



CITY OF DIXON, ILLINOIS
Dixon, Illinois

BASIC FINANCIAL STATEMENTS
April 30, 2009

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**Clifton
Gunderson LLP**

Certified Public Accountants & Consultants

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, 2009 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 51 and budgetary comparison information on pages 52 through 59, 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 on pages 60 through 68 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
December 10, 2009

CITY OF DIXON, ILLINOIS
STATEMENT OF NET ASSETS
April 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,134,862	\$ 1,368,890	\$ 3,503,752
Investments	5,174,742	201,339	5,376,081
Restricted cash	-	209,721	209,721
Restricted investments	-	227,670	227,670
General property taxes receivable	3,694,618	-	3,694,618
Due from State of Illinois	967,106	-	967,106
Motor fuel tax receivable	31,833	-	31,833
Accounts receivable	175,472	707,239	882,711
Other receivable	191,156	720	191,876
Notes receivable	33,202	-	33,202
Due from (to) external parties	485,000	(485,000)	-
Inventory	20,316	120,209	140,525
Prepaid insurance	166,472	55,854	222,326
Land and improvements	2,530,861	149,073	2,679,934
Construction in progress	2,930,278	5,724,982	8,655,260
Other capital assets, net of depreciation	38,387,731	29,322,419	67,710,150
TOTAL ASSETS	56,923,649	37,603,116	94,526,765
LIABILITIES			
Voucher payable	899,478	433,113	1,332,591
Accrued payroll and taxes	404,528	35,560	440,088
Accrued interest	186,099	124,299	310,398
Deferred license income	37,896	-	37,896
Deferred property tax revenue	3,694,618	-	3,694,618
Consumer deposits	-	376,799	376,799
Long-term liabilities:			
Due within one year	1,072,911	1,277,126	2,350,037
Due in more than one year	11,873,764	20,165,694	32,039,458
Total liabilities	18,169,294	22,412,591	40,581,885
NET ASSETS (DEFICITS)			
Invested in capital assets, net of related debt	30,902,195	13,753,654	44,655,849
Restricted for:			
Special revenue	9,085,323	-	9,085,323
Debt service	18	-	18
Capital projects	1,675,847	-	1,675,847
Enterprise funds	-	437,391	437,391
Unrestricted	(2,909,028)	999,480	(1,909,548)
TOTAL NET ASSETS (DEFICITS)	\$ 38,754,355	\$ 15,190,525	\$ 53,944,880

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended April 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental activities							
General government	\$ 3,227,688	\$ 266,924	\$ -	\$ 2,432,128	\$ (528,636)	\$ -	\$ (528,636)
Public safety	5,860,348	505,747	-	-	(5,354,601)	-	(5,354,601)
Public works	145,320	-	-	-	(145,320)	-	(145,320)
Highways and streets	2,221,990	-	-	-	(2,221,990)	-	(2,221,990)
Traffic development	102,061	-	-	-	(102,061)	-	(102,061)
Welfare	7,274	-	-	-	(7,274)	-	(7,274)
Culture and recreation	458,738	22,026	31,285	-	(405,427)	-	(405,427)
Airport	120,233	-	-	-	(120,233)	-	(120,233)
Cemetery	429,561	66,906	-	-	(362,655)	-	(362,655)
Interest on long-term debt	583,886	-	-	-	(583,886)	-	(583,886)
Total governmental activities	<u>13,157,099</u>	<u>861,603</u>	<u>31,285</u>	<u>2,432,128</u>	<u>(9,832,083)</u>	<u>-</u>	<u>(9,832,083)</u>
Business-type activities:							
Landfill	22,930	1,886,897	-	-	-	1,863,967	1,863,967
Sewer	2,999,983	1,892,863	-	-	-	(1,107,120)	(1,107,120)
Water Department	1,817,246	1,498,414	-	-	-	(318,832)	(318,832)
Total business-type activities	<u>4,840,159</u>	<u>5,278,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,015</u>	<u>438,015</u>
Total primary government	\$ 17,997,258	\$ 6,139,777	\$ 31,285	\$ 2,432,128	(9,832,083)	438,015	(9,394,068)
General Revenues:							
Property taxes					3,507,414	-	3,507,414
Sales tax					3,455,201	-	3,455,201
Personal property replacement tax					740,146	-	740,146
Income tax and surcharge					1,465,932	-	1,465,932
Foreign fire insurance tax					16,808	-	16,808
Motel tax					63,958	-	63,958
Utility tax					731,913	-	731,913
Telecom tax					96,026	-	96,026
Motor fuel tax allotments					423,445	-	423,445
Interest					342,953	27,723	370,676
Other					319,689	175,087	494,776
Transfers - internal activity					1,935,000	(1,935,000)	-
Total general revenues and transfers					<u>13,098,485</u>	<u>(1,732,190)</u>	<u>11,366,295</u>
Change in net assets					3,266,402	(1,294,175)	1,972,227
NET ASSETS, BEGINNING OF YEAR					<u>35,487,953</u>	<u>16,484,700</u>	<u>51,972,653</u>
NET ASSETS, END OF YEAR					<u>\$ 38,754,355</u>	<u>\$ 15,190,525</u>	<u>\$ 53,944,880</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2009

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 489,277	\$ 38,274	\$ 34,467	\$ 60,601	\$ 1,512,243	\$ 2,134,862
Investments	32,320	999,537	113,055	2,405,566	1,624,264	5,174,742
Receivables:						
General property taxes	1,974,371	443,605	-	-	1,276,642	3,694,618
State income tax	331,910	-	-	-	-	331,910
Sales tax	-	-	530,678	-	-	530,678
Motor fuel tax allotments	-	-	-	-	31,833	31,833
Utility tax	104,518	-	-	-	-	104,518
Accounts	7,600	-	-	-	167,872	175,472
Circuit Clerk	9,141	-	-	-	-	9,141
Other	182,015	-	-	-	-	182,015
Notes receivable	-	-	-	-	33,202	33,202
Inventory	20,316	-	-	-	-	20,316
Prepaid insurance	153,080	-	-	-	13,392	166,472
Due from other funds	192,000	2,163,550	-	-	2,363,945	4,719,495
TOTAL ASSETS	\$ 3,496,548	\$ 3,644,966	\$ 678,200	\$ 2,466,167	\$ 7,023,393	\$ 17,309,274
LIABILITIES						
Voucher payable	\$ 311,321	\$ -	\$ 11,719	\$ 540,320	\$ 36,118	\$ 899,478
Accrued liabilities:						
Payroll	382,283	-	-	-	15,192	397,475
Accrued payroll taxes and other withholdings	7,053	-	-	-	-	7,053
Deferred license income	37,896	-	-	-	-	37,896
Deferred property tax revenue	1,974,371	443,605	-	-	1,276,642	3,694,618
Due to other funds	3,519,945	-	50,000	250,000	414,550	4,234,495
Total liabilities	6,232,869	443,605	61,719	790,320	1,742,502	9,271,015
FUND (DEFICIT) BALANCES						
Restricted	-	-	-	-	-	-
Unrestricted						
Reserved for inventory and prepaids	173,396	-	-	-	13,392	186,788
Unreserved						
General	(2,909,717)	-	-	-	-	(2,909,717)
Special Revenue	-	3,201,361	616,481	-	5,267,481	9,085,323
Capital Projects	-	-	-	1,675,847	-	1,675,847
Debt Service	-	-	-	-	18	18
Total fund (deficit) balances	(2,736,321)	3,201,361	616,481	1,675,847	5,280,891	8,038,259
TOTAL LIABILITIES AND FUND (DEFICIT) BALANCES	\$ 3,496,548	\$ 3,644,966	\$ 678,200	\$ 2,466,167	\$ 7,023,393	\$ 17,309,274

See accountant's compilation report and accompanying notes.

