

**CITY OF DIXON, ILLINOIS**  
Dixon, Illinois

**BASIC FINANCIAL STATEMENTS**  
April 30, 2008

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### Accountant's Report

Honorable Mayor and Commissioners  
City of Dixon, Illinois

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Dixon, Illinois as of and for the year ended April 30, 2008 which collectively comprise City of Dixon, Illinois' basic financial statements as listed in the table of contents in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Schedule of Funding Progress on page 48 and budgetary comparison information on pages 49 through 56, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have not audited or reviewed the accompanying required supplemental information, and accordingly do not express an opinion or any other form of assurance on such information. The supplemental information accompanying the basic financial statements is presented only for additional analysis purposes. We have not audited or reviewed the accompanying supplemental information, and accordingly, do not express an opinion or any other form of assurance on such information. The City of Dixon, Illinois has not presented the management's discussion and analysis as required by accounting principles generally accepted in the United States of America.

*Clifton Gunderson LLP*

Dixon, Illinois  
August 14, 2008

CITY OF DIXON, ILLINOIS  
STATEMENT OF NET ASSETS  
April 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,073,334	\$ 2,755,704	\$ 5,829,038
Investments	6,688,938	194,616	6,883,554
Restricted cash	-	225,587	225,587
Restricted investments	3,623,946	-	3,623,946
General property taxes receivable	932,603	-	932,603
Due from State of Illinois	35,685	-	35,685
Motor fuel tax receivable	154,743	705,756	860,499
Accounts receivable	219,995	720	220,715
Other receivable	38,837	-	38,837
Notes receivable	519,855	(519,855)	-
Due from (to) external parties	38,520	142,754	181,274
Inventory	146,444	34,835	181,279
Prepaid insurance	2,176,460	-	2,176,460
Land and improvements	99,037	2,574,424	2,673,461
Construction in progress	35,634,443	29,440,384	65,074,827
Other capital assets, net of depreciation			
	<u>53,382,840</u>	<u>35,747,572</u>	<u>89,130,412</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Voucher payable	297,522	463,814	761,336
Accrued payroll and taxes	377,450	28,597	406,047
Accrued interest	125,769	132,654	258,423
Deferred license income	35,737	-	35,737
Deferred property tax revenue	3,623,946	-	3,623,946
Consumer deposits	-	360,639	360,639
Long-term liabilities:			
Due within one year	1,057,130	1,803,976	2,861,106
Due in more than one year	<u>12,377,333</u>	<u>16,473,192</u>	<u>28,850,525</u>
Total liabilities	<u>17,894,887</u>	<u>19,262,872</u>	<u>37,157,759</u>
<b>NET ASSETS (DEFICITS)</b>			
Invested in capital assets, net of related debt	24,475,477	13,737,640	38,213,117
Restricted for:			
Special revenue	8,650,493	-	8,650,493
Debt service	15,606	-	15,606
Capital projects	3,833,430	-	3,833,430
Enterprise funds	-	418,234	418,234
Unrestricted	<u>(1,487,053)</u>	<u>2,328,826</u>	<u>841,773</u>
<b>TOTAL NET ASSETS (DEFICITS)</b>	<u>\$ 35,487,953</u>	<u>\$ 16,484,700</u>	<u>\$ 51,972,653</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
STATEMENT OF ACTIVITIES  
Year Ended April 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities	\$ 3,758,589	\$ 281,260	\$ -	\$ 50,178	\$ (3,427,151)	\$ -	\$ (3,427,151)
General government	4,927,489	549,494	-	-	(4,377,995)	-	(4,377,995)
Public safety	133,833	-	-	-	(133,833)	-	(133,833)
Public works	2,643,964	-	-	-	(2,643,964)	-	(2,643,964)
Highways and streets	97,122	-	-	-	(97,122)	-	(97,122)
Traffic development	5,870	-	-	-	(5,870)	-	(5,870)
Welfare	393,806	22,329	19,300	-	(352,177)	-	(352,177)
Culture and recreation	122,777	-	-	-	(122,777)	-	(122,777)
Airport	258,296	63,784	-	-	(194,512)	-	(194,512)
Cemetery	357,092	-	-	-	(357,092)	-	(357,092)
Interest on long-term debt	12,698,838	916,867	19,300	50,178	(11,712,493)	-	(11,712,493)
Total governmental activities							
Business-type activities:						1,236,331	1,236,331
Landfill	37,668	1,273,999	-	-	-	(1,078,535)	(1,078,535)
Sewer	2,999,289	1,920,754	-	-	-	(70,194)	(70,194)
Water Department	1,662,889	1,592,695	-	-	-	87,602	87,602
Total business-type activities	4,699,846	4,787,448	-	-	-	87,602	87,602
<b>Total primary government</b>	<b>\$ 17,398,684</b>	<b>\$ 5,704,315</b>	<b>\$ 19,300</b>	<b>\$ 50,178</b>	<b>(11,712,493)</b>	<b>87,602</b>	<b>(11,624,891)</b>
<b>General Revenues:</b>							
Property taxes					3,322,846	-	3,322,846
Sales tax					3,428,937	-	3,428,937
Personal property replacement tax					844,287	-	844,287
Income tax and surcharge					1,469,691	-	1,469,691
Foreign fire insurance tax					16,435	-	16,435
Motel tax					69,395	-	69,395
Utility tax					760,282	-	760,282
Telecom tax					96,978	-	96,978
Motor fuel tax allotments					452,564	-	452,564
Interest					309,232	101,298	410,530
Other					228,162	175,087	403,249
Transfers - internal activity					2,695,000	(2,695,000)	-
Total general revenues and transfers					13,693,809	(2,418,615)	11,275,194
Change in net assets					1,981,316	(2,331,013)	(349,697)
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>					<b>33,506,637</b>	<b>18,815,713</b>	<b>52,322,350</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 35,487,953</b>	<b>\$ 16,484,700</b>					<b>\$ 51,972,653</b>

See accountant's compilation report and accompanying notes  
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CITY OF DIXON, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2008

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 460,550	\$ 79,871	\$ 237,801	\$ 71,980	\$ 2,223,132	\$ 3,073,334
Investments	165,859	957,960	215,806	4,016,735	1,332,578	6,688,938
Receivables:					1,208,628	3,623,946
General property taxes	1,992,830	422,488	-	-	-	250,473
State income tax	250,473	-	543,689	-	-	543,689
Sales tax	-	-	-	-	35,685	35,685
Motor fuel tax allotments	-	-	-	-	-	138,441
Utility tax	138,441	-	-	-	147,143	154,743
Accounts	7,600	-	-	-	-	9,141
Circuit Clerk	9,141	-	-	-	-	210,854
Other	210,854	-	-	-	38,837	38,837
Notes receivable	-	-	-	-	-	38,520
Inventory	38,520	-	-	-	9,652	146,444
Prepaid insurance	136,792	-	-	-	1,751,945	3,924,350
Due from other funds	308,855	1,863,550	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,719,915</b>	<b>\$ 3,323,869</b>	<b>\$ 997,296</b>	<b>\$ 4,088,715</b>	<b>\$ 6,747,600</b>	<b>\$ 18,877,395</b>
<b>LIABILITIES</b>						
Voucher payable	\$ 230,660	\$ -	\$ 33,280	\$ 5,285	\$ 28,297	\$ 297,522
Accrued liabilities:					13,771	363,905
Payroll	350,134	-	-	-	-	13,545
Accrued payroll taxes and other withholdings	13,545	-	-	-	-	35,737
Deferred license income	35,737	-	-	-	1,208,628	3,623,946
Deferred property tax revenue	1,992,830	422,488	-	-	-	3,404,495
Due to other funds	2,757,945	-	50,000	250,000	346,550	-
Total liabilities	5,380,851	422,488	83,280	255,285	1,597,246	7,739,150
<b>FUND (DEFICIT) BALANCES</b>						
Restricted	-	-	-	-	-	-
Unrestricted					299,652	474,964
Reserved for inventory and prepaids	175,312	-	-	-	-	(1,836,248)
Unreserved						8,650,493
General	(1,836,248)	2,901,381	914,016	-	4,835,096	3,833,430
Special Revenue	-	-	-	3,833,430	-	15,606
Capital Projects	-	-	-	-	15,606	-
Debt Service	-	-	-	-	-	11,138,245
Total fund balances	(1,660,936)	2,901,381	914,016	3,833,430	5,150,354	-
<b>TOTAL LIABILITIES AND FUND (DEFICIT) BALANCES</b>	<b>\$ 3,719,915</b>	<b>\$ 3,323,869</b>	<b>\$ 997,296</b>	<b>\$ 4,088,715</b>	<b>\$ 6,747,600</b>	<b>\$ 18,877,395</b>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
 Year Ended April 30, 2008

Total governmental fund balances	\$ 11,138,245
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 funds, net of accumulated depreciation of \$18,183,850	37,909,940
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(13,153,178)
Net pension obligation	(281,285)
Accrued interest was recognized for governmental activities, but is not due and payable in the current period and therefore, is not reported as a liability in the governmental funds	<u>(125,769)</u>
<b>Total net assets - governmental activities</b>	<b><u>\$ 35,487,953</u></b>

See accountant's compilation report and accompanying notes.



CITY OF DIXON, ILLINOIS  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 Year Ended April 30, 2008

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General property taxes	\$ 1,807,430	\$ 401,895	\$ -	\$ -	\$ 1,113,521	\$ 3,322,846
Foreign fire insurance tax	-	-	-	-	16,435	16,435
Intergovernmental revenues	3,230,143	-	3,428,937	-	532,532	7,191,612
Licenses, permits, and other fees	281,260	-	-	-	-	281,260
Fines and penalties	181,919	-	-	-	453,688	635,607
Charges for services	-	-	-	-	188,060	188,060
Revenue from use of money and property	31,452	58,444	12,752	18,524	21,905	142,077
Other	206,257	-	-	-	-	206,257
<b>Total revenues</b>	<u>5,738,461</u>	<u>460,339</u>	<u>3,441,689</u>	<u>18,524</u>	<u>2,326,141</u>	<u>11,985,154</u>
<b>EXPENDITURES</b>						
General government	1,976,581	-	62,832	-	637,901	2,677,314
Public safety						
Police protection and community relations	2,447,817	-	-	-	-	2,447,817
Fire fighting and prevention and emergency vehicle	1,348,746	-	-	-	224,521	1,573,267
Public works	164,533	-	-	-	-	164,533
Highways and streets	809,389	-	-	-	550,746	1,360,135
Traffic development	97,122	-	-	-	5,870	103,000
Welfare-Civil Defense	-	-	-	-	392,507	392,507
Culture and recreation - Library and Band	-	-	-	-	108,714	108,714
Airport operations	-	-	-	-	296,596	296,596
Cemetery operations	-	-	-	5,999,801	32,437	6,032,238
Capital outlay	-	-	-	-	-	-
Debt Service	-	-	-	382,000	15,000	397,000
Principal	-	-	-	345,950	690	346,640
Interest	662,730	164,937	-	-	-	827,667
Payments to Pensions	-	-	-	-	184,430	184,430
Payments to Social Security System	-	-	-	-	-	-
<b>Total expenditures</b>	<u>7,506,918</u>	<u>164,937</u>	<u>62,832</u>	<u>6,727,751</u>	<u>2,449,412</u>	<u>16,911,850</u>
Excess (deficiency) of revenues over expenditures	(1,768,457)	295,402	3,378,857	(6,709,227)	(123,271)	(4,926,696)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	-	6,500,000	-	6,500,000
Operating transfers in	1,230,000	-	-	5,830,000	755,000	7,815,000
Operating transfers out	(715,000)	-	(3,500,000)	(830,000)	(75,000)	(5,120,000)
<b>Total other financing sources (uses)</b>	<u>515,000</u>	<u>-</u>	<u>(3,500,000)</u>	<u>11,500,000</u>	<u>680,000</u>	<u>9,195,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,253,457)	295,402	(121,143)	4,790,773	556,729	4,268,304
<b>FUND (DEFICIT) BALANCE, BEGINNING OF YEAR</b>	<u>(407,479)</u>	<u>2,605,979</u>	<u>1,035,159</u>	<u>(957,343)</u>	<u>4,593,625</u>	<u>6,869,941</u>
<b>FUND (DEFICIT) BALANCE, END OF YEAR</b>	<u>\$ (1,660,936)</u>	<u>\$ 2,901,381</u>	<u>\$ 914,016</u>	<u>\$ 3,833,430</u>	<u>\$ 5,150,354</u>	<u>\$ 11,138,245</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year Ended April 30, 2008

