

7. RISK MANAGEMENT

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

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

Health Insurance - The City is self-insured for \$100,000 per individual per year with a specific stop loss of \$100,000 per individual and an annual aggregate stop loss of approximately \$1,000,000.

Workers' Compensation - There are no specific or aggregate stop loss policies for the years ended June 30, 2003 to 2007.

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

A reconciliation of claims payable for the fiscal years ended June 30, 2007 and 2006 are as follows:

	Health		Workers' Compensation		Liability/Property	
	2007	2006	2007	2006	2007	2006
CLAIMS PAYABLE, JULY 1	\$ 407,554	\$ 335,527	\$ 486,936	\$ 827,251	\$ 90,000	\$ 90,000
Add Claims Incurred	4,871,587	3,229,027	606,521	596,311	84,612	50,104
Less Claims Paid	(4,745,263)	(3,157,000)	(564,834)	(936,626)	(74,612)	(50,104)
CLAIMS PAYABLE, JUNE 30	\$ 533,878	\$ 407,554	\$ 528,623	\$ 486,936	\$ 100,000	\$ 90,000

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

8. LONG-TERM DEBT

A. General Obligation Bonds

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

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$3,035,000 1997 Series A General Obligation Bonds, dated December 1, 1997, due in annual installments of \$40,000 to \$765,000, plus interest of 4.50% to 4.90% through January 1, 2012	General Debt Service	\$ 2,480,000	\$ -	\$ 200,000	\$ 2,280,000	\$ 190,000
\$3,855,000 1997 Series B General Obligation Bonds, dated December 1, 1997, due in annual installments of \$125,000 to \$455,000, plus interest of 4.125% to 4.500% through January 1, 2009	TIF Debt Service	1,190,000	-	425,000	765,000	370,000
\$9,450,000 2000 Series General Obligation Bonds, dated November 1, 2000, due in annual installments of \$75,000 to \$225,000, plus interest of 4.900% to 5.750% through January 1, 2021	Water General Debt Service	665,000 120,000	- -	155,000 25,000	510,000 95,000	160,000 30,000
\$3,500,000 2002 Series General Obligation Bonds, dated August 1, 2002, due in annual installments of \$110,000 to \$315,000, plus interest of 2.500% to 4.450% through January 1, 2018	General Debt Service	3,010,000	-	200,000	2,810,000	205,000

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

8. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$2,050,000 2002 Series A General Obligation Bonds, dated December 1, 2002, due in annual installments of \$155,000 to \$215,000, plus interest of 1.300% to 3.850% through December 30, 2013	TIF Debt Service	\$ 1,550,000	\$ -	\$ 175,000	\$ 1,375,000	\$ 180,000
\$2,665,000 2003 Series A General Obligation Bonds dated October 1, 2003, due in annual installments of \$35,000 to \$445,000, plus interest of 1.000% to 3.625% through December 1, 2013	TIF Debt Service	1,980,000	-	350,000	1,630,000	435,000
\$3,355,000 2003 Series B General Obligation Bonds dated October 1, 2003, due in annual installments of \$35,000 to \$1,000,000, plus interest of 1.00% to 3.00% through December 1, 2009	General Debt Service	1,635,000	-	425,000	1,210,000	455,000
\$8,355,000 2004 Series General Obligation Refunding Bonds, dated December 1, 2004, due in annual installments of \$15,000 to \$1,365,000, plus interest of 2.000% to 4.550% through January 1, 2021	Water Airport General Debt Service	2,820,000 505,000 5,015,000	- - -	15,000 - 30,000	2,805,000 505,000 4,985,000	10,000 5,000 30,000
\$800,000 2005 Series General Obligation Taxable Bonds, dated July 1, 2005, due in annual installments of \$10,000 to \$560,000, plus interest of 5.700% through January 1, 2015	Airport	790,000	-	20,000	770,000	20,000
TOTAL		\$ 21,760,000	\$ -	\$ 2,020,000	\$ 19,740,000	\$ 2,090,000

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

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable

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

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$4,350,000 2003 Series Tax Increment Financing Revenue Bonds, dated January 14, 2003, due in annual installments of \$110,000 to \$345,000, plus interest of varied rates through January 1, 2013	TIF Debt Service	\$ 3,790,000	\$ -	\$ 425,000	\$ 3,365,000	\$ 570,000

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

Terms - The bonds and the related swap agreement mature on January 1, 2013 and the swap's notional amount of \$4,350,000 matches the \$4,350,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued (January 2003). The notional value of the swap and the principal amount of the associated debt decline beginning in fiscal year 2005 by equal principal amounts as noted in the debt service requirements to maturity schedule. Under the swap, the City pays the counterparty a fixed payment of 3.90% and receives a variable payment equal to The Bond Market Associated Municipal Swap Index (BMA). The bond's variable rate coupons are based on the BMA. As of June 30, 2007, rates were as follows:

INTEREST RATE SWAP

Fixed Payment to Counterparty	Fixed	3.90%
Variable Payment from Counterparty	BMA Index	(3.77)%
NET INTEREST RATE SWAP PAYMENTS		0.13%

8. LONG-TERM DEBT (Continued)

B. Revenue Bonds Payable (Continued)

Fair Value - As of June 30, 2007, the swap had a negative fair value of \$28,700. The negative fair value of the swap may be countered by reductions in interest rate payments required under the variable-rate bond, creating a lower synthetic rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit Risk - As of June 30, 2007, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA by Fitch Ratings and Standard and Poor's and Aa by Moody's Investors Service as of June 30, 2007.

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

Debt service requirements to maturity for the debt are disclosed at the net interest rate of 0.13% at June 30, 2007. As rates vary in the future, variable rate bond interest payments will change.

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

8. LONG-TERM DEBT (Continued)

C. General Obligation Bond Anticipation Notes

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

General obligation bond anticipation notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$2,000,000 General Obligation Bond Anticipation Notes, dated January 23, 2006, due on December 1, 2007, with variable interest at a rate determined by adding 1.00% to the 30-day London InterBank offered rate in effect at the end of each month through December 1, 2007 (4.430% at June 30, 2007)	General Debt Service	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
\$1,000,000 General Obligation Bond Anticipation Notes, Taxable Series 2007, dated March 13, 2007, due on December 1, 2010, with interest at 5.85%. Interest is due each June 1 and December 1 beginning June 1, 2007.	General Debt Service	-	1,000,000	-	1,000,000	-
TOTAL GENERAL OBLIGATION BOND ANTICIPATION NOTES		\$ 2,000,000	\$ 1,000,000	\$ -	\$ 3,000,000	\$ 2,000,000

D. Capital Leases

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

Issue	Fund Debt Retired by	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
Equipment	Capital Projects	\$ 207,725	\$ -	\$ 137,203	\$ 70,522	\$ 70,522
Equipment	Capital Projects	512,931	-	87,059	425,872	87,737
Equipment	Capital Projects	539,013	79,113	85,899	532,227	89,063
Equipment	Water	116,310	-	16,699	99,611	20,522
Equipment	Airport	120,000	-	19,788	100,212	20,645
Equipment	Airport	61,515	-	8,548	52,967	8,864
TOTAL		\$ 1,557,494	\$ 79,113	\$ 355,196	\$ 1,281,411	\$ 297,353

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

8. LONG-TERM DEBT (Continued)

E. Due to Other Governments

The City has entered into an intergovernmental agreement to reimburse the DeKalb Community Unit School District Number 428 for the portion of the construction of a new school in the original amount of \$5,998,998. This is to be repaid by the City from future tax increment financing revenues. Semi-annual installments of \$250,000 are payable through October 1, 2009 with a final installment of \$248,998 due on April 1, 2010. The outstanding principal balance at June 30, 2007 was \$1,498,998.

F. TIF Note Payable

The City entered into a development agreement whereby it authorized a note of up to \$1,450,000 payable from tax increment financing (TIF) revenues after the payment of all required principal and interest payments of the TIF district. The note was issued during the year ended June 30, 2006 with interest at 4% with principal and interest paid based on available development revenues within the TIF district through June 30, 2013. However, on October 6, 2006 the City negotiated the repayment in advance. The final repayment was made to the developer of \$580,214 and resulted in full redemption of the note. The remaining \$869,786 has been recognized as a special item on the statement of activities. The outstanding principal balance at June 30, 2007 was \$0.

G. IEPA Loan

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

Issue	Fund Debt Retired by	Balances July 1	Additions	Reductions	Balances June 30	Current Portion
IEPA Loan I	Waterworks and Sewerage	\$ 3,307,836	\$ -	\$ 183,780	\$ 3,124,056	\$ 188,471
IEPA Loan II	Waterworks and Sewerage	2,716,146	-	150,910	2,565,236	154,757
TOTAL		\$ 6,023,982	\$ -	\$ 334,690	\$ 5,689,292	\$ 343,228

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

8. LONG-TERM DEBT (Continued)

H. Debt Service Requirements to Maturity

Fiscal Year Ending June 30,	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 1,895,000	\$ 588,984	\$ 195,000	\$ 209,994
2009	1,955,000	526,734	215,000	199,281
2010	1,610,000	459,171	230,000	187,377
2011	1,305,000	409,987	240,000	174,719
2012	1,360,000	353,479	240,000	166,287
2013	1,405,000	293,569	260,000	157,542
2014	1,470,000	237,597	265,000	146,632
2015	1,220,000	184,738	870,000	135,522
2016	1,280,000	130,663	315,000	89,900
2017	1,335,000	73,643	330,000	75,725
2018	315,000	14,017	-	60,875
2019	-	-	695,000	60,875
2020	-	-	360,000	33,075
2021	-	-	375,000	16,875
TOTAL	\$ 15,150,000	\$ 3,272,582	\$ 4,590,000	\$ 1,714,679

Fiscal Year Ending June 30,	Revenue Bonds		Capital Leases	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2008	\$ 570,000	\$ 4,640	\$ 247,322	\$ 37,271
2009	650,000	5,138	183,884	28,876
2010	715,000	3,943	191,255	21,504
2011	775,000	2,629	198,923	13,836
2012	310,000	1,204	154,361	5,859
2013	345,000	634	52,876	965
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
TOTAL	\$ 3,365,000	\$ 18,188	\$ 1,028,621	\$ 108,311

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

8. LONG-TERM DEBT (Continued)

H. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending June 30,	Bond Anticipation Notes		Capital Leases	
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 2,000,000	\$ 102,800	\$ 50,030	\$ 9,990
2009	-	58,500	52,143	7,878
2010	-	58,500	54,342	5,678
2011	1,000,000	29,250	56,636	3,384
2012	-	-	34,375	991
2013	-	-	5,263	96
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
TOTAL	\$ 3,000,000	\$ 249,050	\$ 252,789	\$ 28,017

Fiscal Year Ending June 30,	Due to Other Governments		IEPA Loans	
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 500,000	\$ -	\$ 343,228	\$ 142,060
2009	500,000	-	351,984	133,304
2010	498,998	-	360,963	124,325
2011	-	-	370,172	115,116
2012	-	-	379,615	105,673
2013	-	-	389,298	95,990
2014	-	-	399,230	86,058
2015	-	-	409,414	75,874
2016	-	-	419,860	65,428
2017	-	-	430,570	54,718
2018	-	-	441,556	43,732
2019	-	-	452,818	32,470
2020	-	-	464,370	20,918
2021	-	-	476,214	9,074
TOTAL	\$ 1,498,998	\$ -	\$5,689,292	\$ 1,104,740

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

8. LONG-TERM DEBT (Continued)

I. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	July 1, Restated	Additions	Reductions	June 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 16,980,000	\$ -	\$ 1,830,000	\$ 15,150,000	\$ 1,895,000
Revenue Bonds	3,790,000	-	425,000	3,365,000	570,000
Bond Anticipation Notes	2,000,000	1,000,000	-	3,000,000	2,000,000
Capital Leases	1,259,669	79,114	310,162	1,028,621	247,322
Due to Other Governments	1,998,998	-	500,000	1,498,998	500,000
TIF Note	1,450,000	-	1,450,000	-	-
Compensated Absences	4,171,622	664,011	417,161	4,418,472	441,847
Unamortized Premium	231,725	-	26,397	205,328	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 31,882,014	\$ 1,743,125	\$ 4,958,720	\$ 28,666,419	\$ 5,654,169

The liabilities were restated as of July 1, 2006 to remove the termination benefits payable of \$1,445,066 in accordance with GASB Statement No. 47.

	July 1	Additions	Reductions	June 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
Water	\$ 3,485,000	\$ -	\$ 170,000	\$ 3,315,000	\$ 170,000
Airport	1,295,000	-	20,000	1,275,000	25,000
Total General Obligation Bonds	4,780,000	-	190,000	4,590,000	195,000
Capital Lease					
Water	116,310	-	16,700	99,610	20,521
Airport	181,515	-	28,336	153,179	29,509
Total Capital Lease	297,825	-	45,036	252,789	50,030
IEPA Loans					
Water	6,023,982	-	334,690	5,689,292	343,228

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

8. LONG-TERM DEBT (Continued)

I. Changes in Long-Term Liabilities (Continued)

	July 1	Additions	Reductions	June 30	Current Portion
BUSINESS-TYPE					
ACTIVITIES (Continued)					
Compensated Absences					
Water	\$ 280,402	\$ 65,768	\$ 28,040	\$ 318,130	\$ 31,813
Airport	20,801	6,660	2,080	25,381	2,538
Development Services	30,221	6,792	3,022	33,991	3,399
Total Compensated Absences	331,424	79,220	33,142	377,502	37,750
Unamortized Premium	114,587	-	7,902	106,685	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 11,547,818	\$ 79,220	\$ 610,770	\$ 11,016,268	\$ 626,008

J. Legal Debt Margin

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

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

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

K. Conduit Debt

The City has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of June 30, 2007, there was one series of IDRBs outstanding. The aggregate principal amount payable for the one series was \$79,392.

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

8. LONG-TERM DEBT (Continued)

L. Advance Refundings - General Obligation Bonds

On December 13, 2004, the City issued \$8,885,000 Series 2004 General Obligation Refunding Bonds to refund \$7,925,000 General Obligation Bonds, Series 2000. Conditions for defeasance have been met and assets were placed in escrow through an irrevocable transfer and the liability has been removed from the financial statements. At June 30, 2007, \$7,925,000 of the Series 2000 bonds remained to be paid from escrow. All of these bonds will be paid from escrow on January 1, 2010.

9. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>
General		
Tax Increment Financing #1	\$ 87,500	\$ 1,562
Motor Fuel Tax	268,964	459
Nonmajor Governmental	8,600	7,629
Total General	<u>365,064</u>	<u>9,650</u>
Tax Increment Financing #1		
General	1,562	87,500
Nonmajor Governmental	-	25,771
Total Tax Increment Financing #1	<u>1,562</u>	<u>113,271</u>
Motor Fuel Tax		
General	459	268,964
Water	11,004	-
Nonmajor Enterprise	-	47,924
Total Motor Fuel Tax	<u>11,463</u>	<u>316,888</u>
Nonmajor Governmental		
General	7,629	8,600
Tax Increment Financing #1	25,771	-
Water	183,000	-
Total Nonmajor Governmental	<u>216,400</u>	<u>8,600</u>
Water		
Nonmajor Governmental	-	194,004
Nonmajor Enterprise	-	318,000
Total Water	<u>-</u>	<u>512,004</u>
Airport		
Nonmajor Enterprise	-	238,000

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

9. INTERFUND ASSETS/LIABILITIES (Continued)

A. Due From/To Other Funds (Continued)

	<u>Due From</u>	<u>Due To</u>
Nonmajor Enterprise		
Water	\$ 318,000	\$ -
Airport	238,000	-
MFT	47,924	-
Total Nonmajor Enterprise	<u>603,924</u>	<u>-</u>
Internal Service		
Internal Service	<u>483,000</u>	<u>483,000</u>
TOTAL	<u>\$ 1,681,413</u>	<u>\$ 1,681,413</u>

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

- \$268,964 due to the General Fund from the Motor Fuel Tax Fund consists of operating expenditures paid by the General Fund. Repayment is expected within one year.
- \$87,500 due to the General Fund from the Tax Increment Financing #1 Fund consists of administrative and professional services expenditures paid by the General Fund. Repayment is expected within one year.
- \$47,924 due from the Motor Fuel Tax Fund to the Nonmajor Enterprise Funds (Development Services Fund) consists of operating expenditures paid for by the Development Services Fund. Repayment is expected within one year.
- \$25,771 due from the Tax Increment Financing #1 Fund to the Nonmajor Governmental Funds (Tax Increment Financing Debt Service Fund) consists of reimbursable debt service obligations. Repayment is expected within one year.
- \$183,000 due to the Nonmajor Governmental Funds (Capital Projects Fund) from the Water Fund consists of cash overdrafts. Repayment is expected within one year.
- \$318,000 due from the Water Fund to the Nonmajor Enterprise Funds (Refuse & Recycling Fund) consists of cash overdrafts. Repayment is expected within one year.
- \$238,000 due from the Airport Fund to the Nonmajor Enterprise Funds (Refuse & Recycling Fund) consists of cash overdrafts. Repayment is not expected within one year.