**CITY OF DIXON, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
Year Ended April 30, 2009**

Total governmental fund balances	\$ 8,038,259
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 \$20,286,259	43,848,870
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(12,346,000)
Contract payable	(71,333)
Other post-employment benefits	(129,098)
Net pension obligation	(400,244)
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>(186,099)</u>
Total net assets - governmental activities	<u>\$ 38,754,355</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended April 30, 2009

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
General property taxes	\$ 1,880,891	\$ 420,963	\$ -	\$ -	\$ 1,205,560	\$ 3,507,414
Foreign fire insurance tax	-	-	-	-	16,808	16,808
Intergovernmental revenues	3,042,388	-	3,455,201	2,432,166	510,279	9,440,034
Licenses, permits, and other fees	266,924	-	-	-	-	266,924
Fines and penalties	148,360	-	-	-	-	148,360
Charges for services	-	-	-	-	446,319	446,319
Revenue from use of money and property	8,544	44,574	4,516	56,073	229,246	342,953
Other	247,305	-	-	60,000	17,384	324,689
Total revenues	5,594,412	465,537	3,459,717	2,548,239	2,425,596	14,493,501
EXPENDITURES						
General government	2,040,823	-	47,252	-	47,521	2,135,596
Public safety						
Police protection and community relations	2,572,899	-	-	-	-	2,572,899
Fire fighting and prevention and emergency vehicle	1,269,928	-	-	-	453,938	1,723,866
Public works	145,320	-	-	-	-	145,320
Highways and streets	867,021	-	-	-	94,542	961,563
Traffic development	102,061	-	-	-	-	102,061
Welfare-Civil Defense	-	-	-	-	7,274	7,274
Culture and recreation	-	-	-	-	462,440	462,440
Airport operations	-	-	-	-	113,477	113,477
Cemetery operations	-	-	-	-	401,470	401,470
Capital outlay	-	-	-	8,566,266	79,388	8,645,654
Debt Service						
Principal	-	-	-	691,000	-	691,000
Interest	-	-	-	523,556	-	523,556
Payments to pensions	687,745	165,557	-	-	-	853,302
Payments to Social Security System	-	-	-	-	189,009	189,009
Total expenditures	7,685,797	165,557	47,252	9,780,822	1,849,059	19,528,487
Excess (deficiency) of revenues over expenditures	(2,091,385)	299,980	3,412,465	(7,232,583)	576,537	(5,034,986)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	2,066,000	-	-	5,075,000	200,000	7,341,000
Operating transfers out	(1,050,000)	-	(3,710,000)	-	(646,000)	(5,406,000)
Total other financing sources (uses)	1,016,000	-	(3,710,000)	5,075,000	(446,000)	1,935,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,075,385)	299,980	(297,535)	(2,157,583)	130,537	(3,099,986)
FUND (DEFICIT) BALANCE, BEGINNING OF YEAR	(1,660,936)	2,901,381	914,016	3,833,430	5,150,354	11,138,245
FUND (DEFICIT) BALANCE, END OF YEAR	\$ (2,736,321)	\$ 3,201,361	\$ 616,481	\$ 1,675,847	\$ 5,280,891	\$ 8,038,259

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, 2009**

Net change in fund balances - total governmental funds	\$ (3,099,986)
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.	
	5,938,930
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 repayments exceeded debt proceeds.	
	487,788
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>(60,330)</u>
Change in net assets of governmental activities	<u>\$ 3,266,402</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2009

	Business-Type Activities			Total
	Landfill Fund	Sewerage Fund	Water Department Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 537,680	\$ 310,799	\$ 520,411	\$ 1,368,890
Restricted cash	-	-	209,721	209,721
Investments:				
Unrestricted	-	-	201,339	201,339
Restricted	-	-	227,670	227,670
Receivables:				
Accounts	-	-	707,239	707,239
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	-	-	120,209	120,209
Prepaid insurance	-	17,807	38,047	55,854
Total current assets	2,373,424	1,741,441	2,025,356	6,140,221
PROPERTY AND EQUIPMENT				
Assets not depreciated				
Land	-	-	149,073	149,073
Construction in progress	-	164,410	5,560,572	5,724,982
Total assets not depreciated	-	164,410	5,709,645	5,874,055
Assets being depreciated				
Sewerage system	-	14,029,316	-	14,029,316
Water system	-	3,985,743	9,468,333	13,454,076
Building and improvements	-	325,365	-	325,365
Wastewater treatment plant	-	17,503,572	-	17,503,572
Machinery and equipment	58,928	535,130	428,514	1,022,572
Furniture and fixtures	-	8,953	111,373	120,326
Transportation equipment	-	111,836	461,475	573,311
	58,928	36,499,915	10,469,695	47,028,538
Less accumulated depreciation	(50,365)	(12,592,121)	(5,063,633)	(17,706,119)
Net property and equipment being depreciated	8,563	23,907,794	5,406,062	29,322,419
Net property and equipment	8,563	24,072,204	11,115,707	35,196,474
TOTAL ASSETS	\$ 2,381,987	\$ 25,813,645	\$ 13,141,063	\$ 41,336,695

	Business-Type Activities			
	Landfill Fund	Sewerage Fund	Water	Total
			Department Fund	
LIABILITIES				
Current liabilities:				
Vouchers payable	\$ -	\$ 92,245	\$ 340,868	\$ 433,113
Accrued liabilities:				
Payroll	-	9,908	20,591	30,499
Interest	-	115,799	8,500	124,299
Vacation Pay	-	-	5,061	5,061
Due to other funds:				
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	-	-	376,799	376,799
Notes payable - current portion	-	922,828	-	922,828
EPA loan payable - current portion	-	-	328,298	328,298
Bonds payable - current portion	-	-	26,000	26,000
Total current liabilities	<u>1,710,000</u>	<u>2,726,524</u>	<u>1,543,952</u>	<u>5,980,476</u>
Long-term liabilities:				
Notes payable	-	12,634,281	-	12,634,281
EPA loan payable	-	-	7,445,413	7,445,413
Bonds payable	-	-	86,000	86,000
Total long-term liabilities	<u>-</u>	<u>12,634,281</u>	<u>7,531,413</u>	<u>20,165,694</u>
Total liabilities	<u>1,710,000</u>	<u>15,360,805</u>	<u>9,075,365</u>	<u>26,146,170</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,563	10,515,095	3,229,996	13,753,654
Restricted	-	-	437,391	437,391
Unrestricted	663,424	(62,255)	398,311	999,480
Total fund equity	<u>671,987</u>	<u>10,452,840</u>	<u>4,065,698</u>	<u>15,190,525</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,381,987</u>	<u>\$ 25,813,645</u>	<u>\$ 13,141,063</u>	<u>\$ 41,336,695</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, 2009

	Business-Type Activities			
	Landfill Fund	Sewerage Fund	Water	Total
			Department Fund	
OPERATING REVENUES				
User fees	\$ -	\$ 1,885,472	\$ 1,394,224	\$ 3,279,696
Host fees	1,886,897	-	-	1,886,897
Labor and merchandise	-	-	70,715	70,715
Miscellaneous	-	7,391	33,475	40,866
Total operating revenues	<u>1,886,897</u>	<u>1,892,863</u>	<u>1,498,414</u>	<u>5,278,174</u>
OPERATING EXPENSES				
Salaries	2,700	282,884	660,426	946,010
Maintenance of site and buildings	-	200,745	228,947	429,692
Other maintenance	-	8,691	423	9,114
Supplies and services	-	36,301	132,227	168,528
Electricity	-	287,318	216,675	503,993
Fuel, gas and oil	-	28,516	37,350	65,866
Professional service and fees	-	15,637	31,791	47,428
Insurance	-	54,657	116,650	171,307
Miscellaneous	8,226	25,944	74,212	108,382
Dues and subscriptions	-	1,211	-	1,211
Travel and education expense	217	494	-	711
Training	-	1,107	3,267	4,374
Depreciation	11,787	1,701,832	310,173	2,023,792
Total operating expenses	<u>22,930</u>	<u>2,645,337</u>	<u>1,812,141</u>	<u>4,480,408</u>
OPERATING INCOME (LOSS)	<u>1,863,967</u>	<u>(752,474)</u>	<u>(313,727)</u>	<u>797,766</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earned	5,476	7,778	14,469	27,723
Income from reimbursement agreement	-	175,087	-	175,087
Interest expense	-	(354,646)	(5,105)	(359,751)
Total nonoperating revenues (expenses)	<u>5,476</u>	<u>(171,781)</u>	<u>9,364</u>	<u>(156,941)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,869,443	(924,255)	(304,363)	640,825
TRANSFERS OUT	<u>(1,935,000)</u>	<u>-</u>	<u>-</u>	<u>(1,935,000)</u>
CHANGE IN NET ASSETS	(65,557)	(924,255)	(304,363)	(1,294,175)
NET ASSETS, BEGINNING OF YEAR	<u>737,544</u>	<u>11,377,095</u>	<u>4,370,061</u>	<u>16,484,700</u>
NET ASSETS, END OF YEAR	<u>\$ 671,987</u>	<u>\$ 10,452,840</u>	<u>\$ 4,065,698</u>	<u>\$ 15,190,525</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended April 30, 2009