Net change in fund balances - total governmental funds	\$ 4,268,304
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	
	3,942,642
Issuance of long-term debt provides current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which debt proceeds exceeded debt repayments.	
	(6,219,178)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	
	<u>(10,452)</u>
<b>Change in net assets of governmental activities</b>	<u>\$ 1,981,316</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
April 30, 2008

	Business-Type Activities			Total
	Landfill Fund	Sewerage Fund	Water Department Fund	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 600,445	\$ 965,347	\$ 1,189,912	\$ 2,755,704
Restricted cash	-	-	192,647	192,647
Investments:				
Unrestricted	-	-	194,616	194,616
Restricted	-	-	225,587	225,587
Receivables:				
Accounts	-	-	705,756	705,756
Interest	-	-	720	720
Due from other funds:				
Sewerage Fund	1,585,744	-	-	1,585,744
Water Department	-	437,835	-	437,835
Other governmental funds	250,000	975,000	-	1,225,000
Inventory	-	-	142,754	142,754
Prepaid insurance	-	14,038	20,797	34,835
	<u>2,436,189</u>	<u>2,392,220</u>	<u>2,672,789</u>	<u>7,501,198</u>
Total current assets				
<b>PROPERTY AND EQUIPMENT</b>				
<b>Assets not depreciated</b>				
Construction in progress	-	-	2,574,424	2,574,424
<b>Assets being depreciated</b>				
Sewerage system	-	13,861,425	-	13,861,425
Water system	-	3,985,743	7,787,569	11,773,312
Building and improvements	-	325,365	-	325,365
Wastewater treatment plant	-	17,503,572	-	17,503,572
Machinery and equipment	58,928	499,111	428,515	986,554
Furniture and fixtures	-	8,953	111,372	120,325
Transportation equipment	-	103,520	461,475	564,995
	<u>58,928</u>	<u>36,287,689</u>	<u>8,788,931</u>	<u>45,135,548</u>
Less accumulated depreciation	<u>(38,578)</u>	<u>(10,903,126)</u>	<u>(4,753,460)</u>	<u>(15,695,164)</u>
	<u>20,350</u>	<u>25,384,563</u>	<u>4,035,471</u>	<u>29,440,384</u>
Net property and equipment being depreciated	<u>20,350</u>	<u>25,384,563</u>	<u>6,609,895</u>	<u>32,014,808</u>
Net property and equipment	<u>20,350</u>	<u>25,384,563</u>	<u>6,609,895</u>	<u>32,014,808</u>
	<u>\$ 2,456,539</u>	<u>\$ 27,776,783</u>	<u>\$ 9,282,684</u>	<u>\$ 39,516,006</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,456,539</u>	<u>\$ 27,776,783</u>	<u>\$ 9,282,684</u>	<u>\$ 39,516,006</u>

	Business-Type Activities			
	Landfill Fund	Sewerage Fund	Water Department Fund	Total
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	\$ 8,995	\$ 224,025	\$ 230,794	\$ 463,814
Accrued liabilities:				
Payroll	-	9,504	18,480	27,984
Interest	-	123,641	9,013	132,654
Vacation Pay	-	-	613	613
Due to other funds:				
General Fund	-	-	34,855	34,855
Social Security Fund	600,000	-	-	600,000
IMRF Fund	1,110,000	-	-	1,110,000
Landfill Fund	-	1,585,744	-	1,585,744
Sewerage Fund	-	-	437,835	437,835
Consumer deposits	-	-	360,639	360,639
Notes payable - current portion	-	899,665	-	899,665
EPA loan payable - current portion	-	-	879,311	879,311
Bonds payable - current portion	-	-	25,000	25,000
<b>Total current liabilities</b>	<u>1,718,995</u>	<u>2,842,579</u>	<u>1,996,540</u>	<u>6,558,114</u>
Long-term liabilities:				
Notes payable	-	13,557,109	-	13,557,109
EPA loan payable	-	-	2,804,083	2,804,083
Bonds payable	-	-	112,000	112,000
<b>Total long-term liabilities</b>	<u>-</u>	<u>13,557,109</u>	<u>2,916,083</u>	<u>16,473,192</u>
<b>Total liabilities</b>	<u>1,718,995</u>	<u>16,399,688</u>	<u>4,912,623</u>	<u>23,031,306</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	20,350	10,927,789	2,789,501	13,737,640
Restricted	-	-	418,234	418,234
Unrestricted	717,194	449,306	1,162,326	2,328,826
<b>Total fund equity</b>	<u>737,544</u>	<u>11,377,095</u>	<u>4,370,061</u>	<u>16,484,700</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 2,456,539</u>	<u>\$ 27,776,783</u>	<u>\$ 9,282,684</u>	<u>\$ 39,516,006</u>

See accountant's compilation report and accompanying notes.

**CITY OF DIXON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended April 30, 2008**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Landfill Fund</b>	<b>Sewerage Fund</b>	<b>Water Department Fund</b>	
<b>OPERATING REVENUES</b>				
User fees	\$ -	\$ 1,894,915	\$ 1,475,322	\$ 3,370,237
Host fees	1,273,986	-	-	1,273,986
Labor and merchandise	-	-	87,694	87,694
Miscellaneous	13	25,839	29,679	55,531
<b>Total operating revenues</b>	<u>1,273,999</u>	<u>1,920,754</u>	<u>1,592,695</u>	<u>4,787,448</u>
<b>OPERATING EXPENSES</b>				
Salaries	2,700	295,643	654,980	953,323
Maintenance of site and buildings	-	143,465	228,892	372,357
Other maintenance	-	67,736	1,581	69,317
Supplies and services	-	25,639	87,751	113,390
Electricity	-	243,045	172,766	415,811
Fuel, gas and oil	-	32,392	31,352	63,744
Professional service and fees	13,600	42,377	-	55,977
Insurance	-	58,170	123,064	181,234
Miscellaneous	8,995	25,803	24,981	59,779
Dues and subscriptions	-	1,183	-	1,183
Travel and education expense	589	2,349	-	2,938
Training	-	3,975	4,027	8,002
Depreciation	11,784	1,680,087	252,449	1,944,320
<b>Total operating expenses</b>	<u>37,668</u>	<u>2,621,864</u>	<u>1,581,843</u>	<u>4,241,375</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,236,331</u>	<u>(701,110)</u>	<u>10,852</u>	<u>546,073</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earned	8,035	71,906	21,357	101,298
Income from reimbursement agreement	-	175,087	-	175,087
Interest expense	-	(377,425)	(81,046)	(458,471)
<b>Total nonoperating revenues (expenses)</b>	<u>8,035</u>	<u>(130,432)</u>	<u>(59,689)</u>	<u>(182,086)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,244,366</u>	<u>(831,542)</u>	<u>(48,837)</u>	<u>363,987</u>
<b>TRANSFERS IN</b>	-	950,000	-	950,000
<b>TRANSFERS OUT</b>	<u>(2,575,000)</u>	<u>(1,070,000)</u>	<u>-</u>	<u>(3,645,000)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(1,330,634)</u>	<u>(951,542)</u>	<u>(48,837)</u>	<u>(2,331,013)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,068,178</u>	<u>12,328,637</u>	<u>4,418,898</u>	<u>18,815,713</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 737,544</u>	<u>\$ 11,377,095</u>	<u>\$ 4,370,061</u>	<u>\$ 16,484,700</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended April 30, 2008

	Business-Type Activities			
	Landfill	Sewerage	Water	Totals
	Fund	Fund	Department Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,273,999	\$ 1,920,754	\$ 1,631,319	\$ 4,826,072
Payments to employees	(2,700)	(300,200)	(715,169)	(1,018,069)
Payments to suppliers	(3,550)	(502,723)	(608,801)	(1,115,074)
Other payments	(23,184)	-	-	(23,184)
Net cash provided by operating activities	<u>1,244,565</u>	<u>1,117,831</u>	<u>307,349</u>	<u>2,669,745</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from reimbursement agreement	-	175,087	-	175,087
Operating transfers from (to) other funds	(2,575,000)	(120,000)	-	(2,695,000)
Net cash provided by (used) in non-capital financing activities	<u>(2,575,000)</u>	<u>55,087</u>	<u>-</u>	<u>(2,519,913)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Proceeds from EPA loan	-	-	811,384	811,384
Advances from (to) other funds	1,450,000	(1,929,857)	39,712	(440,145)
Principal paid on revenue bond	-	-	(24,000)	(24,000)
Principal paid on notes payable	-	(877,085)	(123,240)	(1,000,325)
Payment of interest on debt	-	(377,425)	(81,046)	(458,471)
Acquisition of capital assets	-	(408,699)	(760,210)	(1,168,909)
Net cash provided by (used in) capital financing activities	<u>1,450,000</u>	<u>(3,593,066)</u>	<u>(137,400)</u>	<u>(2,280,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	-	-	409,361	409,361
Purchases of investments	-	-	(420,203)	(420,203)
Interest income	8,035	71,906	21,357	101,298
Net cash provided by investing activities	<u>8,035</u>	<u>71,906</u>	<u>10,515</u>	<u>90,456</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	127,600	(2,348,242)	180,464	(2,040,178)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>472,845</u>	<u>3,313,589</u>	<u>1,202,095</u>	<u>4,988,529</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 600,445</u>	<u>\$ 965,347</u>	<u>\$ 1,382,559</u>	<u>\$ 2,948,351</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,236,331	\$ (701,110)	\$ 10,852	\$ 546,073
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	11,784	1,680,087	252,449	1,944,320
Effects of changes in operating assets and liabilities				
Accounts receivable	-	-	9,534	9,534
Prepaid insurance	-	(1,075)	(2,609)	(3,684)
Inventory	-	-	10,572	10,572
Accounts payable	(3,550)	144,486	57,650	198,586
Consumer deposits	-	-	29,090	29,090
Accrued liabilities	-	(4,557)	(60,189)	(64,746)
Net cash provided by operating activities	<u>\$ 1,244,565</u>	<u>\$ 1,117,831</u>	<u>\$ 307,349</u>	<u>\$ 2,669,745</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 April 30, 2008

	Pension Trust Funds	Private- Purpose Trust	Agency Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,663,335	\$ 261,353	\$ 5,429	\$ 1,930,117
Investments	18,344,830	2,495,802	-	20,840,632
Receivables:				
Accounts, net of allowance for estimated uncollectibles	-	13,552	-	13,552
<b>TOTAL ASSETS</b>	<u>20,008,165</u>	<u>2,770,707</u>	<u>5,429</u>	<u>22,784,301</u>
<b>LIABILITIES</b>				
Vouchers payable	94,673	-	-	94,673
Performance deposits	-	-	5,429	5,429
<b>TOTAL LIABILITIES</b>	<u>94,673</u>	<u>-</u>	<u>5,429</u>	<u>100,102</u>
<b>NET ASSETS</b>				
Net assets held in trust for pension benefits	19,913,492	-	-	19,913,492
Net assets held in trust for other purposes	-	2,770,707	-	2,770,707
<b>TOTAL NET ASSETS</b>	<u>\$ 19,913,492</u>	<u>\$ 2,770,707</u>	<u>\$ -</u>	<u>\$ 22,684,199</u>

See accountant's compilation report and accompanying notes.

**CITY OF DIXON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**Year Ended April 30, 2008**

	<u>Pension Trust</u>	<u>Private- Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions	\$ 662,732	\$ -
Employer	231,045	-
Plan members	-	141,957
Other	-	-
Total contributions	<u>893,777</u>	<u>141,957</u>
Investment income	<u>650,896</u>	<u>51,661</u>
Other income	<u>1,250</u>	<u>-</u>
Total additions	<u>1,545,923</u>	<u>193,618</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,329,121	-
Management fees	162,812	-
Withdrawals	-	239,798
Administrative and audit fee	18,900	16,636
Other	5,266	-
Total deductions	<u>1,516,099</u>	<u>256,434</u>
<b>NET INCREASE (DECREASE)</b>	29,824	(62,816)
<b>NET ASSETS HELD IN TRUST, BEGINNING OF YEAR</b>	<u>19,883,668</u>	<u>2,833,523</u>
<b>NET ASSETS HELD IN TRUST, END OF YEAR</b>	<u>\$ 19,913,492</u>	<u>\$ 2,770,707</u>

See accountant's compilation report and accompanying notes.



CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Dixon, Illinois (the City) is a municipal corporation governed by an elected Mayor and City Council. As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are a legally separate organization for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or

Fiscal dependency on the primary government.

The accompanying financial statements present the City (the primary government), the City has no component units.

**Basic Financial Statements – Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major and aggregate nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general government, public safety, highways and streets, traffic development, welfare, culture and recreation, airport, and cemetery services are classified as governmental activities. The City's landfill, sewer, and water services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, traffic development, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, highways and streets, traffic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Government-Wide Statements (Continued)**

The net costs (by function or business-type activity) are normally covered by general revenue (property or sales tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

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

**Basic Financial Statements – Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

**Governmental Fund Types**

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

**General Fund** is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts, general long-term debt, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

**Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements – Fund Financial Statements (Continued)**

**Proprietary Fund Types**

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

**Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989, to account for proprietary funds.

The City maintains three enterprise funds.

**Fiduciary Fund Types**

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

**Reporting Major, Nonmajor and Fiduciary Fund Statements**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Major, Nonmajor and Fiduciary Fund Statements (Continued)**

The City reports the following major funds:

**General Fund** - This 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.

**Illinois Municipal Retirement Fund** - This fund is used to account for the revenues and expenditures associated with contributions to the retirement fund. Financing is provided by property taxes.

**Municipal Sales Tax Fund** - This fund is used to account for the revenues and expenditures associated with sales tax collected within the City. Financing is provided by sales tax paid within the City.

**Capital Development Fund** - This fund is used to account for the acquisition and construction of major capital facilities. Financing is provided by excess landfill surcharge fees from the Landfill Fund.

**Landfill Fund** - This fund is used to account for the revenues and expenditures associated with the landfill. Financing is provided by landfill host fees.

**Sewerage Fund** - This fund is used to account for the revenues and expenditures associated with sewer service. Financing is provided by sewer user charges.

**Water Department Fund** - This fund is used to account for the revenues and expenditures associated with water service. Financing is provided by water user charges.

The City reports the following non-major funds:

**Garbage Fund** - This fund is used to account for the revenues and expenditures associated with the City garbage. Financing is provided by garbage user charges.

**Public Benefit Fund** - This fund is used to account for the revenues and expenditures associated with City development. Financing is provided by property taxes.

**Downtown Redevelopment Project Fund** - This fund is used to account for the revenues and expenditures associated with downtown redevelopment. Financing is provided by property taxes.

**Social Security Fund** - This fund is used to account for the revenues and expenditures associated with the cost of City employees participating in the social security system. Financing is provided by property taxes.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Major, Nonmajor and Fiduciary Fund Statements (Continued)**

**Working Cash Fund** - This fund is used to account for the revenues and expenditures associated with the working cash funds. Financing is provided by investment income.

**Motor Fuel Tax Fund** - This fund is used to account for the revenues and expenditures associated with construction, maintenance and extension of City streets. Financing is provided by State Motor Fuel Tax allotments.

**Municipal Airport Fund** - This fund is used to account for the revenues and expenditures associated with the operation of the airport facility. Financing is provided by airport user charges.

**Library Fund** - This fund is used to account for the revenues and expenditures associated with the library. Financing is provided by property taxes, personal property replacement tax and user charges.

**Band Fund** - This fund is used to account for the revenues and expenditures associated with the band. Financing is provided by property taxes.

**Oakwood Cemetery** - This fund is used to account for the revenues and expenditures associated with the operation and maintenance of the cemetery. Financing is provided by property taxes and lot sales and services.

**Civil Defense Fund** - This fund is used to account for the revenues and expenditures associated with the operation and maintenance of the civil defense systems. Financing is provided by property taxes.

**Emergency Vehicle Fund** - This fund is used to account for the revenues and expenditures associated with operation of the emergency vehicles. Financing is provided by user fees.

**Foreign Fire Insurance Fund** - This fund is used to account for the revenues and expenditures associated with the foreign fire insurance tax. Financing is provided by foreign fire insurance tax.

**Debt Service Fund** - This fund is used to account for the revenues and expenditures associated with the payments of any outstanding debt. Financing is provided by various funds.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

**Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Property taxes are recorded as revenue when levied for budgetary purposes. Penalties and interest, court fees, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Sales, income, and motor fuel taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

**Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except Motor Fuel Tax Fund). Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Budgets for the General Fund and Special Revenue Funds are prepared on a cash basis method of accounting which is in violation of accounting principles generally accepted in the United States of America, but is allowed under Illinois Compiled Statutes for cities. Appropriations lapse at year-end.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

**New Accounting Standard**

In July 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The requirements of this Statement are effective in three phases. The City of Dixon will be required to adopt GASB No. 45 in its April 30, 2009 financial statements. The City has not determined the effect, if any, the adoption of GASB No. 45 will have on the City's net assets.

**Reclassification**

Certain reclassifications have been made to prior year amounts in order to conform to current year presentation.

**Cash Equivalents**

For purposes of the statement of cash flows, the City considers cash equivalents to be all cash on hand, money market accounts, similar type demand accounts and any certificates of deposit with an original maturity date of three months or less. Any maturity dates over three months are presented as investments.

**Investments**

State statutes authorize the government to invest in the following:

- (1) commercial banks
- (2) savings and loan institutions
- (3) obligations of the U. S. Treasury and U. S. Agencies
- (4) obligations of States and their political subdivisions
- (5) credit union shares
- (6) repurchase agreements
- (7) commercial paper rated within the three highest classifications by at least two standard rating services
- (8) Illinois Public Treasurer's Investment Pool

In addition, the Police and Firefighters' Pension Trust Funds may invest in other investments, including general and separate accounts of life insurance companies, mutual funds, bank managed funds, and equities.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have established markets are reported at estimated fair value.

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable - Water Department**

Accounts receivable includes amounts billed and not collected at April 30 and an estimate of unbilled accounts receivable for water used by consumers. An allowance for doubtful accounts has been provided to uncollectible accounts receivable in the amount of \$2,500.

**Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are also classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type insignificant inventories are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond April 30, 2008, are recorded as prepaid items.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	25 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Vehicles	5 years
Streets and sidewalks	20 years
Bridges	50 years
Wastewater Treatment Plant	20 years
Sewer extensions/Storm sewers	20 years
Water System	10 - 30 years



CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interest Capitalization**

Interest costs for fixed asset construction within enterprise funds are capitalized. However, all other interest costs are expensed. Interest costs incurred during fiscal year 2008 were \$815,563 of which \$-0- has been capitalized.

**Property Taxes**

Property taxes generated from the 2006 property tax levy are used to finance the operating budget of the fiscal year ending April 30, 2008 on the budgetary cash basis. Recognition of the revenue is deferred until the year it is intended to finance. The City's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the City on January 1 of that year. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September. The City receives significant distributions of tax receipts within one month of these due dates.

**Long-Term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and net pension obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Fund Equity**

**Government-wide Statements**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity that are legally segregated for a specific future use or not appropriate for expenditure. Proprietary fund equity is classified the same as in the government-wide statements.

**Interfund Transactions**

Quasi-external 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 quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental activities and individual business-type activities have been eliminated.

**Compensated Absences**

Vested or accumulated vacation/sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

The Water Department accrues unpaid vacation time when earned by the employee. Each employee is allowed to carryover five days to the subsequent fiscal year. As of April 30, 2008, \$613 of accrued vacation is included in accrued employee compensation.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The City's investment policy allows them to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds. The policy states that investments shall be made that reflect the cash flow needs of the type being invested. In general, the City may invest in obligations of the United States of America or its agencies (or guaranteed by the full faith and credit of the same) and certain time deposits and short-term obligations as defined in the Public Fund Investment Act. At year-end, the carrying amount of the City's cash deposits and investments was \$35,901,575 and the bank balances totaled \$35,948,363. Cash on hand was \$1,943.

CITY OF DIXON, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2008

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

At year end, the investment maturities are as follows:

<u>Investment Type</u>	<u>Fair value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>10 or more</u>
Certificates of Deposit	\$ 6,264,627	\$6,264,627	\$ -	\$ -	\$ -
U.S. Treasuries and Agencies	10,176,657	469,479	2,477,435	1,093,926	6,135,817
Illinois Treasurer's Investment Pool	1,088,682	1,088,682	-	-	-
Mutual Funds	<u>8,173,225</u>	<u>8,173,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$25,703,191</u></b>	<b><u>\$15,996,013</u></b>	<b><u>\$ 2,447,435</u></b>	<b><u>\$ 1,093,926</u></b>	<b><u>\$6,135,817</u></b>

**Investments in the Illinois Funds**

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At April 30, 2008, the City had \$1,088,682 in the Pool, which approximates fair value.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits funds that are not directly matched with anticipated cash flow requirements to maturities of four years or less. Reserve funds may be invested in securities exceeding six years. For the City's Police and Fire Pension Funds, the investment policy allows them to invest in securities that will mature no less than 5 years from the original purchase date.

**Credit Risk**

The City's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity, and in general, avoid speculative instruments. The City's investments in the Illinois Treasurer's Investment Pool maintain a rating of AAA by Standard and Poor's.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City. As of April 30, 2008, \$-0- of the City's deposits were exposed to custodial credit risk.

**Concentration of Credit Risk**

More than 5.00% of the City's investments are in Certificates of Deposit maintained by Amcore Bank. These investments represent 15.63% of the City's total investments.

**NOTE 3 - NOTES RECEIVABLE**

On January 21, 2004, the City entered into a promissory note for building renovations with Jason M. and Trista L. Pitman of Dixon for \$16,285. Interest is at 2.5% and the entire balance is due February 1, 2009. The note is secured by a junior mortgage on the property. The balance at April 30, 2008 is \$2,857.

On September 2, 2003, the City entered into a promissory note for building renovations with Ralph Edgar of Grand Detour for \$75,000. Interest is at 2.5% and the entire balance is due September 1, 2008. The note is secured by a mortgage on the property. The balance at April 30, 2008 is \$6,613.

On May 2, 2005, the City entered into a promissory note for building renovations with Patricia Hummel of Dixon for \$25,000. Interest is at 2.5% and the entire balance is due April 30, 2010. The note is secured by a mortgage on the property. The balance at April 30, 2008 is \$9,351.