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

9. INTERFUND ASSETS/LIABILITIES (Continued)

A. Due From/To Other Funds (Continued)

- \$400,000 due to the Internal Service Funds (Health Insurance Fund) from the Internal Service Fund (Worker's Comp Fund) consists of cash overdrafts. Repayment is not expected within one year.
- \$83,000 due to the Internal Service Fund (Liability/Property Insurance Fund) from the Internal Service Fund (Worker's Comp Fund) consists of cash overdrafts. Repayment is not expected within one year.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Tax Increment Financing #1	Tax Increment Financing #2	\$ 500,000
Tax Increment Financing #1	Nonmajor Governmental	577,000
Water	Airport	<u>734,100</u>
TOTAL ALL FUNDS		<u>\$ 1,811,100</u>

In fiscal years 1996, 1997, 1998 and 2001 the Tax Increment Financing #2 Fund was advanced \$655,000, \$457,500, \$218,700 and \$733,778, respectively, from the Tax Increment Financing #1 Fund. \$204,978, \$200,000, \$400,000, \$200,000, \$200,000 and \$360,000 was repaid in 2002, 2003, 2004, 2005, 2006 and 2007, respectively, leaving a balance advanced at June 30, 2007 of \$500,000, which will be repaid from future incremental tax revenues. Also, in fiscal years 2001, 2002 and 2007 the County Home Tax Increment Financing Fund was advanced \$159,889, \$1,000,111 and \$17,000, respectively, by the Tax Increment Financing #1 Fund. \$125,000, \$100,000 and \$375,000 was repaid in 2004, 2005 and 2006, respectively, leaving a balance advanced at June 30, 2007 of \$577,000, which will be repaid from future incremental tax revenues. Finally, the Water Fund advanced the Airport Fund \$630,000 in 2004 and \$104,100 in 2005 to be repaid from future airport revenues.

C. Interfund Transfers

Interfund transfers between funds for the year ended June 30, 2007 were as follows:

	Transfers In	Transfers Out
General		
Nonmajor Governmental	\$ -	\$ 1,501,011
Water	377,587	-
Total General	<u>377,587</u>	<u>1,501,011</u>
Motor Fuel Tax		
Nonmajor Enterprise	-	<u>85,000</u>

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

9. INTERFUND ASSETS/LIABILITIES (Continued)

C. Interfund Transfers (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
Tax Increment Financing #1		
Airport	\$ -	\$ 123,750
Nonmajor Governmental	-	2,175,753
Total Tax Increment Financing #1	<u>-</u>	<u>2,299,503</u>
Nonmajor Governmental		
General	1,501,011	-
Tax Increment Financing #1	2,175,753	-
Total Nonmajor Governmental	<u>3,676,764</u>	<u>-</u>
Water		
General	-	377,587
Airport		
Tax Increment Financing #1	<u>123,750</u>	<u>-</u>
Nonmajor Enterprise		
Motor Fuel Tax	<u>85,000</u>	<u>-</u>
TOTAL	<u>\$ 4,263,101</u>	<u>\$ 4,263,101</u>

The purpose of significant transfers is as follows:

- \$377,587 transferred from the Water Fund to the General Fund to cover general operating expenses. This transfer will not be repaid.
- \$1,501,011 transferred from the General Fund to the Nonmajor Governmental Funds consists of \$31,236 transferred to the Mass Transit Fund to subsidize the operations of transit services with the City, and \$1,469,775 to the General Debt Service Fund to cover current year debt service payments. These transfers will not be repaid.
- \$85,000 transferred from the Motor Fuel Tax Fund to the Nonmajor Enterprise Funds (Development Services Fund) to cover operating expenses. This transfer will not be repaid.
- \$2,175,153 transferred from the Tax Increment Financing #1 Fund to the Nonmajor Governmental Funds (Tax Increment Financing Debt Service) to cover current year debt service payments. This transfer will not be repaid.

9. INTERFUND ASSETS/LIABILITIES (Continued)

C. Interfund Transfers (Continued)

- \$123,750 transferred from the Tax Increment Financing #1 Fund to the Airport Fund to support TIF related projects at the City's airport. This transfer will not be repaid.

10. CONTINGENT LIABILITIES

A. Litigation

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

B. Grants

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

C. Sales Tax Rebates

The City has entered into a development agreement whereby it has committed up to \$1,700,000 in sales tax rebates through the year December 31, 2013. As of June 30, 2007, the City has incurred \$1,437,095 in rebates.

The City has entered into an additional development agreement whereby it has committed up to \$775,000 in sales tax rebates through the year February 28, 2013. As of June 30, 2007, the City has incurred \$226,806 in rebates.

11. POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides postemployment health care and life insurance benefits, in accordance with the personnel policy manual, to all employees who have retired or have disability leave. At June 30, 2007, 82 retirees and disabled employees meet those eligibility requirements. The City pays a portion of the cost of the health and life insurance premiums for the employees. Expenditures for postemployment health care and life insurance benefits are recognized when paid. During the year, expenditures of \$112,190 were recognized for postemployment benefits.

12. TERMINATION BENEFITS

On February 10, 2003, the City adopted Resolution 03-12, Adopting an Early Retirement Incentive Program Offered by the Illinois Municipal Retirement Fund (IMRF). Eligible employees were required to enter into an irrevocable pledge to retire by February 15, 2004. For an employee to be eligible to retire under this plan, the employee must have attained age fifty and have at least twenty years of creditable service by his or her retirement date. Eleven employees of the City accepted the early retirement agreement. Under the agreement, the City and the employee were required to contribute an additional five years of contributions to the plan giving the individuals additional creditable service for these five years. The City has amortized its additional contributions over a ten year period with interest charged annually on the remaining balance at 7.5%. These additional contributions are made through regular monthly contributions to IMRF. As of June 30, 2007 (most recent information available), the City's remaining contributions due under the program were \$1,344,402. In accordance with GASB Statement 47, this amount is not reported as a liability on the City's financial statements and is recorded through their IMRF plan under the rules prescribed in GASB Statement 27. The change in the actuarially accrued liability due to the early retirement incentive is not available from IMRF.

13. DEFINED BENEFIT PENSION PLANS

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

A. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the year ended December 31, 2006 was 14.19% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund. At June 30, 2007, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	35
Terminated Employees Entitled to Benefits but not yet Receiving Them	1
Current Employees	
Vested	40
Nonvested	21
	<hr/>
TOTAL	<hr/> <hr/> 97

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

13. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Employees are required by Illinois Compiled Statutes to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Police Pension Plan are financed through investment earnings. The City is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended June 30, 2007, the City's contribution was 19.02% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund. At June 30, 2007, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	45
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	33
Nonvested	27
	<hr/>
TOTAL	<u>105</u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

13. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Firefighters' Pension Plan are financed through investment earnings. The City is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended June 30, 2007, the City's contribution was 29.24% of covered payroll.

B. Significant Investments

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

Plan	Organization	Amount
Police Pension	Dodge and Cox Fund	\$ 3,491,508
Police Pension	T. Rowe Price Mid Cap Fund	1,294,114
Police Pension	Artisan International Fund	1,198,483
Police Pension	Harbor Capital Appreciation Fund	<u>2,789,302</u>
		<u>\$ 8,773,407</u>
Firefighters' Pension	Vanguard 500 Index Fund	\$ 3,237,339
Firefighters' Pension	Vanguard Mid Cap Index Fund	1,434,638
Firefighters' Pension	Vanguard International Growth	1,263,198
Firefighters' Pension	Vanguard Small Cap Index Fund	<u>1,251,468</u>
		<u>\$ 7,186,643</u>

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2004	June 30, 2006	June 30, 2006
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	26 Years, Closed	27 Years, Closed	27 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	8.00% Compounded Annually	8.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 11.60%	Not Available	Not Available

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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

	Illinois Municipal Retirement*	Police Pension*	Firefighters' Pension*
Annual Pension Cost (APC)	\$ 572,051 766,714 995,369	\$ 706,257 746,012 806,778	\$ 1,010,436 1,056,168 1,176,465
Actual Contribution	\$ 572,051 766,714 995,369	\$ 711,075 749,471 810,799	\$ 1,019,255 1,062,734 1,183,848
Percentage of APC Contributed	100.0% 100.0 100.0	100.7% 100.5 100.5	100.9% 100.6 100.6
NPO (Asset)	\$ - - -	\$ (62,604) (66,063) (70,084)	\$ (148,844) (155,410) (162,793)

* Police and Firefighters' Pension information presented is for the fiscal years ended June 30, 2005, 2006 and 2007. The information for the Illinois Municipal Retirement is for the calendar years 2004, 2005 and 2006.

The NPO at June 30, 2007 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 808,519	\$ 1,180,561
Interest on Net Pension Obligation	(5,285)	(12,433)
Adjustment to Annual Required Contribution	3,544	8,337
Annual Pension Cost	806,778	1,176,465
Contributions Made	810,799	1,183,848
Increase (Decrease) in Net Pension Obligation	(4,021)	(7,383)
Net Pension Obligation (Asset) Beginning of Year	(66,063)	(155,410)
NET PENSION OBLIGATION (ASSET) END OF YEAR	<u>\$ (70,084)</u>	<u>\$ (162,793)</u>

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

14. SUBSEQUENT EVENTS

On July 23, 2007, the City entered into a capital lease for \$1,150,000 for the purchase of equipment. The lease is payable with annual payments of \$97,689, including interest at 4.27%, each January 1 through January 1, 2015.

On October 1, 2007, the City issued \$4,000,000 Series 2007 General Obligation Bond Anticipation Notes to refund the \$2,000,000 Series 2006 Bond Anticipation Notes and for design and engineering of the downtown streetscape program and for the police department headquarters building. The Notes have a maturity date of December 1, 2009 with variable interest at a rate determined by adding 1.00% to the 30-day London InterBank offered rate in effect at the end of each month through December 1, 2009.

15. RESTATEMENTS

Net assets used in governmental activities was increased by \$1,445,066 to properly account for early termination benefits payable under GASB Statement No. 47. Net assets used in governmental activities was decreased and net assets of business-type activities was increased by \$471,200 to properly record grant revenue. Net assets used in governmental activities was also increased by \$12,362 to properly record grant revenue.

16. COMPONENT UNIT - DEKALB PUBLIC LIBRARY

A. Summary Financial Information

The following is summary fund financial information for the DeKalb Public Library (the Library) for the fiscal year ended June 30, 2007:

	General	Capital Projects	Permanent	Total	Adjustments	Statement of Net Assets
ASSETS						
Cash and Investments	\$ 1,026,594	\$ 176,618	\$ 233,290	\$ 1,436,502	\$ -	\$ 1,436,502
Receivables						
Property Taxes	606,571	-	-	606,571	-	606,571
Accrued Interest	977	1,690	2,233	4,900	-	4,900
Prepaid Items/Expenses	5,593	-	-	5,593	-	5,593
Due from Other Governments	106,403	-	-	106,403	-	106,403
Capital Assets						
Not Being Depreciated	-	-	-	-	10,000	10,000
Net of Accumulated Depreciation	-	-	-	-	284,990	284,990
Total Assets	1,746,138	178,308	235,523	2,159,969	294,990	2,454,959
LIABILITIES						
Accounts Payable	31,611	-	-	31,611	-	31,611
Accrued Payroll	26,721	-	-	26,721	-	26,721
Deferred Property Taxes	1,210,022	-	-	1,210,022	-	1,210,022
Other Deferred Revenue Compensated	2,000	-	-	2,000	-	2,000
Absences Payable	-	-	-	-	20,746	20,746
Total Liabilities	1,270,354	-	-	1,270,354	20,746	1,291,100

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

16. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

A. Summary Financial Information (Continued)

	General	Capital Projects	Permanent	Total	Adjustments	Statement of Net Assets
FUND BALANCES						
Reserved for Prepaid Items	\$ 5,593	\$ -	\$ -	\$ 5,593	\$ (5,593)	\$ -
Unreserved	470,191	178,308	235,523	884,022	(884,022)	-
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	294,990	294,990
Unrestricted	-	-	-	-	868,869	868,869
TOTAL FUND BALANCES/ NET ASSETS	\$ 475,784	\$ 178,308	\$ 235,523	\$ 889,615	\$ 274,244	\$ 1,163,859
	General	Capital Projects	Permanent	Total	Adjustments	Statement of Activities
REVENUES						
Property Taxes	\$ 1,078,384	\$ -	\$ -	\$ 1,078,384	\$ -	\$ 1,078,384
Replacement Taxes	38,246	-	-	38,246	-	38,246
State Grants	49,238	-	-	49,238	-	49,238
Federal Grants	-	-	-	-	-	-
Local Grants	250,846	-	-	250,846	-	250,846
Charges for Services	37,784	-	-	37,784	-	37,784
Investment Income	43,907	7,877	10,594	62,378	-	62,378
Miscellaneous	70,137	-	-	70,137	-	70,137
Total Revenues	1,568,542	7,877	10,594	1,587,013	-	1,587,013
EXPENDITURES/EXPENSES						
Culture and Recreation	1,557,327	-	-	1,557,327	(204,407)	1,352,920
Total Expenditures/Expenses	1,557,327	-	-	1,557,327	(204,407)	1,352,920
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	11,215	7,877	10,594	29,686	204,407	234,093
OTHER FINANCING SOURCES (USES)						
Transfers In	7,898	-	-	7,898	(7,898)	-
Transfers (Out)	-	-	(7,898)	(7,898)	7,898	-
Total Other Financing Sources (Uses)	7,898	-	(7,898)	-	-	-
NET CHANGE IN FUND BALANCES/NET ASSETS	19,113	7,877	2,696	29,686	204,407	234,093
FUND BALANCES/NET ASSETS, JULY 1	456,671	170,431	232,827	859,929	69,837	929,766
FUND BALANCES/NET ASSETS, JUNE 30	\$ 475,784	\$ 178,308	\$ 235,523	\$ 889,615	\$ 274,244	\$ 1,163,859

16. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

B. Deposits and Investments

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

To guard against credit risk for deposits with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in excess of the uninsured deposits with the collateral held by a third party acting as the agent of the Library. As of June 30, 2007, the Library had bank balances of \$1,223,537 that were uninsured and uncollateralized, which is not in accordance with the investment policy.

As of June 30, 2007, the Library had the following investments and maturities.

	Investment Maturities (in Years)				
	0 to 6 months	6 months to 1 year	1-5	6-10	More than 10
U.S. Treasuries	\$ -	\$ -	\$ -	\$ 57,785	\$ -
U.S. Agencies	-	49,140	269,500	-	-
TOTAL	\$ -	\$ 49,140	\$ 269,500	\$ 57,785	\$ -

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

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

At June 30, 2007, the Library had greater than 5% of its overall portfolio invested in FHLB (62.23%) and U.S. Treasury Securities (11.29%). The investment policy does not include any limitations on individual investment types.

16. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

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

C. Receivables

Property taxes for the 2006 levy year attach as an enforceable lien on January 1, 2006, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2007 and August 1, 2007, and are payable in two installments, on or about June 1, 2007 and September 1, 2007. The County collects such taxes and remits them periodically.

The Library has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2006 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds. The 2007 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2007, the taxes will not be levied by the Library or extended by the County until December 2007 and, therefore, the amount is not measurable at June 30, 2007.

D. Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

16. COMPONENT UNIT - DEKALB PUBLIC LIBRARY (Continued)

D. Capital Assets (Continued)

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

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in Progress	27,971	215,500	243,471	-
Total Capital Assets not Being Depreciated	<u>37,971</u>	<u>215,500</u>	<u>243,471</u>	<u>10,000</u>
Capital Assets Being Depreciated				
Buildings	318,335	243,471	-	561,806
Equipment	52,331	-	-	52,331
Total Capital Assets Being Depreciated	<u>370,666</u>	<u>243,471</u>	<u>-</u>	<u>614,137</u>
Less Accumulated Depreciation for				
Buildings	277,406	5,685	-	283,091
Equipment	43,239	2,817	-	46,056
Total Accumulated Depreciation	<u>320,645</u>	<u>8,502</u>	<u>-</u>	<u>329,147</u>
Total Capital Assets Being Depreciated, Net	<u>50,021</u>	<u>234,969</u>	<u>-</u>	<u>284,990</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 87,992</u>	<u>\$ 450,469</u>	<u>\$ 243,471</u>	<u>\$ 294,990</u>

E. Long-Term Debt

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

	<u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30</u>	<u>Current Portion</u>
Compensated Absences	\$ 18,155	\$ 4,407	\$ 1,816	\$ 20,746	\$ 2,075
TOTAL	<u>\$ 18,155</u>	<u>\$ 4,407</u>	<u>\$ 1,816</u>	<u>\$ 20,746</u>	<u>\$ 2,075</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 21,843,652	\$ 21,843,652	\$ 21,902,386
Licenses and Permits	749,000	749,000	448,192
Intergovernmental	45,000	45,000	171,406
Charges for Services	1,885,000	1,885,000	1,487,590
Fines and Forfeitures	820,000	820,000	672,403
Investment Income	150,000	150,000	144,855
Miscellaneous	319,000	319,000	341,131
Total Revenues	25,811,652	25,811,652	25,167,963
EXPENDITURES			
General Government	4,383,896	4,383,896	4,450,266
Public Safety	15,538,380	15,538,380	15,695,093
Community Improvement	4,514,760	4,514,760	4,425,779
Total Expenditures	24,437,036	24,437,036	24,571,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,374,616	1,374,616	596,825
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	5,000	5,000	4,133
Transfers In	770,000	770,000	377,587
Transfers (Out)	(2,035,700)	(2,035,700)	(1,501,011)
Total Other Financing Sources (Uses)	(1,260,700)	(1,260,700)	(1,119,291)
NET CHANGE IN FUND BALANCE	\$ 113,916	\$ 113,916	(522,466)
FUND BALANCE, JULY 1			3,825,643
FUND BALANCE, JUNE 30			\$ 3,303,177

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	1,300,000	1,300,000	1,262,846
Investment Income	20,000	20,000	138,328
Miscellaneous	-	-	100,000
	<hr/>		
Total Revenues	1,320,000	1,320,000	1,501,174
<hr/>			
EXPENDITURES			
Current			
Highways and Streets			
Motor Fuel Tax Projects	1,861,000	1,861,000	1,843,360
	<hr/>		
Total Expenditures	1,861,000	1,861,000	1,843,360
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(541,000)	(541,000)	(342,186)
<hr/>			
OTHER FINANCING (USES)			
Transfer (Out)	(85,000)	(85,000)	(85,000)
	<hr/>		
Total Other Financing (Uses)	(85,000)	(85,000)	(85,000)
<hr/>			
NET CHANGE IN FUND BALANCE	\$ (626,000)	\$ (626,000)	(427,186)
<hr/>			
FUND BALANCE, JULY 1			2,211,424
Prior Period Adjustment			(471,200)
			<hr/>
FUND BALANCE, JULY 1, RESTATED			1,740,224
<hr/>			
FUND BALANCE, JUNE 30			\$ 1,313,038
<hr/>			

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2007

1. BUDGETS

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

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

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

The budget officer can transfer amounts between departments within a fund; however, transfers between funds must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, there were no budget transfers.