	Business-Type Activities			
	Landfill	Sewerage	Water	Totals
	Fund	Fund	Department	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,886,897	\$ 1,892,863	\$ 1,513,091	\$ 5,292,851
Payments to employees	(2,700)	(290,322)	(654,380)	(947,402)
Payments to suppliers	(8,995)	(796,170)	(726,173)	(1,531,338)
Other payments	(8,443)	-	-	(8,443)
Net cash provided by operating activities	<u>1,866,759</u>	<u>806,371</u>	<u>132,538</u>	<u>2,805,668</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Proceeds from reimbursement agreement	-	175,087	-	175,087
Operating transfers from (to) other funds	(1,935,000)	-	-	(1,935,000)
Net cash provided by (used), in non-capital financing activities	<u>(1,935,000)</u>	<u>175,087</u>	<u>-</u>	<u>(1,759,913)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Proceeds from EPA loan	-	-	4,216,657	4,216,657
Advances from (to) other funds	-	-	(34,855)	(34,855)
Principal paid on revenue bond	-	-	(25,000)	(25,000)
Principal paid on notes payable	-	(899,665)	(126,340)	(1,026,005)
Payment of interest on debt	-	(354,646)	(5,105)	(359,751)
Acquisition of capital assets	-	(389,473)	(4,815,985)	(5,205,458)
Net cash used in capital financing activities	<u>-</u>	<u>(1,643,784)</u>	<u>(790,628)</u>	<u>(2,434,412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	-	-	-	-
Purchases of investments	-	-	(8,806)	(8,806)
Interest income	5,476	7,778	14,469	27,723
Net cash provided by investing activities	<u>5,476</u>	<u>7,778</u>	<u>5,663</u>	<u>18,917</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(62,765)</u>	<u>(654,548)</u>	<u>(652,427)</u>	<u>(1,369,740)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>600,445</u>	<u>965,347</u>	<u>1,382,559</u>	<u>2,948,351</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 537,680</u>	<u>\$ 310,799</u>	<u>\$ 730,132</u>	<u>\$ 1,578,611</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,863,967	\$ (752,474)	\$ (313,727)	\$ 797,766
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	11,787	1,701,832	310,173	2,023,792
Effects of changes in operating assets and liabilities:				
Accounts receivable	-	-	(1,483)	(1,483)
Prepaid insurance	-	(3,769)	(17,250)	(21,019)
Inventory	-	-	22,545	22,545
Accounts payable	(8,995)	(131,780)	110,074	(30,701)
Consumer deposits	-	-	16,160	16,160
Accrued liabilities	-	(7,438)	6,046	(1,392)
Net cash provided by operating activities	<u>\$ 1,866,759</u>	<u>\$ 806,371</u>	<u>\$ 132,538</u>	<u>\$ 2,805,668</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
April 30, 2009

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,479,417	\$ 24,291	\$ 6,754	\$ 1,510,462
Investments	15,804,483	2,222,239	-	18,026,722
Receivables:				
Accounts, net of allowance for estimated uncollectibles	-	13,690	-	13,690
TOTAL ASSETS	<u>17,283,900</u>	<u>2,260,220</u>	<u>6,754</u>	<u>19,550,874</u>
LIABILITIES				
Vouchers payable	109,321	-	-	109,321
Performance deposits	-	-	6,754	6,754
TOTAL LIABILITIES	<u>109,321</u>	<u>-</u>	<u>6,754</u>	<u>116,075</u>
NET ASSETS				
Net assets held in trust for pension benefits	17,174,579	-	-	17,174,579
Net assets held in trust for other purposes	-	2,260,220	-	2,260,220
TOTAL NET ASSETS	<u>\$ 17,174,579</u>	<u>\$ 2,260,220</u>	<u>\$ -</u>	<u>\$ 19,434,799</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, 2009

	<u>Pension Trust</u>	<u>Private- Purpose Trust</u>
ADDITIONS		
Contributions		
Employer	\$ 687,745	\$ -
Plan members	248,338	-
Other	-	108,459
Total contributions	<u>936,083</u>	<u>108,459</u>
Other income	<u>2,819</u>	<u>1,180</u>
Total additions	<u>938,902</u>	<u>109,639</u>
DEDUCTIONS		
Benefit payments	1,495,187	-
Management fees	82,466	-
Withdrawals	-	190,606
Administrative and audit fee	15,000	20,609
Investment loss	2,078,648	408,911
Other	6,514	-
Total deductions	<u>3,677,815</u>	<u>620,126</u>
NET DECREASE	(2,738,913)	(510,487)
NET ASSETS HELD IN TRUST, BEGINNING OF YEAR	<u>19,913,492</u>	<u>2,770,707</u>
NET ASSETS HELD IN TRUST, END OF YEAR	<u>\$ 17,174,579</u>	<u>\$ 2,260,220</u>

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

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 (public safety, highways and streets, traffic development, etc.) and business-type activities. 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, 2009

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, 2009

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, 2009

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.

Riverfront Project Fund - This fund is used to account for the revenues and expenditures associated with the riverfront project. 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, 2009

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.

Veteran's Memorial Commission Fund - This fund is used to account for the revenues and expenditures associated with the Veteran's Memorial Park. Financing is provided from donations and contributions.

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.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

New Accounting Standards

As further described in Note 11, effective May 1, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement requires a systematic, accrual basis measurement and recognition of other postemployment benefit (OPEB) expense over a period that approximates employees' years of service. The Statement also requires disclosure of information about actuarial accrued liabilities associated with OPEB and progress being made in funding the plan.

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The City will be required to adopt GASB 54 in its April 30, 2012 financial statements. The City has not determined the effect, if any, the adoption of GASB No. 54 will have on the City's net assets.

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 twelve months or less. Any maturity dates over twelve 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, 2009

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 individual governmental activities and individual business-type 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, 2009, 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, 2009

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 2009 were \$943,637 of which \$65,357 has been capitalized.

Property Taxes

Property taxes generated from the 2007 property tax levy are used to finance the operating budget of the fiscal year ending April 30, 2009 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 principal 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, 2009

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 appropriable 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, 2009, \$5,061 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 \$28,854,408 and the bank balances totaled \$29,035,897. Cash on hand was \$1,943.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

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	\$ 4,972,982	\$ 3,850,358	\$ 1,122,624	\$ -	\$ -
U.S. Treasuries and Agencies	10,526,194	798,961	2,682,470	1,040,716	6,004,047
Illinois Treasurer's Investment Pool	1,117,583	1,117,583	-	-	-
Mutual Funds	<u>5,278,290</u>	<u>5,278,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$21,895,049</u>	<u>\$11,045,192</u>	<u>\$ 3,805,094</u>	<u>\$ 1,040,716</u>	<u>\$6,004,047</u>

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, 2009, the City had \$1,117,583 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, 2009

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, 2009, \$-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 and the First National Bank of Amboy. These investments represent 19.12% and 5.06% of the City's total investments, respectively.