On August 21, 2007, the City entered into a promissory note for building renovations with John McLane of Dixon for \$25,000. Interest is at 2.5% and the entire balance of the note is due October 1, 2011. The note is secured by a junior mortgage on the property. The balance at April 30, 2008 is \$20,016.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2008, was as follows:

	<u>Balance at May 1, 2007, Restated</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2008</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,076,381	\$ 100,079	\$ -	\$ 2,176,460
Construction in progress	<u>99,037</u>	<u>-</u>	<u>-</u>	<u>99,037</u>
Total capital assets not being depreciated	<u>2,175,418</u>	<u>100,079</u>	<u>-</u>	<u>2,275,497</u>
Capital assets being depreciated:				
Buildings	11,817,040	238,558	-	12,055,598
Equipment	4,655,660	378,204	29,109	5,004,755
Infrastructure	<u>31,489,785</u>	<u>5,268,155</u>	<u>-</u>	<u>36,757,940</u>
Total capital assets being depreciated	<u>47,962,485</u>	<u>5,884,917</u>	<u>29,109</u>	<u>53,818,293</u>
Less accumulated depreciation:				
Buildings	3,123,020	293,614	-	3,416,634
Equipment	2,951,730	347,154	8,458	3,290,426
Infrastructure	<u>10,095,856</u>	<u>1,380,934</u>	<u>-</u>	<u>11,476,790</u>
Total accumulated depreciation	<u>16,170,606</u>	<u>2,021,702</u>	<u>8,458</u>	<u>18,183,850</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 33,967,297</u>	<u>\$3,963,294</u>	<u>\$ 20,651</u>	<u>\$ 37,909,940</u>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance at May 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>April 30, 2008</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 3,605,904	\$ 598,628	\$ 1,630,108	\$ 2,574,424
Capital assets being depreciated:				
Sewerage system	13,494,023	367,402	-	13,861,425
Water system	10,221,015	1,552,297	-	11,773,312
Building and improvements	325,365	-	-	325,365
Machinery and equipment	980,154	6,400	-	986,554
Furniture and fixtures	120,325	-	-	120,325
Transportation equipment	491,601	129,393	55,999	564,995
Waste Water Treatment Plant	<u>17,316,676</u>	<u>186,896</u>	<u>-</u>	<u>17,503,572</u>
Total capital assets being depreciated	<u>42,949,159</u>	<u>2,242,388</u>	<u>55,999</u>	<u>45,135,548</u>
Less accumulated depreciation:				
Sewerage system	4,873,088	638,831	-	5,511,919
Water system	4,106,321	335,037	-	4,441,358
Building and improvements	142,453	1,374	-	143,827
Machinery and equipment	757,417	44,618	-	802,035
Furniture and fixtures	98,031	15,395	-	113,426
Transportation equipment	343,867	34,665	14,000	364,532
Waste Water Treatment Plant	<u>3,443,667</u>	<u>874,400</u>	<u>-</u>	<u>4,318,067</u>
Total accumulated depreciation	<u>13,764,844</u>	<u>1,944,320</u>	<u>14,000</u>	<u>15,695,164</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 32,790,219</u>	<u>\$ 896,696</u>	<u>\$ 1,672,107</u>	<u>\$ 32,014,808</u>

Depreciation expense was charged as direct expense to programs of the City as follows:

Governmental activities:	\$ 224,769
General government	400,223
Public safety	1,326,649
Highways and streets	1,299
Culture and recreation	44,227
Airport	24,535
Cemetery	<u>24,535</u>
<b>Total depreciation expense</b>	<u>\$ 2,021,702</u>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Business-type activities:		
Landfill		\$ 11,784
Sewer		1,680,087
Water department		<u>252,449</u>
<b>Total depreciation expense</b>		<b><u>\$ 1,944,320</u></b>

**NOTE 5 - PAYMENTS TO KEN NELSON AUTO PLAZA**

On May 14, 1999, the City entered into an agreement with Ken Nelson Auto Plaza in Dixon called the "Retailers Occupation Tax Rebate Agreement". Under this agreement, Ken Nelson Auto Plaza undertook a large construction project in order to expand their current business, which will remain within City limits and will generate more sales tax revenue. In exchange, the City agrees to reimburse Ken Nelson Auto Plaza the greater of one-half of the ROT receipts, or, \$8,500 per month or the actual ROT receipts during that month, whichever is less. After sixty months, the City will pay Ken Nelson one-half of the ROT receipts per month. The amount of ROT rebate expenses during fiscal year ending April 30, 2008 was \$62,812.

**NOTE 6 - LEGAL DEBT MARGIN**

The following schedule illustrates the legal debt margin of the City as of April 30, 2008:

Assessed valuation – 2007		<u>\$171,668,135</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 14,806,377
Total debt:		
General Obligation Debt Certificates	\$ 12,655,000	
Water Revenue Bonds	137,000	
Contract payable	47,000	
Deduct bonds exempt from debt limitation computation:		
General Obligation Debt Certificates	(12,655,000)	
Water Revenue Bonds	<u>(137,000)</u>	<u>47,000</u>
<b>Legal debt margin</b>		<b><u>\$ 14,759,377</u></b>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 7 - LONG-TERM DEBT**

Transactions for the year ended April 30, 2008 are summarized as follows:

<b>Governmental Activities</b>	<b>Balance May 1, 2007</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance April 30, 2008</b>	<b>Due Within One Year</b>
Bonds payable	\$ 6,934,000	\$ 6,500,000	\$ 397,000	\$ 13,037,000	\$ 691,000
Contract payable	62,667	-	15,667	47,000	15,667
Net position obligation	<u>281,285</u>	<u>69,178</u>	<u>-</u>	<u>350,463</u>	<u>350,463</u>
<b>Total governmental activities</b>	<b><u>\$ 7,277,952</u></b>	<b><u>\$ 6,569,178</u></b>	<b><u>\$ 412,667</u></b>	<b><u>\$ 13,434,463</u></b>	<b><u>\$ 1,057,130</u></b>
<b>Business-type Activities</b>					
EPA loans payable	\$ 2,995,250	\$ 811,384	\$ 123,240	\$ 3,683,394	\$ 879,311
Notes payable	15,333,859	-	877,085	14,456,774	899,665
Bonds payable	<u>161,000</u>	<u>-</u>	<u>24,000</u>	<u>137,000</u>	<u>25,000</u>
<b>Total business-type activities</b>	<b><u>\$ 18,490,109</u></b>	<b><u>\$ 811,384</u></b>	<b><u>\$ 1,024,325</u></b>	<b><u>\$ 18,277,168</u></b>	<b><u>\$ 1,803,976</u></b>

**Governmental Activities**

On December 1, 2002, the City of Dixon issued Central Business District Tax Increment Revenue Refunding Bonds, Series 2002 of \$1,000,000 (par value) with various interest rates of 2.80% - 4.60%.

The Tax Increment Revenue Bonds issued by the City are not secured by the full faith and credit of the City, but only by the City's pledge of all utility tax revenues received. Utility tax revenue used to cover the debt service of this bond issue shall be replaced by the annual real estate tax increment revenues generated by the development.

The pledged revenues not needed to pay debt service will be accumulated in a reserve fund until an amount equal to the scheduled debt service for the subsequent 12 months has been accumulated. To the extent the pledged revenues are not needed to pay debt service or to maintain the reserve fund, the revenues can be used for any lawful purpose. During the fiscal year ending April 30, 2008, these bonds were paid off.



**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

On September 1, 2004, the City of Dixon issued General Obligation Debt Certificates, Series 2004 of \$7,500,000 (par value) with interest rate of 5.00%.

On April 1, 2008, the City of Dixon issued General Obligation Debt Certificates, Series 2008 of \$6,500,000 (par value) with interest rate of 4.05%.

The General Obligation Debt Certificates issued by the City are secured by the full faith and credit of the City.

Governmental activities bonds payable at April 30, 2008, are comprised of the following individual issues:

General Obligation Debt Certificates:

\$7,500,000 – 2004 General Obligation Bonds various amounts due annually at 5% interest through December 30, 2019. Debt service requirements are as follows:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 402,000	\$ 330,274
2010	424,000	309,963
2011	447,000	288,541
2012	470,000	265,957
2013	496,000	242,211
2014-2018	2,906,000	807,420
2019-2020	<u>1,392,000</u>	<u>106,403</u>
	<u>\$ 6,537,000</u>	<u>\$ 2,350,769</u>

\$6,500,000 – 2008 General Obligation Bonds various amounts due annually at 4.05% interest through December 30, 2027. Debt service requirements are as follows:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 289,000	\$ 197,747
2010	223,000	253,678
2011	232,000	244,569
2012	242,000	235,094
2013	252,000	225,210
2014-2018	1,420,000	963,207
2019-2023	1,731,000	648,836
2024-2028	<u>2,111,000</u>	<u>265,522</u>
	<u>\$ 6,500,000</u>	<u>\$ 3,033,863</u>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

**Contract Payable**

The City of Dixon entered into a contract payable on October 4, 2004, with Katherine Shaw Bethea Hospital (KSB) for repair work done on a parking structure over a six year period. The contract calls for the City to pay KSB 1/6th of the amount for said repair work, without interest, on or before November 1st of each year, commencing November 1, 2005. The total costs to be repaid over the contract amounted to \$94,000. The following schedule discloses principal and interest requirements to maturity of the contract.

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 15,667	\$ -	\$ 15,667
2010	15,667	-	15,667
2011	<u>15,666</u>	<u>-</u>	<u>15,666</u>
	<u>\$ 47,000</u>	<u>\$ -</u>	<u>\$ 47,000</u>

**Net Pension Obligation**

At April 30, 2008, the City had the following net pension obligation:

Firefighters' Pension	<u>\$ 350,463</u>
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**Business-Type Activities**

Business-type activities notes payable outstanding at April 30, 2008 consisted of the following:

<u>Project</u>	<u>Interest rate</u>	<u>Amount</u>
South side sewer trunk	3.015%	\$ 229,572
River Street sanitary sewer replacement	2.815	222,869
Waste Water Treatment Plant expansion	2.535	<u>14,004,333</u>
		<u>\$ 14,456,774</u>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities (Continued)**

Presented below is a summary of notes payable debt service requirements to maturity by year:

Year ending April 30	South side Sewer Trunk		River Street Sewer Replacement		Waste Water Treatment Plant Expansion	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 27,716	\$ 6,714	\$ 27,086	\$ 6,085	\$ 844,863	\$ 349,689
2010	28,558	5,872	27,854	5,317	866,416	328,136
2011	29,425	5,005	28,644	4,527	888,519	306,033
2012	30,319	4,111	29,456	3,715	911,186	283,366
2013	31,240	3,190	30,291	2,880	934,431	260,121
2014-2018	82,314	3,760	79,536	3,389	5,042,121	930,638
2019-2022	-	-	-	-	4,516,797	261,419
<b>Total</b>	<b>\$ 229,572</b>	<b>\$ 28,652</b>	<b>\$ 222,867</b>	<b>\$ 25,913</b>	<b>\$14,004,333</b>	<b>\$ 2,719,402</b>

Business-type activities bonds payable outstanding at April 30, 2008 consisted of the following:

The City of Dixon issued Water Revenue Bonds dated December 1, 2002, for the Water Department, due serially from December 1, 2003 to December 1, 2012. These bonds require interest to be paid on June 1 and December 1, at a fixed interest rate of 4.10%. Water Revenue Bonds are being paid with revenue from user fees. Water Revenue Bonds outstanding are recorded at the total amount due; interest payable on these bonds includes interest due on the next payment date, June 1, 2008. The following schedule discloses principal and interest requirements to maturity on all bonds.

Year Ending April 30,	Principal	Interest	Total
2009	\$ 25,000	\$ 5,617	\$ 30,617
2010	26,000	4,592	30,592
2011	27,000	3,526	30,526
2012	29,000	2,419	31,419
2013	30,000	1,230	31,230
	<u>\$ 137,000</u>	<u>\$ 17,384</u>	<u>\$ 154,384</u>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**EPA Loan Payable**

The Water Department entered into a loan agreement on August 22, 2005, with the Environmental Protection Agency for improvements to the City of Dixon Public Water Supply facilities. The work includes the removal of two concrete water storage reservoirs and the construction of a new 1.25 million gallon storage reservoir along with a waterworks building. The loan bears a 2.5% interest rate with a term of 20 years with principal and interest payments due in April and October of each year. The City of Dixon has issued an ordinance stating costs are to be paid from the loan proceeds and repayment of the loan by the City of Dixon is to be repaid from revenues of the system and sales tax revenues. The ordinance also states that the loan does not constitute indebtedness of the City of Dixon. The following schedule discloses principal and interest requirements to maturity on the loan.

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 126,340	\$ 72,476	\$ 198,816
2010	129,518	69,298	198,816
2011	132,777	66,039	198,816
2012	136,116	62,700	198,816
2013	139,541	59,275	198,816
2014-2018	752,158	241,922	994,080
2019-2023	851,646	142,434	994,080
2024-2027	<u>662,327</u>	<u>33,528</u>	<u>695,855</u>
	<u>\$ 2,930,423</u>	<u>\$ 747,672</u>	<u>\$ 3,678,095</u>

The Water Department entered into a loan agreement on November 19, 2007, with the Environmental Protection Agency for improvements to the City of Dixon Public Water Supply facilities. The work includes the construction of two water treatment plants to provide compliance with radium standards for the City of Dixon Public Water Supply. As of the year ended April 30, 2008, the Water Department has received \$752,971 in loan proceeds and has accrued \$0- of interest. The loan bears a 2.5% interest rate with a term of 20 years with principal and interest payments due in June and December of each year. The construction loan is recorded as a current liability until the project has been completed.