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General	\$ 134,102
TIF #1	407,774
Housing Rehabilitation	69,303
CDBG	96,426
General Debt Service	51,417
TIF Debt Service	585,871
Workers' Compensation	93,120
Health Insurance	729,686
Liability/Property Insurance	40,511

CITY OF DEKALB, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2007

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	\$ 15,118,913	\$ 14,105,982	107.18%	\$ (1,012,931)	\$ 5,575,598	(18.17%)
2002	15,291,661	15,480,118	98.78%	188,457	5,925,786	3.18%
2003	13,506,925	16,306,011	82.83%	2,799,086	6,549,916	42.73%
2004	11,608,618	16,015,846	72.48%	4,407,228	6,224,708	70.80%
2005	13,165,532	17,993,285	73.17%	4,827,753	6,643,966	72.66%
2006	15,476,579	20,079,812	77.08%	4,603,233	7,014,583	65.62%

(See independent auditor's report.)

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

June 30, 2007

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2002	\$ 15,816,857	\$ 23,932,012	66.09%	\$ 8,115,155	\$ 2,957,614	274.38%
2003	16,589,356	25,419,842	65.26%	8,830,486	3,220,656	274.18%
2004	18,061,408	27,012,236	66.86%	8,950,828	3,495,702	256.05%
2005	19,192,559	28,595,427	67.12%	9,402,868	3,848,702	244.31%
2006	20,716,777	30,810,308	67.24%	10,093,531	3,985,743	253.24%
2007	23,101,860	32,253,546	71.63%	9,151,686	4,262,706	214.69%

(See independent auditor's report.)

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

June 30, 2007

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2002	\$ 11,869,136	\$ 22,459,759	52.85%	\$ 10,590,623	\$ 2,762,890	383.32%
2003	12,366,819	24,157,352	51.19%	11,790,533	3,057,916	385.57%
2004	13,606,913	25,571,599	53.21%	11,964,686	3,172,985	377.08%
2005	14,601,317	28,274,498	51.64%	13,673,181	3,478,832	393.04%
2006	15,749,950	31,856,437	49.44%	16,106,487	3,809,902	422.75%
2007	17,655,231	35,169,427	50.20%	17,514,196	4,048,510	432.61%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2007

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2001	\$ 54,083	\$ 54,083	100.00%
2002	370,954	370,954	100.00%
2003	60,914	60,914	100.00%
2004	572,051	572,051	100.00%
2005	766,714	766,714	100.00%
2006	995,369	995,369	100.00%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

June 30, 2007

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 339,359	\$ 339,780	99.88%
2003	510,760	511,381	99.88%
2004	652,502	647,960	100.70%
2005	711,075	707,922	100.45%
2006	749,471	747,742	100.23%
2007	810,799	808,519	100.28%

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

June 30, 2007

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 757,889	\$ 758,733	99.89%
2003	785,808	786,780	99.88%
2004	909,103	902,800	100.70%
2005	1,019,255	1,014,769	100.44%
2006	1,062,734	1,060,282	100.23%
2007	1,183,848	1,180,561	100.28%

(See independent auditor's report.)

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

MAJOR GOVERNMENTAL FUNDS

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 3,132,052	\$ 3,132,052	\$ 3,142,221
Home Rule Sales	4,400,000	4,400,000	4,248,925
Income	3,398,000	3,398,000	3,689,547
Local Use	540,000	540,000	557,376
Utilities	3,850,000	3,850,000	3,663,782
State Sales	4,380,600	4,380,600	4,305,696
Franchise	340,000	340,000	414,003
Replacement	160,500	160,500	164,521
Restaurant/Bar	1,460,000	1,460,000	1,557,627
Hotel/Motel	170,000	170,000	144,666
Miscellaneous	12,500	12,500	14,022
Total Taxes	21,843,652	21,843,652	21,902,386
Licenses and Permits			
Licenses			
Amusement	5,000	5,000	5,375
Liquor	150,000	150,000	125,691
Rooming House	12,000	12,000	14,550
Other	35,000	35,000	28,547
Permits			
Building	400,000	400,000	177,094
Electric	60,000	60,000	40,827
HVAC	60,000	60,000	35,933
Parking	5,000	5,000	3,301
Other	22,000	22,000	16,874
Total Licenses and Permits	749,000	749,000	448,192
Intergovernmental			
Federal Grants	-	-	166,048
State Grants	45,000	45,000	5,358
Total Intergovernmental	45,000	45,000	171,406
Charges for Services			
Fire Protection	700,000	700,000	756,729
Ambulance Fees	850,000	850,000	670,108
Police Services	20,000	20,000	14,501
Planning/Zoning Fees	100,000	100,000	33,683
Engineering Plan Review	200,000	200,000	1,878
Zoning Fees	15,000	15,000	8,345

(This schedule is continued on the following pages.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES (Continued)			
Charges for Services (Continued)			
Rents	\$ -	\$ -	\$ 1,200
Other	-	-	1,146
Total Charges for Services	1,885,000	1,885,000	1,487,590
Fines and Forfeitures			
Circuit Court	420,000	420,000	340,433
Parking	20,000	20,000	22,509
Police	270,000	270,000	234,170
Abatement	15,000	15,000	17,066
False Fire Alarm	4,000	4,000	-
Other	91,000	91,000	58,225
Total Fines and Forfeitures	820,000	820,000	672,403
Investment Income	150,000	150,000	144,855
Miscellaneous			
Refunds/Reimbursements	150,000	150,000	174,968
Miscellaneous	169,000	169,000	166,163
Total Miscellaneous	319,000	319,000	341,131
Total Revenues	25,811,652	25,811,652	25,167,963
EXPENDITURES			
General Government			
Legislative			
Personal Services	152,104	152,104	141,946
Commodities	1,975	1,975	3,519
Contractual Services	293,500	293,500	284,328
Other Services	18,000	18,000	17,139
Total Legislative	465,579	465,579	446,932
Administrative Services			
Personal Services	2,248,581	2,248,581	2,241,215
Commodities	58,550	58,550	71,016
Contractual Services	115,900	115,900	124,533
Other Services	162,500	162,500	148,356
Equipment	15,500	15,500	16,646
Total Administrative Services	2,601,031	2,601,031	2,601,766

(This schedule is continued on the following pages.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
City Clerk			
Personal Services	\$ 185,043	\$ 185,043	\$ 174,817
Commodities	1,950	1,950	2,199
Contractual Services	9,675	9,675	8,277
Total City Clerk	196,668	196,668	185,293
Legal			
Personal Services	407,250	407,250	380,179
Commodities	3,750	3,750	4,629
Contractual Services	21,050	21,050	21,037
Other Services	-	-	2,651
Total Legal	432,050	432,050	408,496
General Fund Support Service			
Personal Services	116,568	116,568	286,220
Commodities	145,000	145,000	145,929
Contractual Services	360,000	360,000	483,459
Other Services	68,200	68,200	59,821
Equipment	-	-	5,963
Total General Fund Support Service	689,768	689,768	981,392
Total General Government	4,385,096	4,385,096	4,623,879
Less Administrative Costs Charged to Other Departments and Funds	(1,200)	(1,200)	(173,613)
Net General Government	4,383,896	4,383,896	4,450,266
Public Safety			
Police Protection			
Personal Services	7,577,415	7,577,415	7,424,826
Commodities	202,175	202,175	248,374
Contractual Services	163,975	163,975	181,801
Equipment	8,850	8,850	8,576
Total Police Protection	7,952,415	7,952,415	7,863,577

(This schedule is continued on the following pages.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Protection			
Fire Administration Services			
Personal Services	\$ 561,376	\$ 561,376	\$ 566,682
Commodities	44,300	44,300	50,812
Contractual Services	54,950	54,950	68,825
Equipment	4,800	4,800	834
Total Fire Administration Services	665,426	665,426	687,153
Fire Service			
Personal Services	6,622,729	6,622,729	6,763,016
Commodities	120,330	120,330	191,177
Contractual Services	163,815	163,815	180,830
Other Services	4,800	4,800	4,650
Equipment	8,865	8,865	4,690
Total Fire Service	6,920,539	6,920,539	7,144,363
Total Fire Protection	7,585,965	7,585,965	7,831,516
Total Public Safety	15,538,380	15,538,380	15,695,093
Community Improvement			
Public Works			
Personal Services	2,304,637	2,304,637	2,286,337
Commodities	441,650	441,650	466,058
Contractual Services	622,750	622,750	641,694
Other Services	24,000	24,000	21,687
Equipment	20,200	20,200	17,859
Total Public Works	3,413,237	3,413,237	3,433,635
Community Development			
Personal Services	1,390,618	1,390,618	1,358,442
Commodities	25,100	25,100	30,184
Contractual Services	65,500	65,500	75,466
Equipment	500	500	400
Total Community Development	1,481,718	1,481,718	1,464,492

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Community Improvement (Continued)			
Engineering Services			
Personal Services	\$ 384,508	\$ 384,508	\$ 404,779
Commodities	12,900	12,900	9,240
Contractual Services	23,000	23,000	17,349
Other Services	5,300	5,300	2,198
Total Engineering Services	425,708	425,708	433,566
Total Community Improvement	5,320,663	5,320,663	5,331,693
Less Administrative Costs Charged to Other Departments and Funds	(805,903)	(805,903)	(905,914)
Net Community Improvement	4,514,760	4,514,760	4,425,779
Total Expenditures	24,437,036	24,437,036	24,571,138
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,374,616	1,374,616	596,825
OTHER FINANCING SOURCES (USES)			
Proceeds on Sale of Capital Assets	5,000	5,000	4,133
Transfers In			
Water Fund	550,000	550,000	377,587
Mass Transit Fund	220,000	220,000	-
Total Transfers In	770,000	770,000	377,587
Transfers (Out)			
Mass Transit Fund	(42,342)	(42,342)	(31,236)
General Debt Service Fund	(1,418,358)	(1,418,358)	(1,469,775)
Capital Projects Fund	(575,000)	(575,000)	-
Total Transfers (Out)	(2,035,700)	(2,035,700)	(1,501,011)
Total Other Financing Sources (Uses)	(1,260,700)	(1,260,700)	(1,119,291)
NET CHANGE IN FUND BALANCE	\$ 113,916	\$ 113,916	(522,466)
FUND BALANCE, JULY 1			3,825,643
FUND BALANCE, JUNE 30			\$ 3,303,177

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 1,300,000	\$ 1,300,000	\$ 1,262,846
Investment Income	20,000	20,000	138,328
Miscellaneous	-	-	100,000
Total Revenues	1,320,000	1,320,000	1,501,174
EXPENDITURES			
Current			
Highways and Streets			
Contractual Services	371,000	371,000	345,898
Permanent Improvements	1,490,000	1,490,000	1,497,462
Total Expenditures	1,861,000	1,861,000	1,843,360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(541,000)	(541,000)	(342,186)
OTHER FINANCING (USES)			
Transfer (Out)			
Development Services Fund	(85,000)	(85,000)	(85,000)
Total Other Financing (Uses)	(85,000)	(85,000)	(85,000)
NET CHANGE IN FUND BALANCE	\$ (626,000)	\$ (626,000)	(427,186)
FUND BALANCE, JULY 1			2,211,424
Prior Period Adjustment			(471,200)
FUND BALANCE, JULY 1, RESTATED			1,740,224
FUND BALANCE, JUNE 30			\$ 1,313,038

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 4,592,365	\$ 4,592,365	\$ 4,596,145
Sales	1,409,700	1,409,700	1,506,288
Intergovernmental			
Federal Grants	-	-	18,671
Investment Income	50,000	50,000	75,584
Miscellaneous			
Rental	-	-	7,650
Refunds/Reimbursements	-	-	24,562
Recouped Loans	-	-	734
Total Revenues	<u>6,052,065</u>	<u>6,052,065</u>	<u>6,229,634</u>
EXPENDITURES			
Capital Outlay			
Contractual Services	233,350	233,350	245,989
Permanent Improvements	3,723,200	3,723,200	4,118,335
Total Expenditures	<u>3,956,550</u>	<u>3,956,550</u>	<u>4,364,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,095,515</u>	<u>2,095,515</u>	<u>1,865,310</u>
OTHER FINANCING SOURCES (USES)			
Transfer (Out)			
Airport Fund	(165,000)	(165,000)	(123,750)
TIF Debt Service Fund	(1,711,705)	(1,711,705)	(2,175,753)
Notes Issued	-	-	1,000,000
Total Other Financing Sources (Uses)	<u>(1,876,705)</u>	<u>(1,876,705)</u>	<u>(1,299,503)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 218,810</u>	<u>\$ 218,810</u>	565,807
FUND BALANCE, JULY 1			<u>279,455</u>
FUND BALANCE, JUNE 30			<u>\$ 845,262</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 772,225	\$ 772,255	\$ 772,578
Total Revenues	<u>772,225</u>	<u>772,255</u>	<u>772,578</u>
EXPENDITURES			
Capital Outlay			
Contractual Services	220,000	220,000	211,850
Permanent Improvements	180,000	180,000	101,350
Total Expenditures	<u>400,000</u>	<u>400,000</u>	<u>313,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 372,225</u>	<u>\$ 372,255</u>	459,378
FUND BALANCE (DEFICIT), JULY 1			<u>(918,112)</u>
FUND BALANCE (DEFICIT), JUNE 30			<u>\$ (458,734)</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DEKALB, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 176,655	\$ -	\$ 234,798	\$ 411,453
Restricted Cash and Investments	-	648,125	-	648,125
Receivables				
Property Taxes	13,888	-	139,862	153,750
Accrued Interest	-	2,725	-	2,725
Other	-	-	1,496	1,496
Prepaid Items	965	-	-	965
Due from Other Governments	151,968	-	17,419	169,387
Due from Other Funds	-	33,400	183,000	216,400
TOTAL ASSETS	\$ 343,476	\$ 684,250	\$ 576,575	\$ 1,604,301
LIABILITIES				
Accounts Payable	\$ 189,234	\$ 33,400	\$ 66,280	\$ 288,914
Accrued Payroll	2,810	-	-	2,810
Other Payables	1,675	-	-	1,675
Deferred Property Taxes	26,843	-	279,723	306,566
Other Deferred Revenues	588	-	36,496	37,084
Due to Other Funds	8,600	-	-	8,600
Advances from Other Funds	-	-	577,000	577,000
Total Liabilities	229,750	33,400	959,499	1,222,649
FUND BALANCES				
Reserved for Prepaid Items	965	-	-	965
Reserved for Public Safety	9,466	-	-	9,466
Reserved for Specific Purpose	112,103	-	-	112,103
Reserved for Debt Service	-	650,850	-	650,850
Unreserved - Undesignated (Deficit)	(8,808)	-	(382,924)	(391,732)
Total Fund Balances (Deficit)	113,726	650,850	(382,924)	381,652
TOTAL LIABILITIES AND FUND BALANCES	\$ 343,476	\$ 684,250	\$ 576,575	\$ 1,604,301

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 56,966	\$ -	\$ 262,868	\$ 319,834
Intergovernmental	2,164,742	-	107,050	2,271,792
Charges for Services	-	-	198,401	198,401
Investment Income	4,532	35,188	30,451	70,171
Miscellaneous	41,673	-	-	41,673
Total Revenues	2,267,913	35,188	598,770	2,901,871
EXPENDITURES				
Current				
General Government	2,290,556	-	-	2,290,556
Public Safety	24,759	-	-	24,759
Capital Outlay	-	-	1,969,676	1,969,676
Debt Service				
Principal Retirement	-	2,835,214	-	2,835,214
Interest and Fiscal Charges	-	906,585	-	906,585
Total Expenditures	2,315,315	3,741,799	1,969,676	8,026,790
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,402)	(3,706,611)	(1,370,906)	(5,124,919)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	32,300	32,300
Transfers In	31,236	3,645,528	-	3,676,764
Capital Lease Issued	-	-	79,114	79,114
Total Other Financing Sources (Uses)	31,236	3,645,528	111,414	3,788,178
NET CHANGE IN FUND BALANCES	(16,166)	(61,083)	(1,259,492)	(1,336,741)
FUND BALANCES, JULY 1	134,045	711,933	860,053	1,706,031
Prior Period Adjustment	(4,153)	-	16,515	12,362
FUND BALANCES, JULY 1, RESTATED	129,892	711,933	876,568	1,718,393
FUND BALANCES (DEFICIT), JUNE 30	\$ 113,726	\$ 650,850	\$ (382,924)	\$ 381,652

See accompanying notes to financial statements.