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 was due February 1, 2009. The note was secured by a junior mortgage on the property. The note was paid in full during the year.

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 was due September 1, 2008. The note was secured by a mortgage on the property. The note was paid in full during the year.

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, 2009 is \$4,734.

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, 2009 is \$15,122.

On January 6, 2009, the City entered into a promissory note for building renovations with Juana Ayala and Kora Rivera of Dixon for \$13,558. Interest is at 2.5% and the entire balance of the note is due March 6, 2014. The note is secured by a junior mortgage on the property. The balance at April 30, 2009 is \$13,346.

**CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009**

NOTE 3 - NOTES RECEIVABLE (CONTINUED)

The notes receivable are due as follows:

<u>Year Ending April 30</u>	
2010	\$ 12,433
2011	7,892
2012	8,090
2013	2,784
2014	<u>2,003</u>
Total	<u>\$ 33,202</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2009, was as follows:

	<u>Balance at May 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,176,460	\$ 354,401	\$ -	\$ 2,530,861
Construction in progress	<u>99,037</u>	<u>2,870,682</u>	<u>39,441</u>	<u>2,930,278</u>
Total capital assets not being depreciated	<u>2,275,497</u>	<u>3,225,083</u>	<u>39,441</u>	<u>5,461,139</u>
Capital assets being depreciated:				
Buildings	12,055,598	90,769	-	12,146,367
Equipment	5,004,755	837,442	217,014	5,625,183
Infrastructure	<u>36,757,940</u>	<u>4,144,500</u>	<u>-</u>	<u>40,902,440</u>
Total capital assets being depreciated	<u>53,818,293</u>	<u>5,072,711</u>	<u>217,014</u>	<u>58,673,990</u>
Less accumulated depreciation:				
Buildings	3,416,634	307,732	-	3,724,366
Equipment	3,290,426	448,522	207,167	3,531,781
Infrastructure	<u>11,476,790</u>	<u>1,553,322</u>	<u>-</u>	<u>13,030,112</u>
Total accumulated depreciation	<u>18,183,850</u>	<u>2,309,576</u>	<u>207,167</u>	<u>20,286,259</u>
Governmental activities capital assets, net	<u>\$ 37,909,940</u>	<u>\$5,988,218</u>	<u>\$ 49,288</u>	<u>\$ 43,848,870</u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Balance at May 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2009</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ 149,073	\$ -	\$ 149,073
Construction in progress	<u>2,574,424</u>	<u>4,762,354</u>	<u>1,611,796</u>	<u>5,724,982</u>
Total capital assets not being depreciated	<u>2,574,424</u>	<u>4,911,427</u>	<u>1,611,796</u>	<u>5,874,055</u>
Capital assets being depreciated:				
Sewerage system	13,861,425	167,891	-	14,029,316
Water system	11,773,312	1,680,764	-	13,454,076
Building and improvements	325,365	-	-	325,365
Machinery and equipment	986,554	36,019	-	1,022,573
Furniture and fixtures	120,325	-	-	120,325
Transportation equipment	564,995	21,153	12,837	573,311
Waste Water Treatment Plant	<u>17,503,572</u>	<u>-</u>	<u>-</u>	<u>17,503,572</u>
Total capital assets being depreciated	<u>45,135,548</u>	<u>1,905,827</u>	<u>12,837</u>	<u>47,028,538</u>
Less accumulated depreciation:				
Sewerage system	5,511,919	650,792	-	6,162,711
Water system	4,441,358	399,758	-	4,841,116
Building and improvements	143,827	1,377	-	145,204
Machinery and equipment	802,035	45,031	-	847,066
Furniture and fixtures	113,426	6,081	-	119,507
Transportation equipment	364,532	45,573	12,837	397,268
Waste Water Treatment Plant	<u>4,318,067</u>	<u>875,180</u>	<u>-</u>	<u>5,193,247</u>
Total accumulated depreciation	<u>15,695,164</u>	<u>2,023,792</u>	<u>12,837</u>	<u>17,706,119</u>
Business-type activities capital assets, net	<u>\$32,014,808</u>	<u>\$ 4,793,462</u>	<u>\$1,611,796</u>	<u>\$35,196,474</u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 330,641
Public safety	443,161
Highways and streets	1,448,301
Culture and recreation	1,298
Airport	58,084
Cemetery	<u>28,091</u>
Total depreciation expense	<u>\$ 2,309,576</u>
Business-type activities:	
Landfill	\$ 11,787
Sewer	1,701,832
Water department	<u>310,173</u>
Total depreciation expense	<u>\$ 2,023,792</u>

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 agreement expires in May 2024. The amount of ROT rebate expenses during fiscal year ending April 30, 2009 was \$47,252.

NOTE 6 - LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the City as of April 30, 2009:

Assessed valuation – 2008		<u>\$ 181,653,271</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 15,667,595
Total debt:		
General Obligation Debt Certificates	\$ 12,346,000	
EPA loans payable	7,773,711	
Notes payable	13,557,109	
Water Revenue Bonds	112,000	
Contract payable	71,333	
Deduct bonds exempt from debt limitation computation:		
General Obligation Debt Certificates	(12,346,000)	
EPA loans payable	(7,773,711)	
Notes payable	(13,557,109)	
Water Revenue Bonds	<u>(112,000)</u>	<u>71,333</u>
Legal debt margin		<u>\$ 15,596,262</u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 7 - LONG-TERM DEBT

Transactions for the year ended April 30, 2009 are summarized as follows:

Governmental Activities

	<u>Balance May 1, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance April 30, 2009</u>	<u>Due Within One Year</u>
Bonds payable	\$ 13,037,000	\$ -	\$ 691,000	\$ 12,346,000	\$ 647,000
Contract payable	47,000	45,000	20,667	71,333	25,667
Net pension obligation	350,463	49,781	-	400,244	400,244
Other post-employment benefits	-	129,098	-	129,098	-
Total governmental activities	<u>\$ 13,434,463</u>	<u>\$ 223,879</u>	<u>\$ 711,667</u>	<u>\$ 12,946,675</u>	<u>\$ 1,072,911</u>

Business-type Activities

EPA loans payable	\$ 3,683,394	\$4,216,657	\$ 126,340	\$ 7,773,711	\$ 328,298
Notes payable	14,456,774	-	899,665	13,557,109	922,828
Bonds payable	137,000	-	25,000	112,000	26,000
Total business-type activities	<u>\$ 18,277,168</u>	<u>\$4,216,657</u>	<u>\$1,051,005</u>	<u>\$ 21,442,820</u>	<u>\$1,277,126</u>

Governmental Activities

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.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Governmental activities bonds payable at April 30, 2009, 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>
2010	\$ 424,000	\$ 309,963
2011	447,000	288,541
2012	470,000	265,957
2013	496,000	242,211
2014	522,000	217,151
2015-2019	3,062,000	660,598
2020	<u>714,000</u>	<u>36,074</u>
	<u>\$ 6,135,000</u>	<u>\$ 2,020,495</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>
2010	\$ 223,000	\$ 253,678
2011	232,000	244,569
2012	242,000	235,094
2013	252,000	225,210
2014	262,000	214,917
2015-2019	1,477,000	905,209
2020-2024	1,801,000	578,136
2025-2028	<u>1,722,000</u>	<u>179,302</u>
	<u>\$ 6,211,000</u>	<u>\$ 2,836,115</u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

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>
2010	\$ 15,667	\$ -	\$ 15,667
2011	15,666	-	15,666
	<u>\$ 31,333</u>	<u>\$ -</u>	<u>\$ 31,333</u>