CITY OF DIXON, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2008

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities (Continued)**

**Restricted Cash and Investments**

In accordance with the provisions of the Water Department's bond ordinances, special accounts have been established to receive and disburse funds for specific purposes such as construction, repair and maintenance and bond retirement. Departmental revenues are transferred to these accounts as specified in the ordinances after first being deposited in a common cash account. In addition, the Department requires a refundable deposit from consumers. The cash and investments from consumer deposits and special accounts established by bond ordinances are not available for operating expenses of the Department. The following schedule shows the detail on these accounts:

	<b>Time deposits in banks</b>
Bond account (Net of \$-0- available for operations)	\$ 27,595
Depreciation account (Net of \$17,926 available for operations)	30,000
Consumer deposit account (Net of \$61,817 available for operations)	<u>360,639</u>
<b>Total</b>	<u><b>\$ 418,234</b></u>

**NOTE 8 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City has elected to provide certain health care benefits for retired employees until age 65. Substantially all of the government's employees may become eligible for those benefits if they reach normal retirement age while working for the government. Retiree participants electing those benefits are required to contribute between \$228 and \$369 monthly for single coverage and \$1,383 monthly for family coverage. The cost of retiree health care benefits is recognized under a retrospectively rated policy. For the fiscal year, the cost of the benefit for the 11 retiree participants was \$33,319.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 9 - LEASE AGREEMENT**

On December 19, 2006, the City of Dixon, as lessee, approved a lease agreement with Lee County, Illinois, for police dispatching, call taking and telecommunications services in the Law Enforcement Building. The lease term commenced December 1, 2006 and is for five years. Provided that neither party gives notice at the end of the five year term, the contract will self-renew for an annual term. However, after the initial five year term expires, either party may terminate the agreement upon giving six months prior written notice to the other party of its intent to terminate. Currently, the lease calls for monthly payments from the City in the amount of \$8,863.

**NOTE 10 - LEGAL COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

All departments of the City submit requests for appropriation to the City so that a budget may be prepared. The budget is prepared by fund, function, and activity, 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 City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to May 1, the budget is legally enacted through passage of an ordinance.

Any changes in the budget must be within the expenditure classifications of personal services, capital improvements, purchases of equipment, commodities and services, and supplies and materials or the budgeted expenditure classifications must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed appropriations at the fund level.

**NOTE 11 - PENSION PLANS**

The City has three pension plans covering eligible employees - Police Pension Plan, Firefighters' Pension Plan, and Illinois Municipal Retirement Fund. Each plan's assets may be only used for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

Membership of each plan consisted of the following at April 30, 2007:

	<b>Police Pension</b>	<b>Firefighters' Pension</b>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	25	22
Current employees	26	16
<b>Total</b>	<b>51</b>	<b>38</b>

CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Police Pension Plan**

Plan description

Police sworn personnel are covered by the Police Pension Plan which is a single-employer defined benefit pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Section 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% 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 pension 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% of the original pension and 3% simple interest annually thereafter.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

**Firefighters' Pension Plan**

Plan Description

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that provides retirement benefits as well as death and disability benefits. Although this is a single-employer pension plan, the defined benefits and employee contributions levels are governed by the Illinois Compiled Statutes (Chapter 40, Section 5, Article 4) and may be amended only by the Illinois legislature.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Firefighters' Pension Plan (Continued)**

Plan Description (continued)

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly 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 one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and one-twelfth of 1% of such monthly service for each additional month over 30 years of service, to a maximum of 75% 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 firefighter 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 at least the age 55, by 3% of the original pension and 3% annually thereafter.

Contributions

Covered employees are required to contribute 8.455% of their 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 interest. The City is required to contribute the remaining amounts (not less than 17.500%) necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

**Police and Firefighters' Pension**

The amount shown as the "actuarial accrued liability" is a substitute for the standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

	<b>Police and Firefighters' Pension</b>
Actuarial valuation date	April 30, 2007
Significant actuarial assumptions:	
a) Rate of return on investment of present and future assets	7.00% compounded annually
b) Projected salary increases - attributable to inflation	5.50% compounded annually
c) Additional projected salary increases - attributable to seniority	Information not available
d) Post-retirement benefit increases	3.00% simple interest annually



CITY OF DIXON, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2008

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Police and Firefighters' Pension (Continued)**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Actuarial valuation date	April 30, 2007	April 30, 2007	
Actuarial accrued liability:			
Retirees and beneficiaries currently receiving benefits terminated employees not yet receiving benefits	\$ 9,281,101	\$ 7,458,023	\$ 16,739,124
Current employees:			
Accumulated employee contributions including allocated investment earnings	<u>4,803,083</u>	<u>3,941,607</u>	<u>8,744,690</u>
Total actuarial accrued liability	14,084,184	11,399,630	25,483,814
Actuarial value of assets	<u>11,933,318</u>	<u>7,939,906</u>	<u>19,873,224</u>
<b>Unfunded actuarial accrued liability</b>	<b><u>\$ 2,150,866</u></b>	<b><u>\$ 3,459,724</u></b>	<b><u>\$ 5,610,590</u></b>

(Note) Allocation of current employees-accumulated contributions between vested and non-vested has not been determined at this time.

Actuarially determined contribution requirements and contribution made

The Systems' funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The System used a level dollar amount method to amortize the unfunded liability over a 40 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described above.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Police and Firefighters' Pension (Continued)**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Actuarial valuation date	April 30, 2007	April 30, 2007	
Actuarially determined contribution requirement			
employer as a dollar amount:			
Normal cost	\$ 185,625	\$ 180,375	\$ 366,000
Amortization of unfunded actuarial accrued liability	<u>99,005</u>	<u>159,252</u>	<u>258,257</u>
	<u>\$ 284,630</u>	<u>\$ 339,627</u>	<u>\$ 624,257</u>
As a percent of current covered payroll:			
Normal cost	14.38%	22.00%	36.38%
Amortization of unfunded actuarial accrued liability	<u>7.67</u>	<u>19.43</u>	<u>27.10</u>
	<u>22.05%</u>	<u>41.43%</u>	<u>63.48%</u>
Contribution made as a dollar amount:			
Employer	\$ 392,283	\$ 270,449	\$ 662,732
Employee	<u>144,967</u>	<u>86,078</u>	<u>231,045</u>
	<u>\$ 537,250</u>	<u>\$ 356,527</u>	<u>\$ 893,777</u>
As a percent of current covered payroll:			
Employer	30.40%	33.00%	63.40%
Employee	<u>11.23</u>	<u>10.50</u>	<u>21.73</u>
	<u>41.63%</u>	<u>43.50%</u>	<u>85.13%</u>

Trend information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information may be found on page 40 of this statement.

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation of assets available:		
As a percent of the actuarial accrued liability		
Unfunded actuarial accrued liability:	<u>84.73%</u>	<u>65.42%</u>
As a percent of annual covered payroll (expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes)	<u>166.67%</u>	<u>480.97%</u>

CITY OF DIXON, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2008

NOTE 11 - PENSION PLANS (CONTINUED)

Police and Firefighter's Pension Plan Statements

STATEMENTS OF PLAN NET ASSETS

	Police Pension	Firefighters' Pension
<b>ASSETS</b>		
Cash	\$ 1,007,773	\$ 655,562
Investments, at fair value		
Mutual funds	10,980,021	7,364,809
<b>TOTAL ASSETS</b>	<b>11,987,794</b>	<b>8,020,371</b>
<b>LIABILITIES</b>		
Vouchers payable	50,687	43,986
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 11,937,107</b>	<b>\$ 7,976,385</b>

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Police Pension	Firefighters' Pension
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 392,283	\$ 270,449
Plan members	144,967	86,078
Total contributions	537,250	356,527
Investment income	293,266	357,630
Other income	50	1,200
Total additions	830,566	715,357
<b>DEDUCTIONS</b>		
Benefit payments	726,137	602,984
Management fees	92,246	70,566
Administrative and audit fee	9,375	9,525
Other	2,960	2,306
Total deductions	830,718	685,381
<b>NET INCREASE (DECREASE)</b>	(152)	29,976
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<b>11,937,259</b>	<b>7,946,409</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</b>	<b>\$ 11,937,107</b>	<b>\$ 7,976,385</b>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 11 - PENSION PLANS (CONTINUED)**

**Illinois Municipal Retirement Fund**

Plan description

The City's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statutes. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 7.37% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2007 was 25 years.

Annual Pension Cost and Net Pension Obligation

For December 31, 2007, the City's annual pension cost of \$167,095 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 experience study.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2007	\$ 167,095	100%	\$ -
December 31, 2006	155,801	100	-
December 31, 2005	132,285	100	-

\*Digest of Changes

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 11 - PENSION PLANS (CONTINUED)**

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.

**NOTE 12 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, allows them to defer a part of their compensation until future years. The City is not required to make any contributions to the plan. The amounts deferred, and earnings thereon, are not available to employees until termination, retirement, death or unforeseeable emergency.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As of December 1, 1998, the City of Dixon includes the deferred compensation plan in the fiduciary funds and reports it as a private-purpose trust.

**NOTE 13 - INTERFUND TRANSFERS/BALANCES**

Interfund transfers during the year ended April 30, 2008, were as follows:

	Transfers In	Transfers Out
General Fund:		
Municipal Sales Tax Fund	\$ 800,000	\$ -
Capital Development Fund	130,000	710,000
Landfill Fund	300,000	-
Nonmajor Governmental	-	5,000
Total General Fund	1,230,000	715,000
Municipal Sales Tax Fund:		
General Fund	-	800,000
Capital Development Fund	-	1,700,000
Sewerage Fund	-	950,000
Nonmajor Governmental	-	50,000
Total Municipal Sales Tax Fund	-	3,500,000
Capital Development Fund:		
General Fund	710,000	130,000
Municipal Sales Tax Fund	1,700,000	-
Landfill Fund	2,275,000	-
Sewerage Fund	1,070,000	-
Nonmajor Governmental	75,000	700,000
Total Capital Development Fund	5,830,000	830,000

CITY OF DIXON, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2008

NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

	Transfers In	Transfers Out
Landfill Fund:		
General Fund	-	300,000
Capital Development Fund	-	<u>2,275,000</u>
Total Landfill Fund	<u>-</u>	<u>2,575,000</u>
Sewerage Fund:		
Capital Development Fund	-	1,070,000
Municipal Sales Tax Fund	<u>950,000</u>	-
Total Sewerage Fund	<u>950,000</u>	<u>1,070,000</u>
Nonmajor Governmental	<u>755,000</u>	<u>75,000</u>
<b>Total operating transfers</b>	<b><u>\$ 8,765,000</u></b>	<b><u>\$ 8,765,000</u></b>

Transfers are used to (a) move unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations and to (b) transfer a capital asset between two funds.

Interfund balances at April 30, 2008, consisted of the following:

	General	Municipal	Capital	Landfill	Sewerage	Water	Other	Total
<u>Due from:</u>	<u>Fund</u>	<u>Sales Tax</u>	<u>Development</u>	<u>Fund</u>	<u>Fund</u>	<u>Department</u>	<u>Governmental</u>	<u>Funds</u>
<u>Due to:</u>								
General Fund Illinois	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,855	\$ 274,000	\$ 308,855
Municipal Retirement Fund	741,000	-	-	1,110,000	-	-	12,550	1,863,550
Landfill Fund	-	-	250,000	-	1,585,744	-	-	1,835,744
Sewerage Fund	925,000	50,000	-	-	-	437,835	-	1,412,835
Other Governmental Funds	<u>1,091,945</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>1,751,945</u>
<b>Total</b>	<b><u>\$2,757,945</u></b>	<b><u>\$ 50,000</u></b>	<b><u>\$ 250,000</u></b>	<b><u>\$1,710,000</u></b>	<b><u>\$1,585,744</u></b>	<b><u>\$ 472,690</u></b>	<b><u>\$ 346,550</u></b>	<b><u>\$7,172,929</u></b>

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)**

Interfund loans existing at April 30, 2008 and their purpose were as follows:

The General Fund owed a non-major governmental fund, Sewerage Fund and the Illinois Municipal Retirement Fund \$1,091,945, \$925,000 and \$741,000, respectively for money loaned to cover the cash flow of the General Fund.

The Water Department owed the Sewer Fund \$437,835 for revenues and fees collected on behalf of the Sewer Fund, but not yet remitted at April 30, 2008.

The Water Department owed the General Fund \$34,855 for the Water Department's portion of health insurance.

The Sewer Fund owed the Landfill Fund \$1,585,744 for various capital expenditures.