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

June 30, 2007

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation
ASSETS			
Cash and Investments	\$ 10,099	\$ 30,168	\$ 112,305
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	-	-
Prepaid Items	390	25	-
Due from Other Governments	-	148,952	-
TOTAL ASSETS	\$ 10,489	\$ 179,145	\$ 112,305
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 633	\$ 176,335	\$ 8,332
Accrued Payroll	-	2,810	-
Other Payables	-	-	-
Deferred Property Taxes	-	-	-
Other Deferred Revenues	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	633	179,145	8,332
FUND BALANCES			
Reserved for Prepaid Items	390	25	-
Reserved for Public Safety	9,466	-	-
Reserved for Specific Purpose	-	-	103,973
Unreserved - Undesignated (Deficit)	-	(25)	-
Total Fund Balances (Deficit)	9,856	-	103,973
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,489	\$ 179,145	\$ 112,305

Heritage Ridge Special Service Area #3	Community Development Block Grant	Knolls Special Service Area #4	Greek Row Special Service Area #6	Total
\$ 4,197	\$ 1,813	\$ 5,223	\$ 12,850	\$ 176,655
628	-	5,056	8,204	13,888
-	550	-	-	965
-	3,016	-	-	151,968
<u>\$ 4,825</u>	<u>\$ 5,379</u>	<u>\$ 10,279</u>	<u>\$ 21,054</u>	<u>\$ 343,476</u>
\$ -	\$ 3,016	\$ 88	\$ 830	\$ 189,234
-	-	-	-	2,810
-	1,675	-	-	1,675
1,168	-	9,924	15,751	26,843
-	588	-	-	588
-	100	8,500	-	8,600
<u>1,168</u>	<u>5,379</u>	<u>18,512</u>	<u>16,581</u>	<u>229,750</u>
-	550	-	-	965
-	-	-	-	9,466
3,657	-	-	4,473	112,103
-	(550)	(8,233)	-	(8,808)
<u>3,657</u>	<u>-</u>	<u>(8,233)</u>	<u>4,473</u>	<u>113,726</u>
<u>\$ 4,825</u>	<u>\$ 5,379</u>	<u>\$ 10,279</u>	<u>\$ 21,054</u>	<u>\$ 343,476</u>

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Foreign Fire Insurance Tax	Mass Transit	Housing Rehabilitation
REVENUES			
Taxes	\$ 31,348	\$ -	\$ -
Intergovernmental	-	1,637,978	7,649
Investment Income	-	-	4,532
Miscellaneous	-	-	41,673
Total Revenues	31,348	1,637,978	53,854
EXPENDITURES			
Current			
General Government	-	1,669,214	90,303
Public Safety	24,759	-	-
Total Expenditures	24,759	1,669,214	90,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,589	(31,236)	(36,449)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	31,236	-
Total Other Financing Sources (Uses)	-	31,236	-
NET CHANGE IN FUND BALANCES	6,589	-	(36,449)
FUND BALANCES (DEFICIT), JULY 1	7,420	-	140,422
Prior Period Adjustment	(4,153)	-	-
FUND BALANCE (DEFICIT), JULY 1, RESTATED	3,267	-	140,422
FUND BALANCES (DEFICIT), JUNE 30	\$ 9,856	\$ -	\$ 103,973

Heritage Ridge Special Service Area #3	Community Development Block Grant	Knolls Special Service Area #4	Greek Row Special Service Area #6	Total
\$ 1,116	\$ -	\$ 9,469	\$ 15,033	\$ 56,966
-	519,115	-	-	2,164,742
-	-	-	-	4,532
-	-	-	-	41,673
1,116	519,115	9,469	15,033	2,267,913
685	519,115	1,045	10,194	2,290,556
-	-	-	-	24,759
685	519,115	1,045	10,194	2,315,315
431	-	8,424	4,839	(47,402)
-	-	-	-	31,236
-	-	-	-	31,236
431	-	8,424	4,839	(16,166)
3,226	-	(16,657)	(366)	134,045
-	-	-	-	(4,153)
3,226	-	(16,657)	(366)	129,892
\$ 3,657	\$ -	\$ (8,233)	\$ 4,473	\$ 113,726

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Foreign Fire Insurance Tax	\$ 25,000	\$ 25,000	\$ 31,348
Total Revenues	25,000	25,000	31,348
EXPENDITURES			
Current			
Public Safety			
Commodities	6,515	6,515	10,138
Contractual Services	3,800	3,800	1,943
Equipment	14,625	14,625	12,678
Total Expenditures	24,940	24,940	24,759
NET CHANGE IN FUND BALANCE	\$ 60	\$ 60	6,589
FUND BALANCE, JULY 1			7,420
Prior Period Adjustment			(4,153)
FUND BALANCE, JULY 1, RESTATED			3,267
FUND BALANCE, JUNE 30			\$ 9,856

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Federal Grants	\$ 1,410,673	\$ 1,410,673	\$ 237,978
State Grants	1,400,000	1,400,000	1,400,000
Total Revenues	<u>2,810,673</u>	<u>2,810,673</u>	<u>1,637,978</u>
EXPENDITURES			
Current			
General Government			
Personal Services	123,350	123,350	120,886
Commodities	2,300	2,300	1,343
Professional/Contractual Services	1,617,058	1,617,058	1,477,735
Equipment	1,110,307	1,110,307	69,250
Total Expenditures	<u>2,853,015</u>	<u>2,853,015</u>	<u>1,669,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(42,342)</u>	<u>(42,342)</u>	<u>(31,236)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In			
General Fund	42,342	42,342	31,236
Total Other Financing Sources (Uses)	<u>42,342</u>	<u>42,342</u>	<u>31,236</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, JULY 1			<u>-</u>
FUND BALANCE, JUNE 30			<u>\$ -</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Federal Grants	\$ -	\$ -	\$ 7,649
Investment Income	1,000	1,000	4,532
Miscellaneous			
Miscellaneous	-	-	20,036
Refunds/Reimbursements	-	-	6,814
Recouped Loan	-	-	14,823
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>53,854</u>
EXPENDITURES			
Current			
General Government			
Contractual Services	1,000	1,000	13,154
Other Services	10,000	10,000	15,079
Permanent Improvements	10,000	10,000	62,070
Total Expenditures	<u>21,000</u>	<u>21,000</u>	<u>90,303</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(36,449)
FUND BALANCE, JULY 1			<u>140,422</u>
FUND BALANCE, JUNE 30			<u>\$ 103,973</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 1,113	\$ 1,113	\$ 1,116
Total Revenues	1,113	1,113	1,116
EXPENDITURES			
General Government			
Commodities	100	100	-
Contractual Services	700	700	685
Permanent Improvements	100	100	-
Total Expenditures	900	900	685
NET CHANGE IN FUND BALANCE	\$ 213	\$ 213	431
FUND BALANCE, JULY 1			3,226
FUND BALANCE, JUNE 30			\$ 3,657

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental Grants	\$ 422,689	\$ 422,689	\$ 519,115
Total Revenues	422,689	422,689	519,115
EXPENDITURES			
General Government			
Commodities	-	-	507
Contractual Services	222,689	222,689	231,423
Other Services	65,000	65,000	148,212
Permanent Improvements	135,000	135,000	138,973
Total Expenditures	422,689	422,689	519,115
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JULY 1			-
FUND BALANCE, JUNE 30			\$ -

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 9,450	\$ 9,450	\$ 9,469
Total Revenues	9,450	9,450	9,469
EXPENDITURES			
General Government			
Commodities	-	-	445
Contractual Services	3,600	3,600	600
Permanent Improvements	100	100	-
Total Expenditures	3,700	3,700	1,045
NET CHANGE IN FUND BALANCE	\$ 5,750	\$ 5,750	8,424
FUND BALANCE (DEFICIT), JULY 1			(16,657)
FUND BALANCE (DEFICIT), JUNE 30			\$ (8,233)

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 15,000	\$ 15,000	\$ 15,033
Total Revenues	15,000	15,000	15,033
EXPENDITURES			
General Government			
Contractual Services	-	-	10,194
Permanent Improvements	15,000	15,000	-
Total Expenditures	15,000	15,000	10,194
NET CHANGE IN FUND BALANCE	\$ -	\$ -	4,839
FUND BALANCE (DEFICIT), JULY 1			(366)
FUND BALANCE, JUNE 30			\$ 4,473

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR DEBT SERVICE FUNDS

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

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

CITY OF DEKALB, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS

June 30, 2007

	General Debt Service	Tax Increment Financing Debt Service	Total
ASSETS			
Restricted Cash and Investments	\$ -	\$ 648,125	\$ 648,125
Accrued Interest Receivable	-	2,725	2,725
Due from Other Funds	7,629	25,771	33,400
TOTAL ASSETS	\$ 7,629	\$ 676,621	\$ 684,250
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 7,629	\$ 25,771	\$ 33,400
Total Liabilities	7,629	25,771	33,400
FUND BALANCES			
Reserved for Debt Service	-	650,850	650,850
Total Fund Balances	-	650,850	650,850
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,629	\$ 676,621	\$ 684,250

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	General Debt Service	Tax Increment Financing Debt Service	Total
REVENUES			
Investment Income	\$ -	\$ 35,188	\$ 35,188
Total Revenues	-	35,188	35,188
EXPENDITURES			
Debt Service			
Principal Retirement	880,000	1,955,214	2,835,214
Interest	589,775	316,810	906,585
Total Expenditures	1,469,775	2,272,024	3,741,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,469,775)	(2,236,836)	(3,706,611)
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Fund	1,469,775	-	1,469,775
Tax Increment Financing Fund	-	2,175,753	2,175,753
Total Other Financing Sources (Uses)	1,469,775	2,175,753	3,645,528
NET CHANGE IN FUND BALANCES	-	(61,083)	(61,083)
FUND BALANCES, JULY 1	-	711,933	711,933
FUND BALANCES, JUNE 30	\$ -	\$ 650,850	\$ 650,850

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Debt Service			
Principal Retirement	880,000	880,000	880,000
Interest and Fiscal Charges	538,358	538,358	589,775
Total Expenditures	1,418,358	1,418,358	1,469,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,418,358)	(1,418,358)	(1,469,775)
OTHER FINANCING SOURCES (USES)			
Transfer In			
General Fund	1,418,358	1,418,358	1,469,775
Total Other Financing Sources (Uses)	1,418,358	1,418,358	1,469,775
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
FUND BALANCE, JULY 1			-
FUND BALANCE, JUNE 30			\$ -

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Investment Income	\$ 28,000	\$ 28,000	\$ 35,188
Total Revenues	28,000	28,000	35,188
EXPENDITURES			
Debt Service			
Principal Retirement	1,375,000	1,375,000	1,955,214
Interest and Fiscal Charges	311,153	311,153	316,810
Total Expenditures	1,686,153	1,686,153	2,272,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,658,153)	(1,658,153)	(2,236,836)
OTHER FINANCING SOURCES (USES)			
Transfer In			
Tax Increment Financing Fund	1,686,153	1,686,153	2,175,753
Total Other Financing Sources (Uses)	1,686,153	1,686,153	2,175,753
NET CHANGE IN FUND BALANCE	\$ 28,000	\$ 28,000	(61,083)
FUND BALANCE, JULY 1			711,933
FUND BALANCE, JUNE 30			\$ 650,850

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

June 30, 2007

	Capital Projects	County Home Tax Increment Financing District	Total
ASSETS			
Cash and Investments	\$ 94,628	\$ 140,170	\$ 234,798
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	139,862	139,862
Other	1,496	-	1,496
Due from Other Governments	17,419	-	17,419
Due from Other Funds	183,000	-	183,000
TOTAL ASSETS	\$ 296,543	\$ 280,032	\$ 576,575
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 66,280	\$ -	\$ 66,280
Deferred Property Taxes	-	279,723	279,723
Other Deferred Revenue	36,496	-	36,496
Advances from Other Funds	-	577,000	577,000
Total Liabilities	102,776	856,723	959,499
FUND BALANCES			
Unreserved - Undesignated (Deficit)	193,767	(576,691)	(382,924)
Total Fund Balances (Deficit)	193,767	(576,691)	(382,924)
TOTAL LIABILITIES AND FUND BALANCES	\$ 296,543	\$ 280,032	\$ 576,575

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Capital Projects	County Home Tax Increment Financing District	Total
REVENUES			
Taxes	\$ -	\$ 262,868	\$ 262,868
Intergovernmental	107,050	-	107,050
Charges for Services	198,401	-	198,401
Investment Income	30,451	-	30,451
Total Revenues	335,902	262,868	598,770
EXPENDITURES			
Capital Outlay			
Commodities	106,912	-	106,912
Contractual Services	135,277	-	135,277
Other Services	359,678	-	359,678
Equipment	1,306,754	-	1,306,754
Permanent Improvements	61,055	-	61,055
Total Expenditures	1,969,676	-	1,969,676
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,633,774)	262,868	(1,370,906)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	32,300	-	32,300
Capital Lease Issued	79,114	-	79,114
Total Other Financing Sources (Uses)	111,414	-	111,414
NET CHANGE IN FUND BALANCES	(1,522,360)	262,868	(1,259,492)
FUND BALANCES (DEFICIT), JULY 1	1,699,612	(839,559)	860,053
Prior Period Adjustment	16,515	-	16,515
FUND BALANCES (DEFICIT), JULY 1, RESTATED	1,716,127	(839,559)	876,568
FUND BALANCES (DEFICIT), JUNE 30	\$ 193,767	\$ (576,691)	\$ (382,924)

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Federal Grants	\$ -	\$ -	\$ 86,704
State Grants	-	-	20,346
Charges for Services			
Rental Income	82,500	82,500	70,184
Traffic Impact Fees	50,000	50,000	23,800
Refunds/Reimbursements	150,000	150,000	104,417
Public Building Construction Fees	50,000	50,000	-
Investment Income	10,000	10,000	30,451
Miscellaneous	24,500	24,500	-
	<u>367,000</u>	<u>367,000</u>	<u>335,902</u>
EXPENDITURES			
Capital Outlay			
Commodities	87,400	87,400	106,912
Contractual Services	247,600	247,600	135,277
Other Services	550,000	550,000	359,678
Equipment	1,115,300	1,115,300	1,306,754
Permanent Improvements	246,900	246,900	61,055
	<u>2,247,200</u>	<u>2,247,200</u>	<u>1,969,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,880,200)</u>	<u>(1,880,200)</u>	<u>(1,633,774)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	10,000	10,000	32,300
Transfer In			
General Fund	575,000	575,000	-
Capital Lease Issued	984,300	984,300	79,114
	<u>1,569,300</u>	<u>1,569,300</u>	<u>111,414</u>
NET CHANGE IN FUND BALANCE	<u>\$ (310,900)</u>	<u>\$ (310,900)</u>	<u>(1,522,360)</u>
FUND BALANCE, JULY 1			1,699,612
Prior Period Adjustment			<u>16,515</u>
FUND BALANCE, JULY 1, RESTATED			<u>1,716,127</u>
FUND BALANCE, JUNE 30			<u>\$ 193,767</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes	\$ 262,279	\$ 262,279	\$ 262,868
Total Revenues	<u>262,279</u>	<u>262,279</u>	<u>262,868</u>
EXPENDITURES			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 262,279</u></u>	<u><u>\$ 262,279</u></u>	262,868
FUND BALANCE (DEFICIT), JULY 1			<u>(839,559)</u>
FUND BALANCE (DEFICIT), JUNE 30			<u><u>\$ (576,691)</u></u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Operations and Maintenance			System Construction			Eliminations	Totals		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual		Original Budget	Final Budget	Actual
OPERATING REVENUES										
Charges for Services										
Water Sales	\$ 4,320,000	\$ 4,320,000	\$ 3,901,470	\$ -	\$ -	\$ -	\$ -	\$ 4,320,000	\$ 4,320,000	\$ 3,901,470
Permits	143,000	143,000	86,356	300,000	300,000	197,335	-	443,000	443,000	283,691
Miscellaneous	17,000	17,000	22,397	-	-	-	-	17,000	17,000	22,397
Total Operating Revenues	4,480,000	4,480,000	4,010,223	300,000	300,000	197,335	-	4,780,000	4,780,000	4,207,558
OPERATING EXPENSES EXCLUDING DEPRECIATION										
Personal Services	1,471,455	1,471,455	1,534,628	-	-	-	-	1,471,455	1,471,455	1,534,628
Commodities	423,900	423,900	374,646	-	-	-	-	423,900	423,900	374,646
Contractual Services	698,600	698,600	735,066	-	-	-	-	698,600	698,600	735,066
Other Services/Expenses	25,000	25,000	25,000	-	-	-	-	25,000	25,000	25,000
Equipment	331,000	331,000	103,184	-	-	-	-	331,000	331,000	103,184
Permanent Improvements	197,000	197,000	32,657	715,000	715,000	-	-	912,000	912,000	32,657
Total Operating Expenses Excluding Depreciation	3,146,955	3,146,955	2,805,181	715,000	715,000	-	-	3,861,955	3,861,955	2,805,181
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION										
	1,333,045	1,333,045	1,205,042	(415,000)	(415,000)	197,335	-	918,045	918,045	1,402,377
DEPRECIATION AND AMORTIZATION										
	-	-	1,099,162	-	-	-	-	-	-	1,099,162
OPERATING INCOME (LOSS)										
	1,333,045	1,333,045	105,880	(415,000)	(415,000)	197,335	-	918,045	918,045	303,215