The City of Dixon entered into an installment contract payable on January 7, 2008, with A & J Properties, LLC for the purchase of land. The contract calls for an initial \$100,000 payment upon execution of the agreement, \$5,000 due on December 1, 2008, followed by four equal payments of \$10,000 due on December 1st of each following year. The contract does not bear interest. The total costs to be paid over the contract amount to \$145,000. 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>
2010	\$ 10,000	\$ -	\$ 10,000
2011	10,000	-	10,000
2012	10,000	-	10,000
2013	10,000	-	10,000
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>

Net Pension Obligation

At April 30, 2009, the City had the following net pension obligation:

Firefighters' Pension	<u>\$ 400,244</u>
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Other Post-Employment Benefits

See note 11

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Business-type activities notes payable outstanding at April 30, 2009 consisted of the following:

<u>Project</u>	<u>Interest rate</u>	<u>Amount</u>
South side sewer trunk	3.015%	\$ 201,857
River Street sanitary sewer replacement	2.815	195,782
Waste Water Treatment Plant expansion	2.535	<u>13,159,470</u>
		<u>\$ 13,557,109</u>

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
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	32,189	2,241	31,150	2,021	958,269	236,284
2015-2019	50,126	1,519	48,387	1,368	5,170,748	802,010
2020-2022	-	-	-	-	3,429,901	153,764
Total	<u>\$ 201,857</u>	<u>\$ 21,938</u>	<u>\$ 195,782</u>	<u>\$ 19,828</u>	<u>\$13,159,470</u>	<u>\$ 2,369,714</u>

Business-type activities bonds payable outstanding at April 30, 2009 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, 2009. The following schedule discloses principal and interest requirements to maturity on all bonds.

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 26,000	\$ 4,592	\$ 30,592
2011	27,000	3,526	30,526
2012	29,000	2,419	31,419
2013	<u>30,000</u>	<u>1,230</u>	<u>31,230</u>
	<u>\$ 112,000</u>	<u>\$ 11,767</u>	<u>\$ 123,767</u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

EPA Loans 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</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	143,051	55,765	198,816
2015-2019	771,079	223,001	994,080
2020-2024	873,071	121,009	994,080
2025-2027	<u>478,930</u>	<u>18,109</u>	<u>497,039</u>
	<u>\$ 2,804,083</u>	<u>\$ 675,196</u>	<u>\$ 3,479,279</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, 2009, the Water Department has received \$4,900,659 in loan proceeds and has accrued \$68,969 of interest. Subsequent to year end, the City received additional loan proceeds of \$302,319. The loan bears a 2.5% interest rate with a term of 20 years with principal and interest payments due in March and September of each year commencing September 2009. The following schedule discloses principal and interest requirements to maturity on the loan.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 198,780	\$ 121,901	\$ 320,681
2011	211,663	121,346	333,009
2012	224,969	120,368	345,337
2013	230,629	114,708	345,337
2014	236,430	108,907	345,337
2015-2019	1,274,416	452,269	1,726,685
2020-2024	1,442,984	283,701	1,726,685
2025-2029	<u>1,149,757</u>	<u>73,050</u>	<u>1,222,807</u>
	<u>\$ 4,969,628</u>	<u>\$ 1,396,250</u>	<u>\$ 6,365,878</u>

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:

	<u>Time deposits in banks</u>
Bond account (Net of \$-0- available for operations)	\$ 30,592
Depreciation account (Net of \$18,558 available for operations)	30,000
Consumer deposit account (Net of \$63,495 available for operations)	<u>376,799</u>
Total	<u>\$ 437,391</u>

**CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009**

NOTE 8 - 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 \$9,177.

NOTE 9 - 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 10 - 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, 2008:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	26	22
Current employees	<u>28</u>	<u>16</u>
Total	<u><u>54</u></u>	<u><u>38</u></u>

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 10 - 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, 2009**

NOTE 10 - 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.

	Police and Firefighters' Pension
Actuarial valuation date	April 30, 2008
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, 2009

NOTE 10 - PENSION PLANS (CONTINUED)

Police and Firefighters' Pension (Continued)

	Police Pension	Firefighters' Pension	Totals
Actuarial valuation date	April 30, 2008	April 30, 2008	
Actuarial accrued liability:			
Retirees and beneficiaries currently receiving benefits terminated employees not yet receiving benefits	\$ 9,949,641	\$ 7,467,625	\$ 17,417,266
Current employees:			
Accumulated employee contributions including allocated investment earnings	4,730,024	4,448,828	9,178,852
Total actuarial accrued liability	14,679,665	11,916,453	26,596,118
Actuarial value of assets	11,901,713	8,572,757	20,474,470
Unfunded actuarial accrued liability	\$ 2,777,952	\$ 3,343,696	\$ 6,121,648

(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, 2009

NOTE 10 - PENSION PLANS (CONTINUED)

Police and Firefighters' Pension (Continued)

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Actuarial valuation date	April 30, 2008	April 30, 2008	
Actuarially determined contribution requirement			
employer as a dollar amount:			
Normal cost	\$ 201,355	\$ 189,099	\$ 390,454
Amortization of unfunded actuarial accrued liability	<u>132,071</u>	<u>158,968</u>	<u>291,039</u>
	<u>\$ 333,426</u>	<u>\$ 348,067</u>	<u>\$ 681,493</u>
As a percent of current covered payroll:			
Normal cost	14.18%	22.00%	36.18%
Amortization of unfunded actuarial accrued liability	<u>9.30</u>	<u>18.50</u>	<u>27.80</u>
	<u>23.48%</u>	<u>40.50%</u>	<u>63.98%</u>
Contribution made as a dollar amount:			
Employer	\$ 389,459	\$ 298,286	\$ 687,745
Employee	<u>157,552</u>	<u>90,786</u>	<u>248,338</u>
	<u>\$ 547,011</u>	<u>\$ 389,072</u>	<u>\$ 936,083</u>
As a percent of current covered payroll:			
Employer	27.43%	34.72%	62.15%
Employee	<u>11.10</u>	<u>10.57</u>	<u>21.67</u>
	<u>38.53%</u>	<u>45.29%</u>	<u>83.82%</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	<u>81.08%</u>	<u>71.97%</u>
Unfunded actuarial accrued liability:		
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>195.65%</u>	<u>389.19%</u>

CITY OF DIXON, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2009

NOTE 10 - PENSION PLANS (CONTINUED)

Police and Firefighter's Pension Plan Statements

STATEMENTS OF PLAN NET ASSETS

	Police Pension	Firefighters' Pension
ASSETS		
Cash	\$ 902,958	\$ 576,459
Investments, at fair value		
Mutual funds	9,587,392	6,217,091
TOTAL ASSETS	10,490,350	6,793,550
LIABILITIES		
Vouchers payable	60,792	48,529
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 10,429,558	\$ 6,745,021

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Police Pension	Firefighters' Pension
ADDITIONS		
Contributions		
Employer	\$ 389,459	\$ 298,286
Plan members	157,552	90,786
Total contributions	547,011	389,072
Other income	1,682	1,137
Total additions	548,693	390,209
DEDUCTIONS		
Benefit payments	842,717	652,470
Management fees	55,614	26,852
Administrative and audit fee	7,500	7,500
Investment loss	1,146,098	932,550
Other	4,313	2,201
Total deductions	2,056,242	1,621,573
NET DECREASE	(1,507,549)	(1,231,364)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	11,937,107	7,976,385
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	\$ 10,429,558	\$ 6,745,021

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 10 - PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the City's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's contribution rate for calendar year 2008 was 6.98% of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2008, the City's annual pension cost of \$159,627 for the Regular plan was equal to the City's required and actual contributions.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Value</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2008	\$ 159,627	100%	\$ -
December 31, 2007	167,095	100%	-
December 31, 2006	155,801	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 11.60% 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 the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. The City's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 10 - PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund (Continued)

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 83.27% funded. The actuarial accrued liability for benefits was \$7,742,308 and the actuarial value of assets was \$6,446,681, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,295,627. The covered payroll (annual payroll of active employees covered by the plan) was \$2,286,925 and the ratio of the UAAL to the covered payroll was 57.00%.