The Landfill Fund owed the Illinois Municipal Retirement Fund and a non-major governmental fund \$1,110,000 and \$600,000, respectively for transfers to the Capital Development Fund.

The Capital Development Fund owed the Landfill Fund \$250,000 for various capital expenditures.

The Municipal Sales Tax Fund owed the Sewerage Fund \$50,000 for various capital expenditures.

**NOTE 14 - DISBURSEMENTS IN EXCESS OF APPROPRIATIONS AND FUND DEFICITS**

Excesses of expenditures over appropriations in individual funds – None.

The following three funds had deficit fund balances or deficit retained earnings balances:

General Fund	\$ (1,660,936)
Municipal Airport Fund	\$ (35,236)
Oakwood Cemetery Fund	\$ (139,051)

The City is planning on financing these fund deficits with transfers from other funds.

**NOTE 15 - SANITARY LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require that a final cover be placed on a landfill when closed and certain maintenance performed and functions monitored at the landfill site for thirty years after closure. The landfill site remains open, and the City of Dixon, Illinois has leased the landfill site to Allied Waste Industries of Illinois, Inc., and Allied Waste Industries of Illinois, Inc., is responsible for the closure and post closure care costs.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2008**

**NOTE 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City is insured for property, general liability, workers compensation, and other risks accounted for in the General Fund.

The City is also exposed to risks of loss relating to medical insurance claims of its employees. The City is insured under a retrospectively rated policy for these medical claims.

There were no losses in excess of insurance coverage for any of the prior three years.

**NOTE 17 - CONSTRUCTION COMMITMENTS**

As of April 30, 2008, the City had remaining obligations under construction contracts as follows:

	<u>Project amount authorized</u>	<u>Expended to date</u>	<u>Commitment</u>
Tollway Intersection (New Factory)	\$ 3,250,000	\$ 2,261,500	\$ 988,500
Tollway Intersection Resurfacing	1,500,000	1,468,403	31,597
Toll Booth Demolition and Relocation	2,500,000	2,152,000	348,000

**NOTE 18 - LEE COUNTY INDUSTRIAL DEVELOPMENT ASSOCIATION**

The Water Department entered into an agreement with the Lee County Industrial Development Association (LCIDA) during July 1998. The agreement reflects payments to be received from LCIDA under Paragraph 5(b) of the Annexation Agreement for the development of water lines and water service to 53.39 acres south of the City of Dixon. During the fiscal year ended April 30, 2003, LCIDA sold the remaining acres and owes the Water Department \$59,613. The balance of this agreement is still unpaid at April 30, 2008.

**NOTE 19 - DIXON COMMUNITY FIRE PROTECTION DISTRICT**

The City of Dixon has filed objections related to taxes that the Dixon Community Fire Protection District (District) is receiving from certain property in Lee County. During the year ended April 30, 2007, the District and the City entered into an agreement whereby the District will pay a portion of the 2006 tax levy, which will be received in fiscal year 2008, to the City. The portion of the 2006 tax levy is included in the accompanying statement of net assets as a receivable and deferred revenue. Additionally, the District and City have jointly contracted a consultant to determine the most efficient and effective means of providing fire and ambulatory protection to the residents of Dixon and the surrounding area for the future.



CITY OF DIXON, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2008

**NOTE 20 - RESTATEMENT OF PRIOR YEAR NET ASSETS**

During the fiscal year ending April 30, 2008, net assets for the Governmental Activities were incorrect due to construction interest being improperly capitalized. A reconciliation of the adjustment made to the current year net assets is as follows:

	<u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
Beginning balance, as previously reported	\$ 34,387,080
Adjustment to properly record construction interest	<u>(880,443)</u>
Beginning balance, restated	<u>\$ 33,506,637</u>

See accountant's compilation report.

**REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF DIXON, ILLINOIS  
 SCHEDULE OF FUNDING PROGRESS  
 PENSION TRUST FUNDS AND  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 April 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
<b>Police Pension Fund</b>						
4/30/05	\$ 10,338,967	\$ 12,652,395	\$ 2,313,428	81.72%	\$ 1,194,514	193.67%
4/30/06	11,235,914	13,115,395	1,879,481	85.67%	1,239,676	151.61%
4/30/07	11,933,318	14,084,184	2,150,866	84.73%	1,290,523	166.67%
<b>Firemen Pension Fund</b>						
4/30/05	\$ 7,273,122	\$ 10,059,876	\$ 2,786,754	72.30%	\$ 790,639	352.47%
4/30/06	7,608,075	10,536,829	2,928,754	72.20%	779,179	375.88%
4/30/07	7,458,023	11,399,630	3,941,607	65.42%	819,518	480.97%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded AAL (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of AAL provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in UAAL and covered payroll are both affected by inflation. Expressing the UAAL as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

<b>IMRF</b>						
Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/05	\$ 7,080,206	\$ 6,721,120	\$ (359,086)	105.34%	\$ 1,965,603	0.00%
12/31/06	7,239,824	6,786,304	(453,520)	106.68%	2,047,314	0.00%
12/31/07	7,592,390	7,343,466	(248,924)	103.39%	2,267,236	0.00%

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
Year Ended April 30, 2008

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 1,563,540	\$ 1,563,540	\$ 1,807,430	\$ 243,890
Foreign fire insurance tax	15,756	15,756	-	(15,756)
Intergovernmental revenue:				
Personal property replacement tax	-	-	764,747	764,747
Income tax and surcharge	1,200,000	1,200,000	1,466,068	266,068
Utility tax	675,000	675,000	695,407	20,407
Telecom tax	-	-	94,693	94,693
Motel tax	51,116	51,116	69,395	18,279
FEMA grant	-	-	49,954	49,954
Miscellaneous grants	-	-	224	224
	1,926,116	1,926,116	3,140,488	1,214,372
Licenses, permits, and other fees	249,757	249,757	247,249	(2,508)
Fines and penalties	145,566	145,566	187,376	41,810
Revenue from use of money and property	-	-	31,452	31,452
Other	213,189	213,189	188,856	(24,333)
Total cash receipts	\$ 4,113,924	\$ 4,113,924	5,602,851	\$ 1,488,927
(Deduct) beginning accrued revenues				
add beginning deferred revenues			(445,162)	
Add ending accrued revenues				
(deduct) deferred revenues			580,772	
Total revenues			5,738,461	
<b>EXPENDITURES</b>				
<b>DEPARTMENT OF PUBLIC AFFAIRS</b>				
Salaries	\$ 84,600	\$ 84,600	19,200	\$ 65,400
Supplies and services	275,000	275,000	203,984	71,016
Professional services and fees	265,000	265,000	130,274	134,726
Insurance	5,000	5,000	100	4,900
Public relations	15,000	25,000	17,001	7,999
Main Street	15,000	15,000	15,000	-
Travel expense	5,000	6,000	4,729	1,271
Dues and subscriptions	4,000	5,000	3,855	1,145
Leadership Council	2,000	2,000	-	2,000
Tourism Council	90,000	90,000	71,296	18,704
Plan commission	10,000	10,000	756	9,244
Electrical commission	1,000	1,000	-	1,000
Human Rights Board	1,000	1,000	-	1,000
TIF District	25,000	10,500	-	10,500
Historic Preservation	5,000	5,000	-	5,000

(continued)

CITY OF DIXON, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
Year Ended April 30, 2008

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
<b>DEPARTMENT OF PUBLIC AFFAIRS (continued)</b>				
Enterprise Zone	27,000	27,000	27,000	-
Katherine Shaw Bethea Hospital	500	500	500	-
Fire and police commission	15,000	15,000	13,173	1,827
Zoning Board of Appeals	5,000	5,000	-	5,000
Miscellaneous	25,000	25,000	6,673	18,327
Condemnation Board	20,000	20,000	-	20,000
Riverfront	500,000	500,000	327,738	172,262
Welcome center	-	2,500	1,522	978
	<u>1,395,100</u>	<u>1,395,100</u>	<u>842,801</u>	<u>552,299</u>
<b>DEPARTMENT OF ACCOUNTS AND FINANCE</b>				
Salaries	189,700	189,700	155,560	34,140
Maintenance	20,000	20,000	6,207	13,793
Supplies and services	67,000	67,000	15,754	51,246
Professional services and fees	237,000	237,000	128,647	108,353
Notices and publications	5,000	5,000	1,636	3,364
Insurance	700,000	700,000	244,518	455,482
New property and equipment	100,000	100,000	-	100,000
Miscellaneous	25,000	25,000	4,892	20,108
Travel expense	5,000	5,000	505	4,495
Dues and subscriptions	5,000	5,000	1,545	3,455
	<u>1,353,700</u>	<u>1,353,700</u>	<u>559,264</u>	<u>794,436</u>
<b>DEPARTMENT OF POLICE PROTECTION</b>				
Salaries	1,987,700	1,987,700	1,754,465	233,235
Maintenance	225,000	225,000	82,667	142,333
Supplies and services	367,500	367,500	134,334	233,166
Professional services and fees	20,000	20,000	526	19,474
Insurance	355,000	355,000	163,189	191,811
New property and equipment	745,000	755,000	118,171	636,829
Police training	30,000	30,000	11,113	18,887
Miscellaneous	30,000	30,000	1,695	28,305
Travel expense	25,000	25,000	11,420	13,580
Dues and subscriptions	5,000	5,000	3,203	1,797
Medicare expense	75,000	75,000	20,731	54,269
Feeding prisoners	5,000	5,000	-	5,000
Investigations	25,000	25,000	8,049	16,951
K-9 training	5,000	5,000	123	4,877
K-9 handler	10,000	10,000	2,800	7,200
K-9 miscellaneous	5,000	5,000	1,919	3,081
No sickness policy	50,000	40,000	3,050	36,950
Federal Grant Matching Funds-Tobacco Grant	30,000	30,000	-	30,000
Education bonus	10,000	10,000	-	10,000
Lee County rent	250,000	250,000	107,925	142,075
	<u>4,255,200</u>	<u>4,255,200</u>	<u>2,425,380</u>	<u>1,829,820</u>

CITY OF DIXON, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
Year Ended April 30, 2008

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
<b>DEPARTMENT OF FIRE PROTECTION</b>				
Salaries	1,119,700	1,119,700	1,012,408	107,292
Maintenance	70,000	70,000	12,390	57,610
Supplies and services	115,000	115,000	103,332	11,668
Insurance	175,000	175,000	143,415	31,585
New property and equipment	616,000	621,000	2,582	618,418
Fire training	50,000	50,000	25,364	24,636
Miscellaneous	100,000	95,000	8,133	86,867
Dues and subscriptions	5,000	5,000	1,200	3,800
Travel expenses	5,000	5,000	4,156	844
No sickness	4,000	4,000	1,600	2,400
Medicare expense	60,000	60,000	13,765	46,235
	<u>2,319,700</u>	<u>2,319,700</u>	<u>1,328,345</u>	<u>991,355</u>
<b>DEPARTMENT OF STREETS AND IMPROVEMENTS</b>				
Salaries	567,400	582,400	419,432	162,968
Maintenance	646,000	631,000	221,377	409,623
Supplies and services	219,000	219,000	73,227	145,773
Insurance	186,500	186,500	52,337	134,163
New property and equipment	310,000	310,000	28,641	281,359
Safety and training	1,000	1,000	-	1,000
Alcohol/drug testing	-	-	820	(820)
Travel expense	5,000	5,000	418	4,582
Dues and subscriptions	1,500	1,500	1,084	416
Miscellaneous	2,500	2,500	-	2,500
Meal allowance	5,000	5,000	-	5,000
	<u>1,943,900</u>	<u>1,943,900</u>	<u>797,336</u>	<u>1,146,564</u>
<b>DEPARTMENT OF BUILDING AND ZONING</b>				
Salaries	175,000	175,000	137,060	37,940
Maintenance	14,500	14,500	3,247	11,253
Supplies and services	57,000	57,000	3,010	53,990
Insurance	30,000	30,000	15,198	14,802
New property and equipment	70,000	70,000	187	69,813
Training	10,000	10,000	839	9,161
Miscellaneous	5,000	5,000	-	5,000
Travel expense	5,000	5,000	907	4,093
Dues and subscriptions	1,000	1,000	525	475
	<u>367,500</u>	<u>367,500</u>	<u>160,973</u>	<u>206,527</u>