	Operations and Maintenance			System Construction			Eliminations	Totals		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Actual	Original Budget	Final Budget	Actual
NONOPERATING REVENUES (EXPENSES)										
Investment Income	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ -
Interest Expense	(826,405)	(826,405)	(301,680)	-	-	-	-	(826,405)	(826,405)	(301,680)
Grant Revenue	-	-	41,080	-	-	144,834	-	-	-	185,914
Gain on Sale of Capital Assets	-	-	10,254	-	-	-	-	-	-	10,254
Total Nonoperating Revenues (Expenses)	(786,405)	(786,405)	(250,346)	-	-	144,834	-	(786,405)	(786,405)	(105,512)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS										
	546,640	546,640	(144,466)	(415,000)	(415,000)	342,169	-	131,640	131,640	197,703
TRANSFERS										
Transfers In										
System Construction Fund	-	-	830,686	-	-	-	(830,686)	-	-	-
Transfers (Out)										
General Fund	(565,000)	(565,000)	(377,587)	-	-	-	-	(565,000)	(565,000)	(377,587)
Operations and Maintenance Fund	-	-	-	-	-	(830,686)	830,686	-	-	-
Total Transfers	(565,000)	(565,000)	453,099	-	-	(830,686)	-	(565,000)	(565,000)	(377,587)
CONTRIBUTIONS										
Contributions of Capital Assets	-	-	482,329	-	-	-	-	-	-	482,329
CHANGE IN NET ASSETS										
	\$ (18,360)	\$ (18,360)	790,962	\$ (415,000)	\$ (415,000)	(488,517)	\$ -	\$ (433,360)	\$ (433,360)	302,445
NET ASSETS, JULY 1										
			18,882,765			1,070,004				19,952,769
Prior Period Adjustment			-			471,200				471,200
NET ASSETS, JULY 1, RESTATED										
			18,882,765			1,541,204				20,423,969
NET ASSETS, JUNE 30										
			\$ 19,673,727			\$ 1,052,687				\$ 20,726,414

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
WATER FUND

For the Year Ended June 30, 2007

	Capital Assets				Accumulated Depreciation				Asset Value
	Balances July 1	Additions	Retirements	Balances June 30	Balances July 1	Provisions	Retirements	Balances June 30	
Land	\$ 528,648	\$ -	\$ -	\$ 528,648	\$ -	\$ -	\$ -	\$ -	\$ 528,648
Construction in Progress	-	830,685	-	830,685	-	-	-	-	830,685
Buildings and Improvements	2,544,389	-	-	2,544,389	448,124	50,888	-	499,012	2,045,377
Water System	36,212,586	741,102	-	36,953,688	9,890,387	928,414	-	10,818,801	26,134,887
Vehicles	616,258	-	-	616,258	269,439	60,277	-	329,716	286,542
Equipment	305,492	19,428	-	324,920	145,300	26,483	-	171,783	153,137
TOTAL	\$ 40,207,373	\$ 1,591,215	\$ -	\$ 41,798,588	\$ 10,753,250	\$ 1,066,062	\$ -	\$ 11,819,312	\$ 29,979,276

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services			
Rents/Taxes	\$ 312,650	\$ 312,650	\$ 225,106
Airport Operators	16,330	16,330	10,893
Miscellaneous	2,000	2,000	10,086
	<u>330,980</u>	<u>330,980</u>	<u>246,085</u>
OPERATING EXPENSES			
Boards/Commissions	350	350	25
Personal Services	194,009	194,009	210,332
Commodities	46,850	46,850	41,164
Contractual Services	118,700	118,700	115,591
Other Services	303,000	303,000	46,524
Equipment	48,000	48,000	12,380
Permanent Improvements	430,500	430,500	211,960
	<u>1,141,409</u>	<u>1,141,409</u>	<u>637,976</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(810,429)	(810,429)	(391,891)
DEPRECIATION AND AMORTIZATION	-	-	328,666
OPERATING INCOME (LOSS)	<u>(810,429)</u>	<u>(810,429)</u>	<u>(720,557)</u>
NONOPERATING REVENUES (EXPENSES)			
Refunds/Reimbursements	493,306	493,306	896
Interest Expense	(111,338)	(111,338)	(72,808)
Grant Revenue	231,950	231,950	2,679,917
	<u>613,918</u>	<u>613,918</u>	<u>2,608,005</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(196,511)</u>	<u>(196,511)</u>	<u>1,887,448</u>

(This schedule is continued on the following page.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
TRANSFERS IN (OUT)			
Tax Increment Financing Fund	\$ 165,000	\$ 165,000	\$ 123,750
Property/Liability Insurance Fund	(7,500)	(7,500)	-
Total Transfers In (Out)	<u>157,500</u>	<u>157,500</u>	<u>123,750</u>
CONTRIBUTIONS			
Contributions of Capital Assets	-	-	<u>2,719,109</u>
CHANGE IN NET ASSETS	<u>\$ (39,011)</u>	<u>\$ (39,011)</u>	4,730,307
NET ASSETS, JULY 1			<u>18,844,971</u>
NET ASSETS, JUNE 30			<u>\$ 23,575,278</u>

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

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

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

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

June 30, 2007

	Development Services	Refuse	Total Nonmajor Enterprise
CURRENT ASSETS			
Cash and Investments	\$ 100,819	\$ 59,641	\$ 160,460
Receivables			
Accounts	-	184,265	184,265
Due from Other Funds	47,924	556,000	603,924
Total Current Assets	148,743	799,906	948,649
CURRENT LIABILITIES			
Accounts Payable	816	241,786	242,602
Accrued Payroll	8,403	-	8,403
Deferred Revenue	-	185,037	185,037
Compensated Absences Payable	3,399	-	3,399
Total Current Liabilities	12,618	426,823	439,441
LONG-TERM LIABILITIES			
Compensated Absences Payable	30,592	-	30,592
Total Long-Term Liabilities	30,592	-	30,592
Total Liabilities	43,210	426,823	470,033
NET ASSETS			
Unrestricted	105,533	373,083	478,616
TOTAL NET ASSETS	\$ 105,533	\$ 373,083	\$ 478,616

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Development Services	Refuse	Total Nonmajor Enterprise
OPERATING REVENUES			
Charges for Services	\$ 230,060	\$ 1,501,041	\$ 1,731,101
Total Operating Revenues	230,060	1,501,041	1,731,101
OPERATING EXPENSES			
Personal Services	241,466	-	241,466
Commodities	1,465	-	1,465
Contractual Services	6,189	1,403,778	1,409,967
Equipment	175	-	175
Total Operating Expenses	249,295	1,403,778	1,653,073
OPERATING INCOME (LOSS)	(19,235)	97,263	78,028
TRANSFERS IN			
Motor Fuel Tax Fund	85,000	-	85,000
Total Transfers In	85,000	-	85,000
CHANGE IN NET ASSETS	65,765	97,263	163,028
NET ASSETS, JULY 1	39,768	275,820	315,588
NET ASSETS, JUNE 30	\$ 105,533	\$ 373,083	\$ 478,616

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2007

	Development Services	Refuse	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 230,060	\$ 1,501,813	\$ 1,731,873
Payments to Suppliers	(8,184)	(1,383,783)	(1,391,967)
Payments to Employees	(237,262)	-	(237,262)
Net Cash from Operating Activities	(15,386)	118,030	102,644
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Receivables	(18,590)	(52,543)	(71,133)
Interfund Payables	-	(6,674)	(6,674)
Transfers In	85,000	-	85,000
Net Cash from Noncapital Financing Activities	66,410	(59,217)	7,193
CASH FLOWS FROM INVESTING ACTIVITIES			
None	-	-	-
Net Cash from Investing Activities	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,024	58,813	109,837
CASH AND CASH EQUIVALENTS, JULY 1	49,795	828	50,623
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 100,819	\$ 59,641	\$ 160,460
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (19,235)	\$ 97,263	\$ 78,028
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivables	-	(5,817)	(5,817)
Prepaid Expenses	195	-	195
Accounts Payable	(550)	19,995	19,445
Accrued Payroll	434	-	434
Deferred Revenue	-	6,589	6,589
Compensated Absences	3,770	-	3,770
NET CASH FROM OPERATING ACTIVITIES	\$ (15,386)	\$ 118,030	\$ 102,644
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 100,819	\$ 59,641	\$ 160,460

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services			
Permits	\$ 235,000	\$ 235,000	\$ 230,060
Total Operating Revenues	235,000	235,000	230,060
OPERATING EXPENSES			
Personal Services	297,089	297,089	241,466
Commodities	11,200	11,200	1,465
Contractual Services	11,600	11,600	6,189
Equipment	2,700	2,700	175
Total Operating Expenses	322,589	322,589	249,295
OPERATING INCOME (LOSS)	(87,589)	(87,589)	(19,235)
TRANSFERS IN			
Motor Fuel Tax Fund	85,000	85,000	85,000
Total Transfers In	85,000	85,000	85,000
CHANGE IN NET ASSETS	\$ (2,589)	\$ (2,589)	65,765
NET ASSETS, JULY 1			39,768
NET ASSETS, JUNE 30			\$ 105,533

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 1,450,000	\$ 1,450,000	\$ 1,501,041
Total Operating Revenues	1,450,000	1,450,000	1,501,041
OPERATING EXPENSES			
Contractual Services	1,400,000	1,400,000	1,403,778
Equipment	50,000	20,000	-
Total Operating Expenses	1,450,000	1,420,000	1,403,778
CHANGE IN NET ASSETS	\$ -	\$ 30,000	97,263
NET ASSETS, JULY 1			275,820
NET ASSETS, JUNE 30			\$ 373,083

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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

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

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2007

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Total
CURRENT ASSETS				
Cash and Investments	\$ 9,183	\$ 902,660	\$ 6,686	\$ 918,529
Receivables				
Other	4,000	298,265	-	302,265
Prepaid Expenses	-	5,105	1,456	6,561
Due from Other Funds	-	400,000	83,000	483,000
Total Current Assets	13,183	1,606,030	91,142	1,710,355
CURRENT LIABILITIES				
Accounts Payable	55	58,643	6,858	65,556
Claims Payable	528,623	533,878	100,000	1,162,501
Other Deferred Revenue	-	996	-	996
Due to Other Funds	483,000	-	-	483,000
Total Current Liabilities	1,011,678	593,517	106,858	1,712,053
NET ASSETS				
Unrestricted (Deficit)	(998,495)	1,012,513	(15,716)	(1,698)
TOTAL NET ASSETS (DEFICIT)	\$ (998,495)	\$ 1,012,513	\$ (15,716)	\$ (1,698)

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

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

For the Year Ended June 30, 2007

	Workers' Compensation			Health Insurance		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
OPERATING REVENUES						
Charges for Services						
Contributions	\$ 475,540	\$ 475,540	\$ 515,619	\$ 3,974,311	\$ 3,974,311	\$ 4,117,063
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	<u>475,540</u>	<u>475,540</u>	<u>515,619</u>	<u>3,974,311</u>	<u>3,974,311</u>	<u>4,117,063</u>
OPERATING EXPENSES						
Administration						
Commodities	100	100	611	200	200	16,854
Contractual Services	35,410	35,410	19,141	366,258	366,258	445,257
Claims	449,000	449,000	599,565	3,620,000	3,620,000	4,254,033
Other	-	-	-	-	-	-
Total Operating Expenses	<u>484,510</u>	<u>484,510</u>	<u>619,317</u>	<u>3,986,458</u>	<u>3,986,458</u>	<u>4,716,144</u>
OPERATING INCOME (LOSS)	<u>(8,970)</u>	<u>(8,970)</u>	<u>(103,698)</u>	<u>(12,147)</u>	<u>(12,147)</u>	<u>(599,081)</u>
NONOPERATING REVENUES						
Investment Income	100	100	2	15,000	15,000	5,453
Total Nonoperating Revenues	<u>100</u>	<u>100</u>	<u>2</u>	<u>15,000</u>	<u>15,000</u>	<u>5,453</u>
CHANGE IN NET ASSETS	<u>\$ (8,870)</u>	<u>\$ (8,870)</u>	<u>(103,696)</u>	<u>\$ 2,853</u>	<u>\$ 2,853</u>	<u>(593,628)</u>
NET ASSETS (DEFICIT), JULY 1			<u>(894,799)</u>			<u>1,606,141</u>
NET ASSETS (DEFICIT), JUNE 30			<u>\$ (998,495)</u>			<u>\$ 1,012,513</u>

Liability/ Property Insurance			Totals		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 80,000	\$ 80,000	\$ 82,500	\$ 4,529,851	\$ 4,529,851	\$ 4,715,182
20,000	20,000	58,211	20,000	20,000	58,211
100,000	100,000	140,711	4,549,851	4,549,851	4,773,393
-	-	-	300	300	17,465
76,000	76,000	82,894	477,668	477,668	547,292
50,000	50,000	84,612	4,119,000	4,119,000	4,938,210
1,000	1,000	5	1,000	1,000	5
127,000	127,000	167,511	4,597,968	4,597,968	5,502,972
(27,000)	(27,000)	(26,800)	(48,117)	(48,117)	(729,579)
-	-	-	15,100	15,100	5,455
-	-	-	15,100	15,100	5,455
\$ (27,000)	\$ (27,000)	(26,800)	\$ (33,017)	\$ (33,017)	(724,124)
		11,084			722,426
		\$ (15,716)			\$ (1,698)

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2007

	Workers' Compensation	Health Insurance	Liability/ Property Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Transactions	\$ 515,619	\$ 4,117,063	\$ 82,500	\$ 4,715,182
Receipts from Miscellaneous Revenue	(4,000)	(101,669)	58,211	(47,458)
Payments to Suppliers	(580,212)	(4,593,958)	(167,828)	(5,341,998)
Net Cash from Operating Activities	(68,593)	(578,564)	(27,117)	(674,274)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Receivables	-	6,000	(83,000)	(77,000)
Interfund Payables	77,000	-	-	77,000
Net Cash from Noncapital Financing Activities	77,000	6,000	(83,000)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	-	198,062	-	198,062
Interest Received on Investments	2	6,056	-	6,058
Net Cash from Investing Activities	2	204,118	-	204,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,409	(368,446)	(110,117)	(470,154)
CASH AND CASH EQUIVALENTS, JULY 1	774	1,271,106	116,803	1,388,683
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 9,183	\$ 902,660	\$ 6,686	\$ 918,529
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (103,698)	\$ (599,081)	\$ (26,800)	\$ (729,579)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities				
Changes in Assets and Liabilities				
Other Receivables	(4,000)	(102,665)	-	(106,665)
Prepaid Expenses	-	(72)	-	(72)
Accounts Payable	(2,582)	(4,066)	(10,317)	(16,965)
Claims Payable	41,687	126,324	10,000	178,011
Deferred Revenue	-	996	-	996
NET CASH FROM OPERATING ACTIVITIES	\$ (68,593)	\$ (578,564)	\$ (27,117)	\$ (674,274)
CASH AND INVESTMENTS				
Cash and Cash Equivalents	\$ 9,183	\$ 902,660	\$ 6,686	\$ 918,529
TOTAL CASH AND INVESTMENTS	\$ 9,183	\$ 902,660	\$ 6,686	\$ 918,529

See accompanying notes to financial statements.

FIDUCIARY FUNDS

Pension Trust Funds

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

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

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

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

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

June 30, 2007

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Short-Term Investments	\$ 732,285	\$ 1,628,374	\$ 2,360,659
Investments, at Fair Value			
Certificates of Deposit	-	87,196	87,196
Mutual Funds	11,465,503	7,186,643	18,652,146
U.S. Treasury Securities	-	4,103,161	4,103,161
U.S. Agency Securities	11,197,630	5,214,525	16,412,155
Receivables			
Accrued Interest	141,611	123,148	264,759
Total Assets	23,537,029	18,343,047	41,880,076
LIABILITIES			
Accounts Payable	4,596	4,673	9,269
Deferred Revenue	430,573	683,143	1,113,716
Total Liabilities	435,169	687,816	1,122,985
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 23,101,860	\$ 17,655,231	\$ 40,757,091

See accompanying notes to financial statements.

CITY OF DEKALB, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended June 30, 2007

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 810,799	\$ 1,183,848	\$ 1,994,647
Employee Contributions	408,068	367,283	775,351
Total Contributions	1,218,867	1,551,131	2,769,998
Investment Income			
Net Appreciation in Fair Value of Investments	1,943,799	1,135,815	3,079,614
Interest	621,129	846,583	1,467,712
Total Investment Income	2,564,928	1,982,398	4,547,326
Less Investment Expense	(18,093)	(45,646)	(63,739)
Net Investment Income	2,546,835	1,936,752	4,483,587
Total Additions	3,765,702	3,487,883	7,253,585
DEDUCTIONS			
Retirement Benefits	1,329,892	1,427,528	2,757,420
Disability Benefits	38,375	131,383	169,758
Administrative Expenses	12,352	23,691	36,043
Total Deductions	1,380,619	1,582,602	2,963,221
NET INCREASE	2,385,083	1,905,281	4,290,364
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
July 1	20,716,777	15,749,950	36,466,727
June 30	\$ 23,101,860	\$ 17,655,231	\$ 40,757,091

See accompanying notes to financial statements.