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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

The City implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective May 1, 2008. This statement requires the costs of postemployment benefits other than pension benefits to be recognized over a period that approximates an employee's years of service. Implementation of this statement resulted in recording a liability of \$129,098 as of April 30, 2009. Additional disclosures required by this statement are included below:

Plan Description

In addition to providing the pension benefits described in Note 10, the City provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities.

Benefits Provided

The City provides continued health insurance coverage at a reduced rate to all eligible retirees, which creates a subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose not to participate in the plan or continue under the City's plan at a Medicare Supplement rate.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Membership

At April 30, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>92</u>
Total	<u><u>98</u></u>
Participating employers	<u><u>1</u></u>

Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay a percentage of the premium cost for single and dependent coverage based on Medicare status and family status.

Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City first had an actuarial valuation performed for the plan as of April 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The City's annual OPEB cost (expense) of \$177,181 was equal to the ARC for the fiscal year 2009, as the transition liability was set at zero as of May 1, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
April 30, 2009	\$ 177,181	\$ -	27.1%	\$ 129,098

**CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of April 30, 2009, was calculated as follows:

Annual required contribution	\$ 177,181
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>177,181</u>
Contributions made	<u>48,083</u>
Increase in net OPEB obligation	<u>129,098</u>
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 129,098</u>

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 1,569,928
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,569,928
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,380,371
UAAL as a percentage of covered payroll	29.18%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

Actuarial Methods and Assumptions

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

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions (continued)

In the April 30, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 2.50%, salary increases comprised of a wage inflation component of 1.90%, and an ultimate healthcare trend rate of 10.00% initially and an ultimate rate of 4.20%. The calculations assume a level-percentage-of-pay 30-year open amortization period for retirees.

The actuarial value of assets was not determined as the City has not advance funded its obligation.

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, 2009, were as follows:

	Transfers In	Transfers Out
General Fund:		
Municipal Sales Tax Fund	\$ 700,000	\$ -
Capital Development Fund	-	1,050,000
Landfill Fund	720,000	-
Nonmajor Governmental	646,000	-
Total General Fund	2,066,000	1,050,000
Municipal Sales Tax Fund:		
General Fund	-	700,000
Capital Development Fund	-	2,810,000
Nonmajor Governmental	-	200,000
Total Municipal Sales Tax Fund	-	3,710,000

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

	Transfers In	Transfers Out
Capital Development Fund:		
General Fund	1,050,000	-
Municipal Sales Tax Fund	2,810,000	-
Landfill Fund	1,215,000	-
Total Capital Development Fund	5,075,000	-
Landfill Fund:		
General Fund	-	720,000
Capital Development Fund	-	1,215,000
Total Landfill Fund	-	1,935,000
Nonmajor Governmental		
Municipal Sales Tax Fund	200,000	-
General Fund	-	646,000
Total Nonmajor Governmental	200,000	646,000
Total operating transfers	\$ 7,341,000	\$ 7,341,000

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, 2009, consisted of the following:

	General Fund	Municipal Sales Tax	Capital Development Fund	Landfill Fund	Sewerage Fund	Water Department	Other Governmental Funds	Total
Due from:								
Due to:								
General Fund Illinois	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,000	\$ 192,000
Municipal Retirement Fund	891,000	-	-	1,110,000	-	-	162,550	2,163,550
Landfill Fund	-	-	250,000	-	1,585,744	-	-	1,835,744
Sewerage Fund	925,000	50,000	-	-	-	437,835	-	1,412,835
Other Governmental Funds	1,703,945	-	-	600,000	-	-	60,000	2,363,945
Total	\$3,519,945	\$ 50,000	\$ 250,000	\$1,710,000	\$1,585,744	\$ 437,835	\$ 414,550	\$7,968,074

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

Interfund loans existing at April 30, 2009 and their purpose were as follows:

The General Fund owed a non-major governmental fund, Sewerage Fund and the Illinois Municipal Retirement Fund \$1,703,945, \$925,000 and \$891,000, 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, 2009.

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

Excess of expenditures over appropriations in individual funds. The following fund had an excess of expenditures over appropriations for the year ended April 30, 2009:

	Budget	Actual
Foreign Fire Insurance Tax Fund	\$ -	\$ 8,701

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

General Fund	\$ (2,736,321)
Municipal Airport Fund	\$ (72,186)
Oakwood Cemetery Fund	\$ (318,422)

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 sold 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, 2009

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, 2009, the City had remaining obligations under construction contracts as follows:

	<u>Project amount authorized</u>	<u>Expended to date</u>	<u>Commitment</u>
Radium Project Phase I	\$ 5,152,637	\$ 5,152,277	\$ 360
Radium Project Phase II	3,817,000	197,250	3,619,750
Riverfront Project	4,783,386	2,620,462	2,162,924
Riverfront Pavilions	299,789	203,713	96,076
Riverfront Tents	60,414	-	60,414
Riverfront Furniture	42,943	-	42,943
Riverfront Landscaping	75,364	-	75,364

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 agreements 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, 2009.

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 was received in fiscal year 2008, by the City. 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. As of the date of this report, no agreement has been made regarding future tax revenues.

CITY OF DIXON, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2009

NOTE 20 - SUBSEQUENT EVENT

On July 15, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency for construction of two new 1,500 gallons per minute water treatment facilities to provide compliance with radium standards for the City of Dixon public water supply. The projected budget for the construction is \$4,134,910 and the projected completion date is July 2010. The total loan of \$4,134,201 has been approved at a zero percent simple interest rate. \$2,067,101 of eligible costs are being funded under the American Recovery and Reinvestment Act (ARRA) of 2009. One-half (1/2) of the ARRA funds, \$1,033,550 will be required to be repaid. \$2,067,100 of eligible costs are being funded from the Public Water Supply Loan Program (PWSLP). The total amount expended from the PWSLP will be required to be repaid. Payments are to be made semi-annually with the first payment due January 1, 2011.

See accountant's compilation report and accompanying notes.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF DIXON, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS, ILLINOIS MUNICIPAL
RETIREMENT FUND AND OTHER POST-EMPLOYMENT BENEFITS
April 30, 2009

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}
Police Pension Fund						
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%
4/30/08	11,901,713	14,679,665	2,777,952	81.08%	1,419,857	195.65%
Firemen Pension Fund						
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%
4/30/08	8,572,757	11,916,453	3,343,696	71.94%	859,152	389.19%

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.

IMRF						
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%
12/31/08	6,446,681	7,742,308	1,295,627	83.27%	2,286,925	56.65%

OTHER POST-EMPLOYMENT BENEFITS

4/30/09	-	1,569,928	1,569,928	0.00%	5,380,371	29.18%
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Information for prior years is not available as the City implemented Governmental Accounting Standards Board Statement No. 45 for fiscal year 2009.