(continued)

CITY OF DIXON, ILLINOIS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
 Year Ended April 30, 2008

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
<b>DEPARTMENT OF PUBLIC PROPERTY</b>				
Salaries	67,700	67,700	19,893	47,807
Maintenance	410,000	408,000	78,719	329,281
Supplies and services	37,000	37,000	1,650	35,350
New property and equipment	615,000	617,000	292,810	324,190
Engineering	100,000	100,000	9,442	90,558
Bond Insurance	2,500	2,500	100	2,400
Holiday decorations	10,000	10,000	-	10,000
Flood control	50,000	50,000	-	50,000
Real estate taxes	10,000	10,000	-	10,000
Miscellaneous	10,000	10,000	995	9,005
	<u>1,312,200</u>	<u>1,312,200</u>	<u>403,609</u>	<u>908,591</u>
<b>DEPARTMENT OF TRAFFIC MAINTENANCE</b>				
Salaries	69,500	69,500	53,723	15,777
Maintenance	135,000	135,000	32,873	102,127
Supplies and service	20,000	20,000	(193)	20,193
Insurance	10,000	10,000	5,050	4,950
New property and equipment	175,000	175,000	857	174,143
Training expense	5,000	5,000	-	5,000
Miscellaneous	5,000	5,000	6,605	(1,605)
	<u>419,500</u>	<u>419,500</u>	<u>98,915</u>	<u>320,585</u>
<b>DEPARTMENT OF PUBLIC WORKS</b>				
Salaries	180,000	180,000	104,737	75,263
Maintenance	15,000	15,000	2,969	12,031
Supplies and service	45,000	45,000	7,911	37,089
Professional services and fees	90,000	90,000	37,909	52,091
Insurance	11,000	11,000	5,098	5,902
New property and equipment	15,000	15,000	2,562	12,438
Dues and subscriptions	5,000	5,000	2,180	2,820
Public Relations	5,000	5,000	1,275	3,725
Travel expense	5,000	5,000	-	5,000
License renewals	5,000	5,000	-	5,000
Conferences	10,000	10,000	-	10,000
Miscellaneous	15,000	15,000	-	15,000
	<u>401,000</u>	<u>401,000</u>	<u>164,641</u>	<u>236,359</u>

(continued)

CITY OF DIXON, ILLINOIS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
 Year Ended April 30, 2008

	Appropriation		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>PAYMENTS TO PENSIONS</b>				
Firefighters' Pension Fund	400,000	400,000	270,449	129,551
Police Pension Fund	<u>500,000</u>	<u>500,000</u>	<u>392,281</u>	<u>107,719</u>
	<u>900,000</u>	<u>900,000</u>	<u>662,730</u>	<u>237,270</u>
 Total cash disbursements	 <u>\$ 14,667,800</u>	 <u>\$ 14,667,800</u>	 7,443,994	 <u>\$ 7,223,806</u>
 (Deduct) beginning accrued expenditures, add beginning prepaid expenditures			 (394,623)	
Add ending accrued expenditures, (deduct) ending prepaid expenditures			 <u>457,547</u>	
 Total expenditures			 <u>7,506,918</u>	
 Deficiency of revenues over expenditures			 (1,768,457)	
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	\$ 3,709,400	\$ 3,709,400	1,230,000	\$ (2,479,400)
Operating transfers out	<u>(6,150,000)</u>	<u>(6,150,000)</u>	<u>(715,000)</u>	<u>5,435,000</u>
	<u>\$ (2,440,600)</u>	<u>\$ (2,440,600)</u>	<u>515,000</u>	<u>\$ 2,955,600</u>
 Deficiency of revenues and other financing sources over expenditures and other financing uses			 (1,253,457)	
 FUND DEFICIT, BEGINNING OF YEAR			 <u>(407,479)</u>	
 FUND DEFICIT, END OF YEAR			 <u>\$ (1,660,936)</u>	

See accountant's compilation report.



CITY OF DIXON, ILLINOIS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
 Year Ended April 30, 2008

	<u>Appropriation</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>REVENUES</b>				
General property taxes	\$ 382,400	\$ 382,400	\$ 401,895	\$ 19,495
Revenue from use of money and property	<u>35,000</u>	<u>35,000</u>	<u>58,444</u>	<u>23,444</u>
Total cash receipts	<u>\$ 417,400</u>	<u>\$ 417,400</u>	460,339	<u>\$ 42,939</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>460,339</u>	
<b>EXPENDITURES</b>				
Payments to pensions	\$ 450,000	\$ 450,000	162,937	\$ 287,063
Administration service	<u>5,000</u>	<u>5,000</u>	<u>2,000</u>	<u>3,000</u>
Total cash disbursements	<u>\$ 455,000</u>	<u>\$ 455,000</u>	164,937	<u>\$ 290,063</u>
(Deduct) beginning accrued expenditures			-	
Add ending accrued expenditures			<u>-</u>	
Total expenditures			<u>164,937</u>	
Excess of revenues over expenditures			295,402	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>2,605,979</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 2,901,381</u>	

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
MUNICIPAL SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL  
Year Ended April 30, 2008

	Appropriation		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 2,570,000	\$ 2,570,000	\$ 2,640,217	\$ 70,217
Non-home rule sales tax	-	-	725,947	725,947
Revenue from use of money and property	<u>15,000</u>	<u>15,000</u>	<u>12,752</u>	<u>(2,248)</u>
Total cash receipts	<u>\$ 2,585,000</u>	<u>\$ 2,585,000</u>	3,378,916	<u>\$ 793,916</u>
(Deduct) beginning accrued revenues			(480,916)	
Add ending accrued revenues			<u>543,689</u>	
Total revenues			<u>3,441,689</u>	
<b>EXPENDITURES</b>				
Payments to Ken Nelson Auto Plaza	\$ 250,000	\$ 250,000	41,115	\$ 208,885
Miscellaneous	-	100	20	80
Total cash disbursements	<u>\$ 250,000</u>	<u>\$ 250,100</u>	41,135	<u>\$ 208,965</u>
(Deduct) beginning accrued expenditures			(11,582)	
Add ending accrued expenditures			<u>33,279</u>	
Total expenditures			<u>62,832</u>	
Excess of revenues over expenditures			3,378,857	
<b>OTHER FINANCING USES</b>				
Operating transfers out	<u>\$ 16,200,000</u>	<u>\$ -</u>	(3,500,000)	<u>\$ (3,500,000)</u>
Deficiency of revenues over expenditures and other financing uses			(121,143)	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,035,159</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 914,016</u>	

See accountant's compilation report.

**CITY OF DIXON, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**April 30, 2008**

**NOTE 1 - BASIS OF ACCOUNTING**

Annual budgets are adopted for all governmental funds using the cash basis of accounting, which is a different basis of accounting other than generally accepted in the United States of America, but is allowed under Illinois Compiled Statutes for Cities.

**NOTE 2 - EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS**

No major funds had an excess of disbursements over appropriations.

**NOTE 3 - NOTE TO SCHEDULE OF FUNDING PROGRESS**

The required contribution was determined as part of the actuarial valuation method using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3.00% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15.00% corridor.

See accountant's compilation report.

**SUPPLEMENTAL INFORMATION**

CITY OF DIXON, ILLINOIS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
April 30, 2008

	Special Revenue													Debt Service
	General Government			Highways and Streets		Airport		Culture and Recreation			Welfare		Public Safety	
	Public Benefit	Downtown Redevelopment Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Oakwood Cemetery	Civil Defense	Emergency Vehicle	Foreign Fire Insurance	Total	
<b>ASSETS</b>														
Cash and cash equivalents	\$ 3,893	\$ 994	\$ 564,545	\$ 639,447	\$ 3,102	\$ 11,806	\$ 189,061	\$ 167,260	\$ 7,269	\$ 44,065	\$ 530,932	\$ 6,030	\$ 18	\$ 2,223,132
Investments	-	-	-	552,378	66,073	585,272	128,655	-	-	-	-	-	-	1,332,578
Receivables:														
General property taxes	-	77,432	398,659	353,283	-	-	263,591	61,784	38,877	15,002	-	-	-	1,208,628
Motor fuel tax allotments	-	-	-	-	35,685	-	-	-	-	-	-	-	-	35,685
Accounts, less allowance for estimated uncollectibles	-	-	-	-	-	312	19,300	-	18,522	-	109,009	-	-	147,143
Notes receivable	-	-	38,837	-	-	-	-	-	-	-	-	-	-	38,837
Prepaid insurance	-	-	-	-	-	5,038	465	484	3,665	-	-	-	-	9,652
Due from other funds	-	-	-	830,000	631,945	-	-	-	-	-	290,000	-	-	1,751,945
<b>TOTAL ASSETS</b>	\$ 3,893	\$ 78,426	\$ 1,002,041	\$ 2,375,108	\$ 701,120	\$ 665,667	\$ 611,272	\$ 229,528	\$ 68,333	\$ 59,067	\$ 929,941	\$ 6,030	\$ 18	\$ 6,747,600
<b>LIABILITIES</b>														
Vouchers payable	-	-	-	-	-	-	\$ 4,709	\$ 796	\$ 8,671	\$ -	\$ 1,340	\$ -	\$ -	\$ 28,297
Accrued liabilities:														
Payroll	-	-	-	-	-	1,611	6,874	-	5,286	-	-	-	-	13,771
Deferred property tax revenue	-	77,432	398,659	353,283	-	-	263,591	61,784	38,877	15,002	-	-	-	1,208,628
Due to other funds	-	-	154,000	-	-	38,000	-	154,550	-	-	-	-	-	348,550
<b>Total liabilities</b>	-	77,432	552,659	353,283	-	52,392	275,174	62,580	207,384	15,002	1,340	-	-	1,597,246
<b>FUND BALANCES</b>														
Reserved for prepaid insurance	-	-	-	-	-	5,038	465	484	3,665	-	290,000	-	18	299,652
Reserved for debt service	-	-	15,588	-	-	(40,274)	335,633	166,464	(142,716)	44,065	638,601	6,030	-	4,835,096
Unreserved	3,893	994	433,794	2,021,825	701,120	665,667	(35,236)	166,948	(139,051)	44,065	928,601	6,030	18	5,150,354
<b>Total fund balances</b>	3,893	994	449,382	2,021,825	701,120	665,667	(35,236)	166,948	(139,051)	44,065	928,601	6,030	18	5,150,354
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 3,893	\$ 78,426	\$ 1,002,041	\$ 2,375,108	\$ 701,120	\$ 665,667	\$ 611,272	\$ 229,528	\$ 68,333	\$ 59,067	\$ 929,941	\$ 6,030	\$ 18	\$ 6,747,600

CITY OF DIXON, ILLINOIS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year Ended April 30, 2008