LONG-TERM DEBT PAYABLE FROM GOVERNMENTAL FUNDS

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

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

	Compensated Absences	Capital Lease	Other Government Payable	General Obligation		
				Bond Series of 1997A	Bond Series of 1997B	Bond Series of 2000
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT						
Amount Available for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of General Long-Term Debt	4,418,471	1,028,621	1,498,998	2,280,000	765,000	95,000
TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT	\$ 4,418,471	\$ 1,028,621	\$ 1,498,998	\$ 2,280,000	\$ 765,000	\$ 95,000
GENERAL LONG-TERM DEBT PAYABLE						
Due to Other Governments	\$ -	\$ -	\$ 1,498,998	\$ -	\$ -	\$ -
Compensated Absences Payable	4,418,471	-	-	-	-	-
Bond Anticipation Note Payable	-	-	-	-	-	-
Capital Lease Payable	-	1,028,621	-	-	-	-
General Obligation Bonds Payable	-	-	-	2,280,000	765,000	95,000
Revenue Bonds Payable	-	-	-	-	-	-
TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ 4,418,471	\$ 1,028,621	\$ 1,498,998	\$ 2,280,000	\$ 765,000	\$ 95,000

General Obligation					Bond	Bond	TIF Revenue	
Bond Series of 2002	Bond Series of 2002A	Bond Series of 2003A	Bond Series of 2003B	Bond Series of 2004	Anticipation Note of 2006	Anticipation Note of 2007	Bond Series of 2003	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,850	\$ 650,850
2,810,000	1,375,000	1,630,000	1,210,000	4,985,000	2,000,000	1,000,000	2,714,150	27,810,240
<u>\$ 2,810,000</u>	<u>\$ 1,375,000</u>	<u>\$ 1,630,000</u>	<u>\$ 1,210,000</u>	<u>\$ 4,985,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,365,000</u>	<u>\$ 28,461,090</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,498,998
-	-	-	-	-	-	-	-	4,418,471
-	-	-	-	-	2,000,000	1,000,000	-	3,000,000
-	-	-	-	-	-	-	-	1,028,621
2,810,000	1,375,000	1,630,000	1,210,000	4,985,000	-	-	-	15,150,000
-	-	-	-	-	-	-	3,365,000	3,365,000
<u>\$ 2,810,000</u>	<u>\$ 1,375,000</u>	<u>\$ 1,630,000</u>	<u>\$ 1,210,000</u>	<u>\$ 4,985,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,365,000</u>	<u>\$ 28,461,090</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	July 1	Amount	January 1	Amount
2006	\$ 190,000	\$ 110,017	\$ 300,017	2007	\$ 55,009	2008	\$ 55,008
2007	220,000	101,230	321,230	2008	50,615	2009	50,615
2008	375,000	90,890	465,890	2009	45,445	2010	45,445
2009	730,000	72,890	802,890	2010	36,445	2011	36,445
2010	765,000	37,485	802,485	2011	18,743	2012	18,742
	<u>\$ 2,280,000</u>	<u>\$ 412,512</u>	<u>\$ 2,692,512</u>		<u>\$ 206,257</u>		<u>\$ 206,255</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			July 1	Interest Due on		
	Principal	Interest	Totals		Amount	January 1	Amount
2006	\$ 370,000	\$ 34,425	\$ 404,425	2007	\$ 17,212	2008	\$ 17,213
2007	395,000	17,775	412,775	2008	8,888	2009	8,887
	<u>\$ 765,000</u>	<u>\$ 52,200</u>	<u>\$ 817,200</u>		<u>\$ 26,100</u>		<u>\$ 26,100</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 17,393	\$ 17,393			2007	\$ 17,393
2007	\$ 190,000	29,326	219,326	2008	\$ 17,394	2008	11,932
2008	200,000	18,112	218,112	2009	11,931	2009	6,181
2009	215,000	6,181	221,181	2010	6,181		
	<u>\$ 605,000</u>	<u>\$ 71,012</u>	<u>\$ 676,012</u>		<u>\$ 35,506</u>		<u>\$ 35,506</u>

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

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 2,731	\$ 2,731			2007	\$ 2,731
2007	\$ 30,000	4,600	34,600	2008	\$ 2,731	2008	1,869
2008	30,000	2,875	32,875	2009	1,869	2009	1,006
2009	35,000	1,006	36,006	2010	1,006		
	<u>\$ 95,000</u>	<u>\$ 11,212</u>	<u>\$ 106,212</u>		<u>\$ 5,606</u>		<u>\$ 5,606</u>

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

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 14,662	\$ 14,662			2007	\$ 14,662
2007	\$ 160,000	24,726	184,726	2008	\$ 14,663	2008	10,063
2008	170,000	15,237	185,237	2009	10,062	2009	5,175
2009	180,000	5,175	185,175	2010	5,175		
	<u>\$ 510,000</u>	<u>\$ 59,800</u>	<u>\$ 569,800</u>		<u>\$ 29,900</u>		<u>\$ 29,900</u>

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

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ -	\$ -			2007	\$ -
2007	\$ -	-	-	2008	\$ -	2008	-
2008	-	-	-	2009	-	2009	-
2009	-	-	-	2010	-		
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

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

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND SERIES OF 2002

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 55,585	\$ 55,585			2007	\$ 55,585
2007	\$ 205,000	107,967	312,967	2008	\$ 55,585	2008	52,382
2008	215,000	101,002	316,002	2009	52,382	2009	48,620
2009	225,000	93,161	318,161	2010	48,620	2010	44,541
2010	230,000	84,885	314,885	2011	44,541	2011	40,344
2011	240,000	76,188	316,188	2012	40,344	2012	35,844
2012	250,000	66,688	316,688	2013	35,844	2013	30,844
2013	265,000	56,388	321,388	2014	30,844	2014	25,544
2014	275,000	45,313	320,313	2015	25,544	2015	19,769
2015	290,000	33,303	323,303	2016	19,769	2016	13,534
2016	300,000	20,543	320,543	2017	13,534	2017	7,009
2017	315,000	7,008	322,008	2018	7,008		
	<u>\$ 2,810,000</u>	<u>\$ 748,031</u>	<u>\$ 3,558,031</u>		<u>\$ 374,015</u>		<u>\$ 374,016</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 30	Amount	December 30	Amount
2006	\$ 180,000	\$ 25,771	\$ 205,771			2007	\$ 25,771
2007	185,000	46,862	231,862	2008	\$ 23,431	2008	23,431
2008	190,000	39,925	229,925	2009	19,963	2009	19,962
2009	195,000	32,800	227,800	2010	16,400	2010	16,400
2010	200,000	25,000	225,000	2011	12,500	2011	12,500
2011	210,000	17,000	227,000	2012	8,500	2012	8,500
2012	215,000	8,600	223,600	2013	4,300	2013	4,300
	<u>\$ 1,375,000</u>	<u>\$ 195,958</u>	<u>\$ 1,570,958</u>		<u>\$ 85,094</u>		<u>\$ 110,864</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

Date of Issue	January 14, 2003
Date of Maturity	January 1, 2013
Authorized Issue	\$4,350,000
Denomination of Notes	\$5,000
Interest Rates	Variable (0.415% at June 30, 2006)
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Northern Trust Company, Chicago, Illinois

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 6,983	\$ 6,983			2007	\$ 6,983
2007	\$ 570,000	12,783	582,783	2008	\$ 6,983	2008	5,800
2008	650,000	10,251	660,251	2009	5,800	2009	4,451
2009	715,000	7,419	722,419	2010	4,451	2010	2,968
2010	775,000	4,327	779,327	2011	2,968	2011	1,359
2011	310,000	2,075	312,075	2012	1,359	2012	716
2012	345,000	716	345,716	2013	716		
	<u>\$ 3,365,000</u>	<u>\$ 44,554</u>	<u>\$ 3,409,554</u>		<u>\$ 22,277</u>		<u>\$ 22,277</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2006	\$ 435,000	\$ 22,950	\$ 457,950			2007	\$ 22,950
2007	435,000	35,026	470,026	2008	\$ 17,513	2008	17,513
2008	445,000	24,150	469,150	2009	12,075	2009	12,075
2009	85,000	10,800	95,800	2010	5,400	2010	5,400
2010	80,000	8,144	88,144	2011	4,072	2011	4,072
2011	75,000	5,344	80,344	2012	2,672	2012	2,672
2012	75,000	2,718	77,718	2013	1,359	2013	1,359
	<u>\$ 1,630,000</u>	<u>\$ 109,132</u>	<u>\$ 1,739,132</u>		<u>\$ 43,091</u>		<u>\$ 66,041</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2006	\$ 455,000	\$ 15,900	\$ 470,900			2007	\$ 15,900
2007	445,000	20,425	465,425	2008	\$ 10,213	2008	10,212
2008	310,000	9,300	319,300	2009	4,650	2009	4,650
	<u>\$ 1,210,000</u>	<u>\$ 45,625</u>	<u>\$ 1,255,625</u>		<u>\$ 14,863</u>		<u>\$ 30,762</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2006	\$ 455,000	\$ 15,900	\$ 470,900			2007	\$ 15,900
2007	445,000	20,425	465,425	2008	\$ 10,213	2008	10,212
2008	310,000	9,300	319,300	2009	4,650	2009	4,650
	<u>\$ 1,210,000</u>	<u>\$ 45,625</u>	<u>\$ 1,255,625</u>		<u>\$ 14,863</u>		<u>\$ 30,762</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 174,599	\$ 174,599			2007	\$ 174,599
2007	\$ 45,000	348,635	393,635	2008	\$ 174,598	2008	174,037
2008	50,000	347,372	397,372	2009	174,036	2009	173,336
2009	50,000	345,923	395,923	2010	173,336	2010	172,587
2010	275,000	340,772	615,772	2011	172,586	2011	168,186
2011	285,000	331,598	616,598	2012	168,185	2012	163,413
2012	1,100,000	304,825	1,404,825	2013	163,412	2013	141,413
2013	1,150,000	259,824	1,409,824	2014	141,412	2014	118,412
2014	1,240,000	208,926	1,448,926	2015	118,413	2015	90,513
2015	1,305,000	151,662	1,456,662	2016	90,512	2016	61,150
2016	1,365,000	91,587	1,456,587	2017	61,150	2017	30,437
2017	-	60,876	60,876	2018	30,438	2018	30,438
2018	695,000	46,975	741,975	2019	30,437	2019	16,538
2019	360,000	24,974	384,974	2020	16,537	2020	8,437
2020	375,000	8,438	383,438	2021	8,438		
	<u>\$ 8,295,000</u>	<u>\$ 3,046,986</u>	<u>\$ 11,341,986</u>		<u>\$ 1,523,490</u>		<u>\$ 1,523,496</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$5,025,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Depository Trust Company, New York, NY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 106,067	\$ 106,067			2007	\$ 106,067
2007	\$ 30,000	211,758	241,758	2008	\$ 106,066	2008	105,692
2008	30,000	210,962	240,962	2009	105,691	2009	105,271
2009	30,000	210,092	240,092	2010	105,271	2010	104,821
2010	65,000	208,602	273,602	2011	104,821	2011	103,781
2011	75,000	206,306	281,306	2012	103,781	2012	102,525
2012	870,000	187,650	1,057,650	2013	102,525	2013	85,125
2013	915,000	151,950	1,066,950	2014	85,125	2014	66,825
2014	945,000	112,387	1,057,387	2015	66,825	2015	45,562
2015	990,000	68,851	1,058,851	2016	45,563	2016	23,288
2016	1,035,000	23,287	1,058,287	2017	23,287		
	<u>\$ 4,985,000</u>	<u>\$ 1,697,912</u>	<u>\$ 6,682,912</u>		<u>\$ 848,955</u>		<u>\$ 848,957</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$2,825,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Depository Trust Company, New York, NY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 57,736	\$ 57,736			2007	\$ 57,736
2007	\$ 10,000	115,347	125,347	2008	\$ 57,736	2008	57,611
2008	15,000	115,012	130,012	2009	57,611	2009	57,401
2009	15,000	114,579	129,579	2010	57,402	2010	57,177
2010	205,000	111,072	316,072	2011	57,176	2011	53,896
2011	205,000	104,359	309,359	2012	53,896	2012	50,463
2012	225,000	96,425	321,425	2013	50,462	2013	45,963
2013	230,000	87,324	317,324	2014	45,962	2014	41,362
2014	240,000	77,326	317,326	2015	41,363	2015	35,963
2015	250,000	66,299	316,299	2016	35,962	2016	30,337
2016	265,000	54,713	319,713	2017	30,338	2017	24,375
2017	-	48,750	48,750	2018	24,375	2018	24,375
2018	555,000	37,650	592,650	2019	24,375	2019	13,275
2019	290,000	20,025	310,025	2020	13,275	2020	6,750
2020	300,000	6,750	306,750	2021	6,750		
	<u>\$ 2,805,000</u>	<u>\$ 1,113,367</u>	<u>\$ 3,918,367</u>		<u>\$ 556,683</u>		<u>\$ 556,684</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

Date of Issue	December 1, 2004
Date of Maturity	January 1, 2021
Authorized Issue	\$505,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.50%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Depository Trust Company, New York, NY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 10,796	\$ 10,796			2007	\$ 10,796
2007	\$ 5,000	21,530	26,530	2008	\$ 10,796	2008	10,734
2008	5,000	21,398	26,398	2009	10,734	2009	10,664
2009	5,000	21,252	26,252	2010	10,663	2010	10,589
2010	5,000	21,098	26,098	2011	10,589	2011	10,509
2011	5,000	20,933	25,933	2012	10,508	2012	10,425
2012	5,000	20,750	25,750	2013	10,425	2013	10,325
2013	5,000	20,550	25,550	2014	10,325	2014	10,225
2014	55,000	19,213	74,213	2015	10,225	2015	8,988
2015	65,000	16,512	81,512	2016	8,987	2016	7,525
2016	65,000	13,587	78,587	2017	7,525	2017	6,062
2017	-	12,126	12,126	2018	6,063	2018	6,063
2018	140,000	9,325	149,325	2019	6,062	2019	3,263
2019	70,000	4,949	74,949	2020	3,262	2020	1,687
2020	75,000	1,688	76,688	2021	1,688		
	<u>\$ 505,000</u>	<u>\$ 235,707</u>	<u>\$ 740,707</u>		<u>\$ 117,852</u>		<u>\$ 117,855</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2006		\$ 21,945	\$ 21,945			2007	\$ 21,945
2007	\$ 20,000	43,035	63,035	2008	\$ 21,660	2008	21,375
2008	25,000	41,753	66,753	2009	21,090	2009	20,663
2009	30,000	40,043	70,043	2010	20,235	2010	19,808
2010	30,000	38,333	68,333	2011	19,380	2011	18,953
2011	30,000	36,622	66,622	2012	18,525	2012	18,097
2012	30,000	34,912	64,912	2013	17,670	2013	17,242
2013	30,000	33,202	63,202	2014	16,815	2014	16,387
2014	575,000	15,960	590,960	2015	15,960		
	<u>\$ 770,000</u>	<u>\$ 305,805</u>	<u>\$ 1,075,805</u>		<u>\$ 151,335</u>		<u>\$ 154,470</u>

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BOND ANTICIPATION NOTE OF 2006

June 30, 2007

Date of Issue	January 23, 2006
Date of Maturity	December 1, 2007
Authorized Issue	\$2,000,000
Denomination of Notes	\$5,000
Interest Rates	Variable rate of 70% of the rate per annum determined by adding 1.00% to the 30-day London InterBank offered rates in effect on the next to last business day of each month (4.430% at June 30, 2007)
Interest Dates	December 1
Principal Maturity Date	December 1
Payable at	Northern Trust Company, Chicago, Illinois

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on	
	Principal	Interest	Totals	December 1	Amount
2008	\$ 2,000,000	\$ 42,158	\$ 2,042,158	2007	\$ 42,158
	<u>\$ 2,000,000</u>	<u>\$ 42,158</u>	<u>\$ 2,042,158</u>		<u>\$ 42,158</u>

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

(See independent auditor's report.)