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 1,731,860	\$ 1,731,860	\$ 1,880,891	\$ 149,031
Intergovernmental revenue:				
Personal property replacement tax	-	-	700,222	700,222
Income tax and surcharge	1,200,000	1,200,000	1,384,495	184,495
Utility tax	675,000	675,000	765,740	90,740
Telecom tax	-	-	96,123	96,123
Motel tax	68,000	68,000	63,958	(4,042)
	1,943,000	1,943,000	3,010,538	1,067,538
Licenses, permits, and other fees	257,883	257,883	264,895	7,012
Fines and penalties	231,000	231,000	148,360	(82,640)
Revenue from use of money and property	-	-	8,544	8,544
Other	690,257	690,257	264,669	(425,588)
	\$ 4,854,000	\$ 4,854,000	5,577,897	\$ 723,897
(Deduct) beginning accrued revenues				
add beginning deferred revenues			(580,772)	
Add ending accrued revenues				
(deduct) deferred revenues			597,287	
			5,594,412	
EXPENDITURES				
DEPARTMENT OF PUBLIC AFFAIRS				
Salaries	\$ 84,600	\$ 54,600	19,200	\$ 35,400
Supplies and services	275,000	275,000	193,767	81,233
Professional services and fees	290,000	290,000	115,637	174,363
Insurance	5,000	5,000	-	5,000
Public relations	15,000	40,000	34,497	5,503
Main Street	15,000	15,000	15,000	-
Travel expense	5,000	5,000	2,300	2,700
Dues and subscriptions	5,000	5,000	1,160	3,840
Leadership Council	2,000	2,000	-	2,000
Tourism Council	90,000	90,000	80,068	9,932
Plan commission	10,000	10,000	166	9,834
Electrical commission	1,000	1,000	-	1,000
Human Rights Board	1,000	1,000	-	1,000
TIF District	25,000	25,000	-	25,000
Historic Preservation	5,000	5,000	-	5,000

(continued)

CITY OF DIXON, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
DEPARTMENT OF PUBLIC AFFAIRS (continued)				
Enterprise Zone	27,000	27,000	33,750	(6,750)
Katherine Shaw Bethea Hospital	500	500	500	-
Fire and police commission	15,000	20,000	16,242	3,758
Zoning Board of Appeals	5,000	5,000	-	5,000
Miscellaneous	25,000	25,000	1,358	23,642
Condemnation Board	20,000	20,000	-	20,000
Riverfront	500,000	500,000	227,066	272,934
	<u>1,421,100</u>	<u>1,421,100</u>	<u>740,711</u>	<u>680,389</u>
DEPARTMENT OF ACCOUNTS AND FINANCE				
Salaries	201,700	201,700	162,977	38,723
Maintenance	20,000	20,000	4,432	15,568
Supplies and services	67,000	77,000	26,809	50,191
Professional services and fees	237,000	237,000	125,711	111,289
Notices and publications	5,000	5,000	2,597	2,403
Insurance	710,000	710,000	294,814	415,186
New property and equipment	100,000	90,000	-	90,000
Miscellaneous	25,000	25,000	3,989	21,011
Travel expense	5,000	5,000	2,018	2,982
Dues and subscriptions	5,000	5,000	1,666	3,334
	<u>1,375,700</u>	<u>1,375,700</u>	<u>625,013</u>	<u>750,687</u>
DEPARTMENT OF POLICE PROTECTION				
Salaries	2,187,700	2,187,700	1,831,474	356,226
Maintenance	225,000	225,000	85,704	139,296
Supplies and services	382,500	382,500	128,808	253,692
Professional services and fees	20,000	20,000	-	20,000
Insurance	355,000	355,000	198,256	156,744
New property and equipment	545,000	545,000	134,391	410,609
Police training	30,000	30,000	18,220	11,780
Miscellaneous	30,000	30,000	1,210	28,790
Travel expense	25,000	25,000	10,813	14,187
Dues and subscriptions	5,000	5,000	2,540	2,460
Medicare expense	75,000	75,000	23,625	51,375
Feeding prisoners	5,000	5,000	80	4,920
Investigations	25,000	25,000	7,227	17,773
K-9 training	5,000	5,000	-	5,000
K-9 handler	10,000	10,000	2,000	8,000
K-9 miscellaneous	5,000	5,000	2,128	2,872
No sickness policy	50,000	50,000	2,267	47,733
Federal Grant Matching Funds-Tobacco Grant	30,000	30,000	-	30,000
Education bonus	15,000	15,000	5,000	10,000
Continuing education reimbursement	25,000	25,000	6,123	18,877
Lee County rent	250,000	250,000	110,121	139,879
	<u>4,300,200</u>	<u>4,300,200</u>	<u>2,569,987</u>	<u>1,730,213</u>

(continued)

CITY OF DIXON, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
DEPARTMENT OF FIRE PROTECTION				
Salaries	1,232,700	1,232,700	1,037,107	195,593
Maintenance	70,000	70,000	12,320	57,680
Supplies and services	115,000	115,000	18,042	96,958
Insurance	175,000	175,000	145,351	29,649
New property and equipment	615,000	615,000	22,267	592,733
Fire training	50,000	50,000	27,913	22,087
Miscellaneous	100,000	100,000	421	99,579
Dues and subscriptions	5,000	5,000	1,080	3,920
Travel expenses	5,000	5,000	887	4,113
No sickness	4,000	4,000	1,600	2,400
Medicare expense	60,000	60,000	14,241	45,759
	<u>2,431,700</u>	<u>2,431,700</u>	<u>1,281,229</u>	<u>1,150,471</u>
DEPARTMENT OF STREETS AND IMPROVEMENTS				
Salaries	585,400	585,400	420,580	164,820
Maintenance	765,000	765,000	270,169	494,831
Supplies and services	259,000	259,000	98,366	160,634
Insurance	186,500	186,500	57,374	129,126
New property and equipment	310,000	310,000	53,557	256,443
Safety and training	1,000	1,000	-	1,000
Travel expense	5,000	5,000	517	4,483
Dues and subscriptions	1,500	1,500	1,122	378
Miscellaneous	2,500	2,500	-	2,500
Meal allowance	5,000	5,000	500	4,500
	<u>2,120,900</u>	<u>2,120,900</u>	<u>902,185</u>	<u>1,218,715</u>
DEPARTMENT OF BUILDING AND ZONING				
Salaries	180,000	180,000	143,829	36,171
Maintenance	14,500	14,500	2,722	11,778
Supplies and services	57,000	57,000	3,609	53,391
Insurance	30,000	30,000	17,098	12,902
New property and equipment	70,000	70,000	2,000	68,000
Training	10,000	10,000	563	9,437
Miscellaneous	5,000	5,000	-	5,000
Travel expense	5,000	5,000	2,000	3,000
Dues and subscriptions	1,000	1,000	232	768
	<u>372,500</u>	<u>372,500</u>	<u>172,053</u>	<u>200,447</u>

(continued)

CITY OF DIXON, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
DEPARTMENT OF PUBLIC PROPERTY				
Salaries	87,700	87,700	38,109	49,591
Maintenance	500,000	500,000	132,060	367,940
Supplies and services	37,500	42,500	3,862	38,638
New property and equipment	635,000	630,000	177,984	452,016
Engineering	100,000	100,000	4,019	95,981
Bond Insurance	2,500	2,500	100	2,400
Holiday decorations	10,000	10,000	75	9,925
Flood control	50,000	50,000	-	50,000
Real estate taxes	10,000	10,000	-	10,000
Miscellaneous	10,000	10,000	64	9,936
	<u>1,442,700</u>	<u>1,442,700</u>	<u>356,273</u>	<u>1,086,427</u>
DEPARTMENT OF TRAFFIC MAINTENANCE				
Salaries	72,500	72,500	55,832	16,668
Maintenance	135,000	135,000	27,670	107,330
Supplies and service	20,000	20,000	7,311	12,689
Insurance	10,000	10,000	5,663	4,337
New property and equipment	175,000	175,000	15,426	159,574
Training expense	5,000	5,000	-	5,000
Miscellaneous	5,000	5,000	488	4,512
	<u>422,500</u>	<u>422,500</u>	<u>112,390</u>	<u>310,110</u>
DEPARTMENT OF PUBLIC WORKS				
Salaries	180,000	180,000	109,899	70,101
Maintenance	20,000	20,000	2,600	17,400
Supplies and service	45,000	45,000	5,882	39,118
Professional services and fees	90,000	90,000	10,880	79,120
Insurance	11,000	11,000	5,771	5,229
New property and equipment	15,000	15,000	1,806	13,194
Dues and subscriptions	5,000	5,000	1,811	3,189
Public Relations	5,000	5,000	1,790	3,210
Travel expense	5,000	5,000	2,253	2,747
License renewals	5,000	5,000	58	4,942
Conferences	10,000	10,000	5,431	4,569
Miscellaneous	15,000	15,000	-	15,000
	<u>406,000</u>	<u>406,000</u>	<u>148,181</u>	<u>257,819</u>