	Special Revenue											Debt Service		
	General Government			Highways and Streets			Culture and Recreation			Welfare			Public Safety	
	Public Benefit	Downtown Redevelopment Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Oakwood Cemetery	Civil Defense	Emergency Vehicle		Foreign Fire Insurance	Total
<b>REVENUES</b>														
General property taxes	\$ 73,837	\$ 342,556	\$ 336,093	\$ -	\$ -	\$ -	\$ 250,776	\$ 59,849	\$ 36,966	\$ 14,344	\$ -	\$ -	\$ 1,113,521	
Personal property replacement tax	-	-	-	-	452,564	-	60,668	-	-	-	-	-	60,668	
Motor fuel tax allotments	-	-	-	-	-	-	-	-	-	-	-	16,435	452,564	
Foreign fire insurance tax	-	-	-	-	-	-	22,329	-	-	-	-	-	16,435	
User fees	-	-	-	-	-	-	-	-	63,764	-	-	-	367,375	
Cemetery lot sales and services	-	-	-	-	-	-	-	-	-	-	-	-	369,904	
Revenue from use of money and property	1,365	4,292	42,272	74	28,153	56,423	11,465	6,466	18,365	1,287	17,786	-	186,060	
Miscellaneous	-	-	-	-	-	850	18,566	-	1,924	-	542	-	21,905	
State of Illinois Grant	-	-	-	-	-	-	19,300	-	-	-	-	-	19,300	
<b>Total revenues</b>	111	75,002	347,148	74	480,717	57,273	383,127	65,315	121,039	15,631	365,903	16,435	2,326,141	
<b>EXPENDITURES</b>														
Salaries	-	-	-	-	54,712	-	222,038	35,696	167,462	3,120	83,455	-	566,483	
Maintenance	-	-	-	-	6,929	-	14,164	-	9,300	2,750	22,366	-	608,238	
Supplies, services and professional services	-	637,901	-	-	23,206	-	57,966	1,507	88,843	-	6,356	-	825,802	
Fuel, gas, and oil	-	-	-	-	-	-	2,335	-	-	-	-	-	2,335	
Insurance	-	-	-	-	20,354	-	36,740	692	29,229	-	-	-	87,015	
New property and equipment	-	-	-	-	32,437	-	-	-	-	-	-	-	32,437	
Debt payments:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal	-	-	15,000	-	-	-	-	-	-	-	-	-	15,000	
Interest	-	-	690	-	-	-	-	-	-	-	-	-	690	
Miscellaneous	-	-	-	-	17	-	20,376	990	1,762	-	101,939	-	126,169	
Taxes	-	-	-	-	-	-	1,013	-	-	-	-	-	1,013	
Payments to Social Security System	-	-	-	-	-	-	182,430	-	-	-	-	-	182,430	
Administrative fee	-	-	-	-	-	-	2,000	-	-	-	-	-	2,000	
<b>Total expenditures</b>	-	653,591	184,430	-	550,746	141,151	353,622	38,885	296,596	5,670	214,116	10,405	2,448,412	
Excess (deficiency) of revenues over expenditures	111	75,002	(306,443)	74	(70,029)	(83,878)	29,505	26,430	(175,557)	9,761	171,787	6,030	(123,271)	
<b>OTHER FINANCING SOURCES (USES)</b>														
Operating transfers in	-	700,000	-	-	-	25,000	-	-	30,000	-	-	-	755,000	
Operating transfers out	-	(75,000)	-	-	-	-	-	-	-	-	-	-	(75,000)	
<b>Total other financing sources (uses)</b>	-	(75,000)	700,000	-	-	25,000	-	-	30,000	-	-	-	680,000	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	111	2	393,557	74	(70,029)	(58,878)	29,505	26,430	(145,557)	9,761	171,787	8,030	556,729	
<b>FUND BALANCE, BEGINNING OF YEAR</b>	3,782	992	55,625	701,046	735,696	23,642	306,593	140,518	6,506	34,304	756,814	-	4,593,625	
<b>FUND BALANCE, END OF YEAR</b>	\$ 3,893	\$ 994	\$ 449,382	\$ 701,120	\$ 665,667	\$ (35,236)	\$ 336,098	\$ 166,948	\$ (139,051)	\$ 44,065	\$ 928,601	\$ 6,030	\$ 5,150,354	

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
 FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 April 30, 2008

	Private Purpose Trust					Agency Fund
	Cemetery Endowment	Deferred Compensation	Petunia Endowment	Dixon Memorial Arch Preservation	Total	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 247,425	\$ -	\$ 13,258	\$ 670	\$ 261,353	\$ 5,429
Investments	220,000	2,246,626	29,176	-	2,495,802	-
Receivables:						
Accounts, net of allowance for estimated uncollectibles	13,552	-	-	-	13,552	-
<b>TOTAL ASSETS</b>	<b>\$ 480,977</b>	<b>\$ 2,246,626</b>	<b>\$ 42,434</b>	<b>\$ 670</b>	<b>\$ 2,770,707</b>	<b>\$ 5,429</b>
<b>LIABILITIES</b>						
Performance deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,429
Total liabilities	-	-	-	-	-	5,429
<b>FUND BALANCES/NET ASSETS</b>						
Reserved for perpetual endowment	480,977	-	-	-	480,977	-
Reserved for deferred compensation	-	2,246,626	-	-	2,246,626	-
Unreserved	-	-	42,434	670	43,104	-
Total fund balances/net assets	480,977	2,246,626	42,434	670	2,770,707	-
<b>TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS</b>	<b>\$ 480,977</b>	<b>\$ 2,246,626</b>	<b>\$ 42,434</b>	<b>\$ 670</b>	<b>\$ 2,770,707</b>	<b>\$ 5,429</b>

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING A STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
Year Ended April 30, 2008

	Private Purpose Trusts					Total
	Cemetery Endowment	Deferred Compensation	Petunia Endowment	Dixon Memorial Arch Preservation		
<b>ADDITIONS</b>						
Contributions	\$ 6,413	\$ 121,003	\$ 14,541	\$ -	\$ -	\$ 141,957
Revenue from use of money and property	-	49,846	1,815	-	-	51,661
Total revenues	<u>6,413</u>	<u>170,849</u>	<u>16,356</u>	<u>-</u>	<u>-</u>	<u>193,618</u>
<b>DEDUCTIONS</b>						
Withdrawals	-	239,798	-	-	-	239,798
Administrative	130	13,715	2,791	-	-	16,636
Total expenditures	<u>130</u>	<u>253,513</u>	<u>2,791</u>	<u>-</u>	<u>-</u>	<u>256,434</u>
Net (decrease) increase	<u>6,283</u>	<u>(82,664)</u>	<u>13,565</u>	<u>-</u>	<u>-</u>	<u>(62,816)</u>
<b>NET ASSETS</b>						
BEGINNING OF YEAR	<u>474,694</u>	<u>2,329,290</u>	<u>28,869</u>	<u>670</u>	<u>670</u>	<u>2,833,523</u>
NET ASSETS END OF YEAR	<u>\$ 480,977</u>	<u>\$ 2,246,626</u>	<u>\$ 42,434</u>	<u>\$ 670</u>	<u>\$ 670</u>	<u>\$ 2,770,707</u>

See accountant's compilation report.



CITY OF DIXON, ILLINOIS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
April 30, 2008

	Pension Trust Funds		
	Firefighters' Pension	Police Pension	Total
<b>ASSETS</b>			
Cash	\$ 655,562	\$ 1,007,773	\$ 1,663,335
Investments, at fair value Mutual funds	7,364,809	10,980,021	18,344,830
<b>TOTAL ASSETS</b>	8,020,371	11,987,794	20,008,165
<b>LIABILITIES</b>			
Vouchers payable	43,986	50,687	94,673
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	\$ 7,976,385	\$ 11,937,107	\$ 19,913,492

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
Year Ended April 30, 2008

	Pension Trust Funds		
	Firefighters' Pension	Police Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 270,449	\$ 392,283	\$ 662,732
Plan members	86,078	144,967	231,045
Total contributions	<u>356,527</u>	<u>537,250</u>	<u>893,777</u>
Investment income	<u>357,630</u>	<u>293,266</u>	<u>650,896</u>
Other income	<u>1,200</u>	<u>50</u>	<u>1,250</u>
Total additions	<u>715,357</u>	<u>830,566</u>	<u>1,545,923</u>
<b>DEDUCTIONS</b>			
Benefit payments	602,984	726,137	1,329,121
Management fees	70,566	92,246	162,812
Administrative and audit fee	9,525	9,375	18,900
Other	2,306	2,960	5,266
Total deductions	<u>685,381</u>	<u>830,718</u>	<u>1,516,099</u>
<b>NET INCREASE (DECREASE)</b>	29,976	(152)	29,824
<b>NET ASSETS HELD IN TRUST FOR</b>			
<b>PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>7,946,409</u>	<u>11,937,259</u>	<u>19,883,668</u>
<b>NET ASSETS HELD IN TRUST FOR</b>			
<b>PENSION BENEFITS, END OF YEAR</b>	<u>\$ 7,976,385</u>	<u>\$ 11,937,107</u>	<u>\$ 19,913,492</u>

See accountant's compilation report.

CITY OF DIXON, ILLINOIS  
 SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS  
 April 30, 2008

Fund	2006			2005			2004					
	Assessed valuation	Tax rate	Tax extensions	Tax collections	Assessed valuation	Tax rate	Tax extensions	Tax collections	Assessed valuation	Tax rate	Tax extensions	Tax collections
Corporate	\$ 148,029,423	.2556	\$ 378,363	\$ 377,940	\$ 140,783,327	.2560	\$ 360,405	\$ 359,710	\$ 144,114,282	.2564	\$ 369,509	\$ 360,405
Police Protection	148,029,423	.1496	221,452	221,204	140,783,327	.1498	210,893	210,580	144,114,282	.1500	216,171	210,893
Fire Protection	85,957,489	.1500	128,936	128,744	82,511,952	.1500	123,768	123,648	82,807,952	.1500	124,212	123,768
Audit	148,029,423	.0299	44,261	44,212	140,783,327	.0299	42,094	42,014	144,114,282	.0299	43,090	42,094
Road and Bridge	148,029,423	-	-	72,733	140,783,327	-	-	70,339	144,114,282	-	-	70,439
Public Benefit	148,029,423	.0498	73,719	73,637	140,783,327	.0499	70,251	70,115	144,114,282	.0500	72,057	70,251
Band	148,029,423	.0398	58,916	58,849	140,783,327	.0399	56,173	56,064	144,114,282	.0400	57,648	56,173
Library	148,029,423	.1496	221,452	221,204	140,783,327	.1498	210,893	210,488	144,114,282	.1500	216,171	210,893
Cemetery	148,029,423	.0250	37,007	36,968	140,783,327	.0250	35,128	35,128	144,114,282	.0250	36,028	35,196
Fire Pension	85,957,489	.3151	270,852	270,449	82,511,952	.3160	260,737	260,485	82,807,952	.3116	258,030	260,737
Police Pension	148,029,423	.2653	392,722	392,281	140,783,327	.2657	374,061	373,340	144,114,282	.2661	374,061	374,061
IMRF	148,029,423	.2718	402,344	401,895	140,783,327	.2722	383,212	382,474	144,114,282	.2726	392,856	383,212
Civil Defense	148,029,423	.0097	14,359	14,344	140,783,327	.0097	13,656	13,651	144,114,282	.0097	13,979	13,656
Claim and Judgment Te	148,029,423	.2028	300,204	299,867	140,783,327	.2031	285,931	285,379	144,114,282	.2034	293,128	285,931
Library Maintenance	148,029,423	.0200	29,606	29,573	140,783,327	.0200	28,157	28,101	144,114,282	.0200	28,823	28,157
Social Security	148,029,423	.2273	336,471	336,093	140,783,327	.2276	320,423	319,808	144,114,282	.2279	328,436	320,423
TIF District 1	2,871,014	-	282,255	282,255	-	-	-	17,659	-	-	-	-
TIF District 3	4,279,875	-	60,602	60,602	2,873,063	-	269,539	269,539	5,529,901	-	259,056	269,539
			\$ 3,253,521	\$ 3,322,848			\$ 3,045,389	\$ 3,128,498			\$ 3,092,681	\$ 3,115,828

Note: Collections may exceed extensions on the tax rates because mobile home tax, which is not based upon assessed valuations as above computed, was collected and is included in the "collections" amounts.

**CITY OF DIXON, ILLINOIS  
INSURANCE COVERAGE AND STATISTICS  
April 30, 2008**

<u>Amount of Coverage</u>	<u>Risk Covered</u>	<u>Expiration Insurer</u>	<u>Date</u>
Replacement cost (up to \$8 million)	Blanket coverage - buildings and equipment	Illinois Risk Management Association	12/31/08
\$50,000 per occurrence	Crime	Illinois Risk Management Association	12/31/08
Statutory	Worker's compensation	Illinois Risk Management Association	12/31/08
\$2 million per accident	Employer's liability	Illinois Risk Management Association	12/31/08
\$30 million	Auto liability including trucks and tractors	Illinois Risk Management Association	12/31/08
\$5 million	Flood and earthquake	Illinois Risk Management Association	12/31/08
\$8 million	Comprehensive general liability	Illinois Risk Management Association	12/31/08
\$50,000	Valuable papers and records	Illinois Risk Management Association	12/31/08
Replacement cost (up to \$17,000,000)	Boiler and machinery	Hartford	04/30/09
\$15,000	Blanket bond	Western Surety Company	08/25/08

The following statistics as of April 30, 2008, were furnished by the Water Department:

Number of metered customers	5,891
Number of unmetered customers for fire protection only	66
Number of hydrants	882
Gallons of water through master meters	728,188,700
Gallons of water billed through meters	694,532,250
Percent billed through meters	95%

See accountant's compilation report.