CITY OF DEKALB, ILLINOIS

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

June 30, 2007

Date of Issue	March 13, 2007
Date of Maturity	December 1, 2010
Authorized Issue	\$1,000,000
Denomination of Notes	\$5,000
Interest Rates	5.85%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Northern Trust Company, Chicago, Illinois

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	December 1	Amount	June 1	Amount
2008	\$ -	\$ 58,500	\$ 58,500	2007	\$ 29,250	2008	\$ 29,250
2009	-	58,500	58,500	2008	29,250	2009	29,250
2010	-	58,500	58,500	2009	29,250	2010	29,250
2011	1,000,000	29,250	1,029,250	2010	29,250		
	<u>\$ 1,000,000</u>	<u>\$ 204,750</u>	<u>\$ 1,204,750</u>		<u>\$ 117,000</u>		<u>\$ 87,750</u>

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138-144
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	145-151
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.	152-155
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.	156-157
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.	158-160

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

CITY OF DEKALB, ILLINOIS

NET ASSETS BY COMPONENT

Last Five Fiscal Years

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

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

Data Source

Audited Financial Statements

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS

Last Five Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
EXPENSES					
Governmental Activities					
General Government	\$ 4,025,445	\$ 3,800,583	\$ 6,565,079	\$ 6,505,926	\$ 8,553,164
Public Safety	11,921,125	13,161,608	14,495,797	14,009,805	16,371,735
Community Improvement	6,675,918	5,880,017	5,455,783	7,706,447	6,133,081
Highways and Streets	8,232,178	4,872,446	10,481,051	4,743,859	4,888,810
Interest	912,735	1,049,120	1,026,539	1,154,903	960,500
Total Governmental Activities Expenses	<u>31,767,401</u>	<u>28,763,774</u>	<u>38,024,249</u>	<u>34,120,940</u>	<u>36,907,290</u>
Business-Type Activities					
Water	375,874	383,012	3,876,880	4,131,341	4,206,023
Airport	466,286	692,739	766,597	839,450	1,039,450
Developmental Services	119,493	125,693	194,977	294,791	249,295
Refuse	-	-	1,199,238	1,313,885	1,403,778
Total Business-Type Activities Expenses	<u>5,420,002</u>	<u>5,779,831</u>	<u>6,037,692</u>	<u>6,579,467</u>	<u>6,898,546</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 37,187,403</u>	<u>\$ 34,543,605</u>	<u>\$ 44,061,941</u>	<u>\$ 40,700,407</u>	<u>\$ 43,805,836</u>
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	\$ 255,956	\$ 248,199	\$ 266,806	\$ 337,340	\$ 259,887
Public Safety	1,614,741	2,021,775	4,961,170	2,281,500	2,325,586
Community Improvement	762,876	1,147,291	791,567	555,022	433,385
Highways and Streets	226,137	196,922	667,701	-	-
Operating Grants and Contributions	2,006,762	2,521,542	3,378,028	2,867,194	2,148,087
Capital Grants and Contributions	282,853	537,433	2,197,952	3,036,831	1,609,289
Total Governmental Activities Program Revenues	<u>5,149,325</u>	<u>6,673,162</u>	<u>12,263,224</u>	<u>9,077,887</u>	<u>6,776,234</u>
Business-Type Activities					
Charges for Services					
Water	4,088,655	4,634,512	4,284,036	4,446,444	4,185,161
Airport	251,265	245,688	264,547	280,532	235,999
Development Services	-	-	81,349	249,957	230,060
Refuse	1,240,911	1,277,131	1,318,513	1,407,499	1,501,041
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	85,918	18,015	1,521,358	257,211	2,865,831
Total Business-Type Activities Program Revenues	<u>5,666,749</u>	<u>6,175,346</u>	<u>7,469,803</u>	<u>6,641,643</u>	<u>9,018,092</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 10,816,074</u>	<u>\$ 12,848,508</u>	<u>\$ 19,733,027</u>	<u>\$ 15,719,530</u>	<u>\$ 15,794,326</u>
NET (EXPENSE) REVENUE					
Governmental Activities	\$ (26,618,076)	\$ (22,090,612)	\$ (25,761,025)	\$ (25,043,053)	\$ (30,131,056)
Business-type Activities	246,747	395,515	1,432,111	62,176	2,119,546
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (26,371,329)</u>	<u>\$ (21,695,097)</u>	<u>\$ (24,328,914)</u>	<u>\$ (24,980,877)</u>	<u>\$ (28,011,510)</u>

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Five Fiscal Years

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

CITY OF DEKALB, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Five Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
CHANGE IN NET ASSETS					
Governmental Activities	\$ (3,626,994)	\$ 13,092,219	\$ 11,722,598	\$ 3,514,637	\$ 2,340,623
Business-Type Activities	1,821,616	5,322,892	2,181,029	787,281	5,195,780
Prior Period Adjustment					
Governmental Activities	\$ (30,956)	\$ (30,035)	\$ 14,868,526	\$ (498,909)	\$ 986,228
Business-Type Activities	11,511,976	1,775,258	30,524	-	471,200
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS					
	\$ 9,675,642	\$ 20,160,334	\$ 28,802,677	\$ 3,803,009	\$ 8,993,831
COMPONENT UNIT GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
General Revenues					
Property Tax	\$ 842,901	\$ 888,769	\$ 931,257	\$ 976,603	\$ 1,078,384
Other Taxes	20,347	22,879	26,800	34,409	38,246
Investment Income	30,280	3,589	31,316	27,541	62,378
Miscellaneous	13,311	14,690	21,232	33,486	70,137
Total Component Unit Activities	906,839	929,927	1,010,605	1,072,039	1,249,145
CHANGE IN NET ASSETS					
Component Unit Activities	(68,042)	(177,273)	13,013	108,990	234,093
Prior Period Adjustment					
	80,551	-	526	-	-
TOTAL COMPONENT UNIT CHANGE IN NET ASSETS					
	\$ 906,839	\$ 929,927	\$ 13,539	\$ 108,990	\$ 234,093

Data Source

Audited Financial Statements

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

CITY OF DEKALB, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL FUND										
Reserved	\$ 43,396	\$ 42,029	\$ 53,600	\$ 746,246	\$ 75,865	\$ 62,650	\$ 105,452	\$ 58,705	\$ 70,296	\$ 147,508
Unreserved - Designated										
Designated for Compensated Absences	-	-	-	-	-	-	363,544	392,659	368,156	441,847
Unreserved - Undesignated	3,514,126	3,535,542	4,396,608	3,790,422	3,022,286	2,546,211	2,791,825	3,139,542	3,387,191	2,713,822
TOTAL GENERAL FUND	\$ 3,557,522	\$ 3,577,571	\$ 4,450,208	\$ 4,536,668	\$ 3,098,151	\$ 2,608,861	\$ 3,260,821	\$ 3,590,906	\$ 3,825,643	\$ 3,303,177
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 2,143,538	\$ 1,979,770	\$ 1,959,711	\$ 2,890,207	\$ 3,568,683	\$ 3,851,405	4,323,494.00	\$ 3,345,268	\$ 4,643,715	\$ 3,166,191
Unreserved, Undesignated (Deficit) Reported In										
Special Revenue Funds	312,670	(158,217)	(119,644)	(249,071)	951,911	862,086	(22,476)	(20,788)	(18,120)	(8,808)
Capital Project Funds	155,232	2,075,875	365,932	(2,831,186)	(5,225,145)	(2,023,015)	(2,446,767)	(1,991,201)	(1,346,797)	(1,076,165)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,611,440	\$ 3,897,428	\$ 2,205,999	\$ (190,050)	\$ (704,551)	\$ 2,690,476	\$ 1,854,251	\$ 1,333,279	\$ 3,278,798	\$ 2,081,218

Data Source

Audited Financial Statements

CITY OF DEKALB, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes	\$ 15,874,608	\$ 16,936,098	\$ 18,238,747	\$ 18,445,896	\$ 19,259,411	\$ 19,851,614	\$ 22,032,400	\$ 24,548,569	\$ 26,710,135	\$ 29,097,231
Licenses and Permits	361,358	251,359	213,893	327,385	277,282	487,590	846,571	618,029	598,657	448,192
Intergovernmental	2,300,211	1,964,591	6,188,512	2,718,625	3,472,940	2,361,278	3,061,974	5,522,101	4,558,814	3,724,715
Charges for Services	822,897	936,684	1,059,119	1,275,196	1,265,342	1,503,096	1,840,495	4,613,201	1,796,958	1,685,991
Fines and Forfeitures	407,152	454,261	452,612	445,129	494,815	468,009	638,815	654,353	696,551	672,403
Investment Income	477,188	393,812	524,068	752,626	462,446	247,457	106,229	169,202	340,505	428,938
Miscellaneous	336,019	380,887	241,311	309,432	270,064	273,079	351,754	399,324	2,794,723	515,750
Total Revenues	20,579,433	21,317,692	26,918,262	24,274,289	25,502,300	25,192,123	28,878,238	36,524,779	37,496,343	36,573,220
EXPENDITURES										
General Government	4,416,119	2,977,696	3,292,070	3,208,680	3,287,387	3,426,581	4,088,975	5,619,515	5,990,453	6,740,822
Public Safety	6,825,323	8,521,496	9,140,755	9,816,496	10,561,436	11,388,426	12,432,869	13,915,879	14,990,271	15,719,852
Community Improvement	3,612,904	4,381,877	4,438,812	4,797,312	4,891,235	4,406,307	3,928,040	3,432,725	3,780,017	4,425,779
Highways and Streets	1,018,789	1,245,709	623,037	973,772	1,219,971	1,255,596	763,579	3,609,518	2,821,395	1,843,360
Culture and Recreation	437,953	487,170	1,474,184	339,074	666,392	-	-	-	-	-
Capital Outlay	4,140,840	5,915,026	7,980,029	6,218,592	5,338,715	10,333,537	6,432,217	8,157,674	8,835,397	6,647,200
Debt Service										
Principal Retirement	7,813,545	923,537	953,747	6,184,795	953,313	1,185,000	1,545,000	1,810,000	2,220,000	2,835,214
Interest and Fiscal Charges	979,782	1,012,238	1,036,818	944,902	1,046,318	884,632	1,071,575	1,032,874	1,085,767	906,585
Total Expenditures	29,245,255	25,464,749	28,939,452	32,483,623	27,964,767	32,880,079	30,262,255	37,578,185	39,723,300	39,118,812
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,665,822)	(4,147,057)	(2,021,190)	(8,209,334)	(2,462,467)	(7,687,956)	(1,384,017)	(1,053,406)	(2,226,957)	(2,545,592)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 4,968,944	\$ 4,376,082	\$ 3,818,689	\$ 3,020,151	\$ 3,827,469	\$ 2,890,076	\$ 3,242,930	\$ 3,282,821	\$ 4,631,683	\$ 4,054,351
Transfers (Out)	(4,171,296)	(3,925,695)	(3,368,084)	(2,525,151)	(3,327,469)	(2,774,626)	(3,015,330)	(3,202,021)	(4,458,970)	(3,885,514)
Bonds Issued	6,882,062	-	-	5,425,982	-	9,900,000	4,890,000	5,025,000	-	-
Premium (Discount) on Bonds Issued	-	-	-	-	-	52,164	46,962	191,795	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	(4,871,180)	(5,145,695)	-	-
Notes Issued	-	5,000,000	650,000	-	-	-	-	-	3,450,000	1,000,000
Capital Lease Issued	-	-	109,825	-	-	552,502	447,498	598,102	651,958	79,114
Sale of Capital Assets	493,773	2,707	18,347	39,488	9,449	4,533	7,744	112,517	18,309	36,433
Total Other Financing Sources (Uses)	8,173,483	5,453,094	1,228,777	5,960,470	509,449	10,624,649	748,624	862,519	4,292,980	1,284,384
NET CHANGE IN FUND BALANCES	\$ (492,339)	\$ 1,306,037	\$ (792,413)	\$ (2,248,864)	\$ (1,953,018)	\$ 2,936,693	\$ (635,393)	\$ (190,887)	\$ 2,066,023	\$ (1,261,208)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	35.03%	9.90%	7.90%	22.88%	7.49%	6.79%	9.01%	7.72%	9.76%	10.38%

Data Source

Audited Financial Statements

CITY OF DEKALB, ILLINOIS
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years

Calendar Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise	\$ 76,725,726	\$ 92,307,914	\$ 102,303,583	\$ 107,398,627	\$ 116,785,242	\$ 128,539,781	\$ 142,530,983	\$ 160,665,590	\$ 163,641,647	\$ 170,225,753
Food	50,814,615	46,073,908	45,632,341	48,695,221	50,842,583	48,701,136	43,870,967	37,275,809	43,927,833	47,170,335
Drinking and Eating Places	40,634,239	37,138,476	37,894,038	40,056,975	44,122,259	45,196,455	49,213,644	52,351,156	52,849,443	60,927,328
Apparel	3,371,171	3,691,822	4,063,605	4,844,688	4,578,283	8,827,618	8,578,046	8,087,885	8,247,873	10,754,613
Furniture & H.H. & Radio	1,451,878	7,414,490	7,261,674	8,956,866	9,391,436	9,544,614	13,100,491	25,392,698	28,350,657	29,988,920
Lumber, Building Hardware	40,701,281	38,640,661	43,492,760	32,325,368	26,466,524	26,441,207	27,609,867	28,061,388	26,795,706	27,977,040
Automobile and Filling Stations	56,493,632	69,325,851	75,264,172	80,161,850	84,676,584	78,031,930	76,853,556	79,773,554	85,140,723	91,978,172
Drugs and Miscellaneous Retail	45,223,114	44,155,349	50,094,636	53,136,670	56,952,023	64,099,407	65,747,938	67,637,829	70,477,891	81,006,583
Agriculture and All Others	11,805,473	28,537,752	30,839,707	43,483,031	42,302,269	46,850,438	48,715,480	47,817,252	48,845,881	48,715,922
Manufacturers	5,784,187	8,034,508	6,860,199	3,811,216	2,240,756	2,666,709	1,500,600	6,481,064	11,253,745	12,975,167
TOTAL	\$ 333,005,316	\$ 375,320,731	\$ 403,706,715	\$ 422,870,512	\$ 438,357,959	\$ 458,899,295	\$ 477,721,572	\$ 513,544,225	\$ 539,531,399	\$ 581,719,833
CITY DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

CITY OF DEKALB, ILLINOIS

TAXABLE SALES BY CATEGORY - HOME RULE

Last Ten Calendar Years

Calendar Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise	\$ 58,416,752	\$ 64,467,872	\$ 70,180,573	\$ 72,077,700	\$ 77,180,871	\$ 83,069,119	\$ 91,964,969	\$ 103,347,408	\$ 107,910,203	\$ 111,235,234
Food	10,192,436	9,540,380	10,049,008	13,528,915	15,369,629	15,137,372	14,016,749	11,255,490	12,926,058	14,228,867
Drinking and Eating Places	40,133,347	36,788,723	37,702,125	39,979,040	43,719,836	44,382,469	48,265,899	51,038,005	51,883,076	59,524,764
Apparel	3,371,032	3,691,667	4,058,336	4,842,752	4,577,347	8,814,596	8,576,497	8,081,341	8,247,458	10,750,251
Furniture & H.H. & Radio	1,451,732	7,413,392	7,261,117	8,904,828	9,390,829	9,531,051	13,071,912	25,258,574	28,326,789	29,956,258
Lumber, Building Hardware	40,634,380	38,639,464	43,482,664	32,318,163	26,465,701	26,387,077	27,609,659	27,928,079	26,795,221	27,950,165
Automobile and Filling Stations	22,815,057	16,424,581	20,174,633	25,330,233	20,696,897	23,011,393	26,521,109	30,939,395	34,610,098	38,130,323
Drugs and Miscellaneous Retail	36,984,312	34,990,743	37,794,115	38,375,132	40,812,307	48,040,163	48,469,493	49,234,368	50,940,432	58,390,055
Agriculture and All Others	11,399,501	25,456,440	27,481,135	40,107,583	38,181,264	42,675,080	44,057,392	42,983,219	44,282,933	41,914,235
Manufacturers	5,581,564	7,782,720	6,638,668	3,741,736	2,220,680	2,357,819	1,099,009	5,952,384	11,013,882	12,663,868
TOTAL	\$ 230,980,113	\$ 245,195,982	\$ 264,822,374	\$ 279,206,082	\$ 278,615,361	\$ 303,406,139	\$ 323,652,688	\$ 356,018,263	\$ 376,936,150	\$ 404,744,020
CITY DIRECT SALES										
TAX RATE	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.25%	1.25%	1.25%

Data Source

Illinois Department of Revenue

Data available for Calendar Year only

CITY OF DEKALB, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Calendar Years

Calendar Year	City Home Rule Rate	Municipal Retailers Occupation Tax	County Rate	State Rate	Total
1997	0.75%	1.00%	0.25%	5.00%	7.00%
1998	0.75%	1.00%	0.25%	5.00%	7.00%
1999	0.75%	1.00%	0.25%	5.00%	7.00%
2000	0.75%	1.00%	0.25%	5.00%	7.00%
2001	0.75%	1.00%	0.25%	5.00%	7.00%
2002	0.75%	1.00%	0.25%	5.00%	7.00%
2003	0.75%	1.00%	0.25%	5.00%	7.00%
2004	1.25%	1.00%	0.25%	5.00%	7.50%
2005	1.25%	1.00%	0.25%	5.00%	7.50%
2006	1.25%	1.00%	0.25%	5.00%	7.50%

Data Source

City, County, and State Records

CITY OF DEKALB, ILLINOIS

PROPERTY TAX RATES, LEVIES, AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	City of DeKalb				DeKalb Library				Totals			
	Rates per \$100	Total Tax Levy Requested	Collections	Percent of Levy Collected	Rates per \$100	Total Tax Levy Requested	Collections	Percent of Levy Collected	Rates per \$100	Total Tax Levy Requested	Collections	Percent of Levy Collected
1997	0.5184	\$ 1,643,303	\$ 1,652,293	100.55%	0.2193	\$ 695,400	\$ 699,149	100.54%	0.7377	\$ 2,338,703	\$ 2,351,442	100.54%
1998	0.5208	1,723,819	1,731,479	100.44%	0.2205	730,000	733,281	100.45%	0.7413	2,453,819	2,464,760	100.45%
1999	0.5089	1,809,337	1,815,089	100.32%	0.2154	766,000	768,475	100.32%	0.7243	2,575,337	2,583,564	100.32%
2000	0.5049	1,891,028	1,888,665	99.88%	0.2145	804,000	802,657	99.83%	0.7194	2,695,028	2,691,322	99.86%
2001	0.5299	2,120,977	2,118,402	99.88%	0.2108	844,000	842,901	99.87%	0.7407	2,964,977	2,961,303	99.88%
2002	0.6057	2,511,511	2,531,345	100.79%	0.2132	884,000	888,769	100.54%	0.8189	3,395,511	3,420,114	100.72%
2003	0.5967	2,599,938	2,644,082	101.70%	0.2130	928,000	931,257	100.35%	0.8097	3,527,938	3,575,339	101.34%
2004	0.6000	2,861,055	2,740,571	95.79%	0.2135	974,400	975,324	100.09%	0.8135	3,835,455	3,715,895	96.88%
2005	0.5930	3,022,052	3,023,467	100.05%	0.2110	1,075,498	1,075,972	100.04%	0.8041	4,097,550	4,099,439	100.05%
2006	0.5967	3,400,000	1,695,695 *	49.87%	0.2124	1,210,003	603,451 *	49.87%	0.8091	4,610,003	2,299,146	49.87%

Data Source

Office of the County Clerk

* Amount reflects collections through June 30, 2007

CITY OF DEKALB, ILLINOIS

EQUALIZED ASSESSED VALUES BY PROPERTY CLASS

Last Ten Levy Years

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Total
2006	\$ 369,659,572	\$ 155,565,480	\$ 43,514,766	\$ 494,098	\$ 572,356	\$ 569,806,272
2005	325,079,355	145,545,712	37,922,484	488,038	587,227	509,622,816
2004	283,926,434	137,737,281	33,506,906	548,207	623,213	456,342,041
2003	269,635,069	133,004,731	31,995,654	585,425	553,020	435,773,899
2002	249,835,479	131,987,707	31,572,837	784,642	511,155	414,691,820
2001	240,103,156	128,376,794	30,653,801	724,766	429,997	400,288,514
2000	223,083,073	120,621,718	30,027,874	714,414	411,299	374,858,378
1999	215,841,683	113,732,914	24,995,674	716,072	394,379	355,680,722
1998	204,363,466	105,739,111	19,975,133	675,486	404,595	331,157,791
1997	198,860,144	100,812,215	16,385,397	655,502	446,430	317,159,688

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TAX RATES										
City of DeKalb	0.5184	0.5208	0.5089	0.5049	0.5299	0.6057	0.5967	0.6000	0.5930	0.5967
DeKalb Library	0.2193	0.2205	0.2154	0.2145	0.2108	0.2132	0.2130	0.2135	0.2110	0.2124
	0.7377	0.7413	0.7243	0.7194	0.7407	0.8189	0.8097	0.8135	0.8041	0.8091
DeKalb County	0.8354	0.8343	0.8497	0.8531	0.8672	0.8666	0.8622	0.8679	0.8547	0.8668
DeKalb Township	0.3024	0.3604	0.3579	0.3569	0.3532	0.3525	0.3494	0.3480	0.3361	0.3084
Forest Preserve District	0.0276	0.0274	0.0272	0.0274	0.0278	0.0278	0.0274	0.0276	0.0269	0.0548
Sanitary District	0.1107	0.1116	0.1113	0.1088	0.1075	0.1085	0.1079	0.1078	0.1015	0.0952
School Districts	5.5981	5.6071	5.7041	5.7976	5.8063	5.7035	5.6659	5.6217	5.5142	5.4362
Park District	0.5205	0.6454	0.6363	0.6206	0.6055	0.6108	0.6235	0.6106	0.5826	0.5494
TOTAL TAX RATE PER \$100 ASSESSED VALUATION										
	8.1324	8.3275	8.4108	8.4838	8.5082	8.4886	8.4460	8.3970	8.2200	8.1199
SHARE OF TOTAL TAX RATE LEVIED BY CITY OF DEKALB AND THE DEKALB LIBRARY										
	9.07%	8.90%	8.61%	8.48%	8.71%	9.65%	9.59%	9.69%	9.78%	9.96%

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

PRINCIPAL TAXPAYERS

June 30, 2007

Taxpayers	Type of Business	2006 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1997 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Goodyear	Warehouse/Distributor	\$ 8,452,914	1	1.48%			
Nestle	Warehouse/Distributor	7,682,804	2	1.35%	\$ 7,085,958	1	2.23%
Target	Warehouse/Distributor	6,659,711	3	1.17%			
Northland Plaza	Retail	6,089,966	4	1.07%			
Panduit Corporation	Manufacturing	5,989,266	5	1.05%			
3M	Warehouse/Distributor	5,348,549	6	0.94%	4,517,885	2	1.42%
University Village I & II	Apartments	4,767,668	7	0.84%	3,664,398	3	1.16%
Dream Fund LLC	Apartments	4,449,694	8	0.78%			
JLAR	Apartments/Retail	3,853,165	9	0.68%	2,841,657	4	0.90%
DeKalb Area Retirement Center	Retirement Center	3,577,510	10	0.63%	1,983,360	11	0.63%
Walmart Stores	Retail				2,460,618	5	0.78%
Paul Sauser	Apartments				2,374,120	6	0.75%
EW & Barbara Steenburgh	Apartments				2,310,057	7	0.73%
Herbert Katz	Apartments				2,177,253	8	0.69%
Robert Cagann	Apartments				2,139,961	9	0.67%
A.O. Smith	Manufacturing				2,079,628	10	0.66%
TOTAL		<u>\$ 56,871,247</u>		<u>9.99%</u>	<u>\$ 33,634,895</u>		<u>10.62%</u>

Data Source

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

CITY OF DEKALB, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income*	Per Capita*
	G.O. Bonds	G.O. Bond Anticipation Notes	Due to Other Governments	Tax Increment Financing Revenue Bonds	Tax Increment Financing Note	Capital Leases	G.O. Bonds	G.O. Bond Anticipation Notes	IEPA Loan Payable	Capital Leases			
1998	\$ 26,525,321	\$ -	\$ 5,998,998	\$ -	\$ -	\$ 307,860	\$ -	\$ -	\$ -	\$ -	\$ 32,832,179	2.42%	892.35
1999	24,305,912	5,944,019	5,498,998	-	-	263,880	3,943,379	-	-	-	39,956,188	2.01%	1,066.04
2000	22,049,044	6,817,152	4,998,998	-	-	277,725	3,389,811	-	-	-	37,532,730	1.95%	1,033.53
2001	26,351,112	481,760	4,498,998	-	-	254,102	9,475,884	-	-	-	41,061,856	1.98%	1,052.38
2002	24,365,505	428,938	3,998,998	-	-	42,098	8,632,957	-	9,056,628	-	46,525,124	2.25%	1,192.40
2003	28,824,415	-	3,498,998	5,151,978	-	485,853	8,549,101	414,220	8,742,456	-	46,510,345	2.25%	1,192.02
2004	25,942,116	-	2,998,998	5,024,958	-	689,400	7,580,117	404,740	8,256,764	-	42,235,589	1.85%	978.31
2005	23,391,241	-	2,498,998	4,486,748	-	1,297,964	6,495,554	401,387	7,764,608	110,994	38,170,505	1.63%	863.08
2006	20,901,293	2,126,473	1,998,998	3,850,284	1,450,000	1,417,995	6,715,057	-	7,279,320	337,075	38,460,100	1.61%	854.61
2007	18,940,000	2,044,300	1,498,998	3,383,188	1,204,750	1,136,932	6,304,679	-	6,794,032	280,806	34,512,847	1.42%	754.40

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

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

CITY OF DEKALB, ILLINOIS

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2007

Governmental Unit	Gross Bonded Debt ¹	Percentage of Debt Applicable to the City	City's Share of Debt
City of DeKalb	\$ 21,515,000	0.00%	\$ -
<u>Overlapping</u>			
DeKalb County	14,965,000	30.47	4,559,836
DeKalb Community Unit School District #428	6,835,000	76.67	5,240,395
Kishwaukee College #523	26,800,000	51.23	13,729,640
DeKalb Sanitary District	1,010,000	99.05	1,000,405
DeKalb Park District	<u>7,440,000</u>	98.95	<u>7,361,880</u>
Total Overlapping	<u>\$ 57,050,000</u>		<u>\$ 31,892,156</u>
PER CAPITA OVERLAPPING DEBT			<u>\$ 697.11</u>

¹ Determined by ratio of assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in City of DeKalb

Data Source

Office of the County Clerk

CITY OF DEKALB, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

June 30, 2007

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

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

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

CITY OF DEKALB, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Tax Increment Financing Bonds and Notes							Coverage
	Incremental Property Taxes	Incremental Sales Tax	Less: Excluded Contractual Obligations	Available for Debt Service	Debt Service			
					Principal	Interest		
1998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	
1999	-	-	-	-	-	-	NA	
2000	-	-	-	-	-	-	NA	
2001	-	-	-	-	-	-	NA	
2002	-	-	-	-	-	-	NA	
2003 ¹	3,020,094	-	(500,000)	2,520,094	-	43,599	57.80	
2004	3,248,202	1,000,678	(500,000)	3,748,880	-	173,469	21.61	
2005	3,421,773	942,246	(500,000)	3,864,019	110,000	185,139	13.09	
2006 ²	3,727,681	1,329,249	(500,000)	4,556,930	450,000	373,327	5.53	
2007 ³	4,596,145	1,506,288	(500,000)	5,602,433	1,005,214	173,469	4.75	

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

NA = Information Unavailable

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

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

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

CITY OF DEKALB, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Equalized Assessed Value	Personal Income	Median Family Income	Unemployment Rate
2007	45,749	\$ 569,806,272	\$ 2,425,474,733	\$ 53,017	4.1%
2006	45,003	509,622,816	2,385,924,051	53,017	4.3 %
2005	44,226	456,342,041	2,344,729,842	53,017	4.8 %
2004	43,172	435,773,899	2,288,849,924	53,017	4.7 %
2003	39,018	414,691,820	2,068,617,306	53,017	5.6 %
2002	39,018	400,288,514	2,068,617,306	53,017	4.5 %
2001	39,018	374,858,378	2,068,617,306	53,017	3.9 %
2000	36,315	355,680,722	1,925,312,355	53,017	3.1 %
1999	37,481	331,157,791	1,987,130,177	53,017	3.0 %
1998	36,793	317,159,688	1,357,514,528	36,896	3.1 %

Data Source

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

CITY OF DEKALB, ILLINOIS

PRINCIPAL EMPLOYERS

2007 and Nine Years Ago

Employer	2007			1998		
	Rank	Employees	% of Total City Population	Rank	Employees	% of Total City Population
Northern Illinois University	1	3600	7.87%	1	3450	9.38%
Kishwaukee Community Hospital	2	700	1.53%	2	500	1.36%
Target Distribution Center	3	650	1.42%			
Walmart	4	600	1.31%	6	395	1.07%
Tegrant	5	325	0.71%	3	400	1.09%
3M	6	325	0.71%			
Jewel/Osco	7	260	0.57%	8	240	0.65%
Nestle Distribution	8	250	0.55%	10	185	0.50%
Ideal Industries	9	125	0.27%	13	125	0.34%
GE Motors	10	120	0.26%	12	130	0.35%
Electro Mechanical Devices				7	375	1.02%
Spaulding Composites				11	150	0.41%
Caterpillar				5	400	1.09%
A. O. Smith Harvestore				9	195	0.53%
DeKalb Genetics				4	400	1.09%

Data Source

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

CITY OF DEKALB, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES

Last Six Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007
General Government						
Legislative ¹	9.00	9.00	9.00	9.00	9.00	9.00
Administrative Services	20.70	20.70	20.00	28.00	28.00	25.00
City Clerk	2.50	2.50	2.50	2.50	2.50	2.50
Legal	-	-	-	-	-	4.20
	<u>32.20</u>	<u>32.20</u>	<u>31.50</u>	<u>39.50</u>	<u>39.50</u>	<u>40.70</u>
Public Safety						
Police						
Officers	54.00	57.00	57.00	60.00	60.00	61.00
Civilians	20.32	20.57	21.57	20.32	20.57	22.57
	<u>74.32</u>	<u>77.57</u>	<u>78.57</u>	<u>80.32</u>	<u>80.57</u>	<u>83.57</u>
Fire						
Firefighters	52.00	55.00	56.00	56.00	59.00	59.00
Staff	2.00	2.00	2.00	2.00	2.00	2.00
	<u>54.00</u>	<u>57.00</u>	<u>58.00</u>	<u>58.00</u>	<u>61.00</u>	<u>61.00</u>
Community Improvement						
Community Development	18.00	18.00	19.00	16.00	17.00	16.50
Engineering Services	-	-	-	3.50	3.50	3.50
Public Works						
Administration	2.00	2.00	2.00	1.50	1.50	1.50
Public Facilities	3.00	2.00	2.00	2.00	2.00	2.50
Engineering	5.00	5.00	5.00	0.00	0.00	0.00
Information & Technology	7.00	7.00	6.00	0.00	0.00	0.00
Streets	20.00	22.10	23.80	24.80	20.00	25.80
	<u>55.00</u>	<u>56.10</u>	<u>57.80</u>	<u>47.80</u>	<u>44.00</u>	<u>49.80</u>
Water Division	14.00	16.00	18.00	18.00	17.00	16.50
Airport Division	-	1.50	1.50	2.50	2.50	3.00
Development Services	-	-	-	3.00	3.00	3.50
Mass Transit	-	-	0.35	1.35	1.35	1.85
	<u>-</u>	<u>-</u>	<u>0.35</u>	<u>1.35</u>	<u>1.35</u>	<u>1.85</u>
Total Full-time Equivalent Employees	<u>229.52</u>	<u>240.37</u>	<u>245.72</u>	<u>250.47</u>	<u>248.92</u>	<u>259.92</u>

(1) These positions are part-time

Data Source

City Budget Records

CITY OF DEKALB, ILLINOIS

OPERATING INDICATORS

Last Six Fiscal Years

	2002	2003	2004	2005	2006	2007
GENERAL GOVERNMENT						
Finance						
Accounts Payable Checks Processed	7,490	7,620	6,250	6,805	6,664	6,589
Accounts Payable Invoices Processed	16,781	16,069	14,641	15,658	15,788	15,798
Payroll Checks Issued	8,249	8,176	7,771	7,939	8,037	7,789
Utility Bills Issued: Originals	41,184	41,476	43,586	44,393	46,272	43,566
Utility Bills Issued: Past Due	7,084	7,164	7,755	10,440	10,235	8,701
Receipts Processed	51,190	52,024	55,844	61,396	62,473	59,464
Community Development						
Building Permits Issued						
Residential Permits Issued:						
New Construction	N/A	172	332	293	206	76
Remodel	N/A	56	77	71	78	84
Industrial/Commercial Permits Issued:						
New Construction	N/A	38	33	18	24	27
Remodel	N/A	43	31	42	26	23
Other Permits	N/A	729	835	698	793	700
Total Number of Permits	N/A	1,038	1,308	1,122	1,127	910
Total Building Permit Valuation	N/A	\$ 48,722,649	\$ 82,646,830	\$ 67,271,969	\$ 62,775,315	\$ 22,371,977
PUBLIC SAFETY						
Police						
Physical arrests	2,105	2,041	2,212	2,524	2,339	2,396
Traffic violations	3,918	4,259	4,739	4,847	4,665	4,576
Parking violations	16,622	17,050	17,774	16,150	17,418	17,405
Fire						
Fire Responses (Fire & Non-Fire)	1,715	1,949	2,050	2,275	2,397	2,333
Emergency Medical Services Responses	2,713	3,029	3,029	3,197	3,284	4,035
PUBLIC WORKS						
Vehicles Maintained by Dept	93	97	119	99	101	126
Street construction (miles)	2.07	1.77	1.94	3.68	1.49	0.43
Street reconstruction (miles)	0.49	0.26	0.32	0.74	0.70	-
Street resurfacing (miles)	1.29	1.42	2.80	0.85	0.75	0.92
WATER						
Average Daily Consumption 12/31:						
Industrial/Commercial	581,272	516,196	527,834	538,822	561,309	563,793
Residential	2,345,978	2,214,748	2,279,568	2,251,369	2,355,173	2,364,653
Government/Church/School	813,449	884,843	737,971	776,576	705,612	689,914
	3,740,699	3,615,787	3,545,373	3,566,767	3,622,094	3,618,360
Water Billing Accounts on 12/31:						
Industrial/Commercial	661	685	701	719	728	747
Residential	8,184	8,355	8,599	9,005	9,384	9,838
Government/Church/School	166	170	195	206	206	210
	9,011	9,210	9,495	9,930	10,318	10,795

NA = Information Unavailable or Program Non-Existent

[Data Source](#)

Various City Departments

CITY OF DEKALB, ILLINOIS

CAPITAL ASSET STATISTICS

Last Six Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007
PUBLIC SAFETY						
Police						
Stations/Municipal Center	1	1	1	1	1	1
Patrol Vehicles	21	24	26	28	29	26
Fire						
Stations	3	3	3	3	3	3
Ambulances	5	5	5	5	5	5
Fire Trucks	5	5	5	4	4	5
PUBLIC WORKS						
Residential Streets (miles)	112	114	116	119	124	125
Traffic Signals	17	18	19	19	20	20
WATER						
Water Towers	5	5	5	5	5	5
Storage capacity (MG)	5.75	5.75	5.75	5.75	5.75	5.75
Water Wells	9.00	9.00	9.00	9.00	9.00	9.00
Water Mains (miles)	242	248	252	255	264	267

Data Source

Various City Departments