(continued)

CITY OF DIXON, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
PAYMENTS TO PENSIONS				
Firefighters' Pension Fund	400,000	400,000	298,286	101,714
Police Pension Fund	500,000	500,000	389,459	110,541
	900,000	900,000	687,745	212,255
Total cash disbursements	\$ 15,193,300	\$ 15,193,300	7,595,767	\$ 7,597,533
(Deduct) beginning accrued expenditures, add beginning prepaid expenditures			(457,547)	
Add ending accrued expenditures, (deduct) ending prepaid expenditures			547,577	
Total expenditures			7,685,797	
Deficiency of revenues over expenditures			(2,091,385)	
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 3,665,000	\$ 3,665,000	2,066,000	\$ (1,599,000)
Operating transfers out	(6,150,000)	(6,150,000)	(1,050,000)	5,100,000
	\$ (2,485,000)	\$ (2,485,000)	1,016,000	\$ 3,501,000
Deficiency of revenues and other financing sources over expenditures and other financing uses			(1,075,385)	
FUND DEFICIT, BEGINNING OF YEAR			(1,660,936)	
FUND DEFICIT, END OF YEAR			\$ (2,736,321)	

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATION (NON-GAAP BASIS) AND ACTUAL
Year Ended April 30, 2009

	Appropriation		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 404,180	\$ 404,180	\$ 420,963	\$ 16,783
Revenue from use of money and property	35,000	35,000	44,574	9,574
Total cash receipts	\$ 439,180	\$ 439,180	465,537	\$ 26,357
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			-	
Total revenues			465,537	
EXPENDITURES				
Payments to pensions	\$ 450,000	\$ 450,000	163,557	\$ 286,443
Administration service	5,000	5,000	2,000	3,000
Total cash disbursements	\$ 455,000	\$ 455,000	165,557	\$ 289,443
(Deduct) beginning accrued expenditures			-	
Add ending accrued expenditures			-	
Total expenditures			165,557	
Excess of revenues over expenditures			299,980	
FUND BALANCE, BEGINNING OF YEAR			2,901,381	
FUND BALANCE, END OF YEAR			\$ 3,201,361	

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, 2009

	Appropriation			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Sales tax	\$ 2,650,000	\$ 2,650,000	\$ 2,725,151	\$ 75,151
Non-home rule sales tax	-	-	743,061	743,061
Revenue from use of money and property	<u>15,000</u>	<u>15,000</u>	<u>4,516</u>	<u>(10,484)</u>
Total cash receipts	<u>\$ 2,665,000</u>	<u>\$ 2,665,000</u>	3,472,728	<u>\$ 807,728</u>
(Deduct) beginning accrued revenues			(543,689)	
Add ending accrued revenues			<u>530,678</u>	
Total revenues			<u>3,459,717</u>	
EXPENDITURES				
Payments to Ken Nelson Auto Plaza	\$ 250,000	\$ 250,000	68,813	\$ 181,187
Total cash disbursements	<u>\$ 250,000</u>	<u>\$ 250,000</u>	68,813	<u>\$ 181,187</u>
(Deduct) beginning accrued expenditures			(33,279)	
Add ending accrued expenditures			<u>11,718</u>	
Total expenditures			<u>47,252</u>	
Excess of revenues over expenditures			3,412,465	
OTHER FINANCING USES				
Operating transfers out	\$ (17,200,000)	\$ (17,200,000)	(3,710,000)	\$ 13,490,000
Deficiency of revenues over expenditures and other financing uses			(297,535)	
FUND BALANCE, BEGINNING OF YEAR			<u>914,016</u>	
FUND BALANCE, END OF YEAR			<u>\$ 616,481</u>	

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
April 30, 2009

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 11.60% 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 20.00% corridor.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

CITY OF DIXON, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
April 30, 2009

	Special Revenue											Debt Service				
	General Government					Highways and Streets		Airport		Culture and Recreation		Welfare		Public Safety		
	TIF Districts		Downtown Redevelopment Project		Riversfront Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Veteran's Memorial Commission	Oakwood Cemetery	Civil Defense	Emergency Vehicle	Foreign Fire Insurance
Garbage	79,010	23,595	104,179	264,264	3,102	185,551	7,451	155,474	191,364	66,019	3,679	52,411	367,951	14,203	10	1,512,243
Public Benefit	-	-	-	577,592	-	813,313	-	166,073	-	-	-	-	-	-	-	1,694,264
	81,347	314,915	111,366	370,883	-	31,633	-	276,682	64,943	-	40,758	15,728	-	-	-	1,276,842
General property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,633
Motor fuel tax allotments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,276,842
Accounts, less allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,202
Notes receivable for estimated uncollectibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,872
Prepaid insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,202
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,362
	-	-	-	1,380,000	631,945	-	-	-	-	-	-	-	-	-	-	2,363,945
TOTAL ASSETS	3,943	190,357	371,712	2,562,729	702,143	1,014,897	15,800	823,514	256,819	68,019	68,093	68,139	848,442	14,203	18	7,023,393
LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vouchers payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred property tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for prepaid insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	3,943	79,010	56,797	103,379	2,221,846	702,143	1,008,802	(60,223)	323,722	191,364	66,019	(323,295)	52,411	847,930	14,203	5,297,481
	3,943	79,010	56,797	103,379	2,221,846	702,143	1,008,802	(72,186)	323,722	191,876	66,019	(319,422)	52,411	847,930	14,203	5,298,991
Total fund balances (deficits)	3,943	190,357	371,712	2,562,729	702,143	1,014,897	15,800	823,514	256,819	68,019	68,093	68,139	848,442	14,203	18	7,023,393
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	3,943	190,357	371,712	2,562,729	702,143	1,014,897	15,800	823,514	256,819	68,019	68,093	68,139	848,442	14,203	18	7,023,393

CITY OF DIXON, ILLINOIS
 NOMINAL FUND BALANCES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year Ended April 30, 2009

	Special Revenue											Debt Services				
	General Government				Highways and Streets			Culture and Recreation				Public Safety				
	Public Benefit	Downtown Redevelopment Project	Riverfront Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Veteran's Memorial Commission	Oakwood Cemetery	Civil Defense	Emergency Vehicles	Foreign Fire Insurance	Total	
REVENUES																
General property taxes	\$ 77,162	\$ 300,864	\$ 87,550	\$ 352,008	\$ -	\$ -	\$ -	\$ 282,639	\$ 61,581	\$ -	\$ 38,738	\$ 14,950	\$ -	\$ -	\$ 1,205,560	
Personal property	-	-	-	-	-	-	-	55,549	-	-	-	-	-	-	55,549	
Equipment	-	-	-	-	-	423,445	-	-	-	-	-	-	-	-	423,445	
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,808	
Food and fire insurance tax	-	-	-	-	-	-	-	22,028	-	-	-	-	357,397	-	379,413	
Water fee	-	-	-	-	-	-	-	-	-	-	66,506	-	-	-	66,506	
Cemetery lot sales and services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue from use of money and property	864	4,708	1,095	37,022	1,023	9,351	55,504	4,256	2,892	92,483	12,082	870	6,579	66	228,246	
Miscellaneous	-	-	-	-	-	2,881	11	10,317	-	-	4,375	-	-	-	17,364	
State of Illinois Grant	-	-	-	-	-	-	-	31,285	-	-	-	-	-	-	31,285	
Total revenues	78,016	305,572	88,645	389,030	1,023	435,677	56,915	386,075	64,453	92,483	122,089	15,820	363,966	18,874	2,425,596	
EXPENDITURES																
Salaries	-	-	-	-	-	-	57,065	236,532	37,856	-	178,674	3,120	98,509	-	615,156	
Maintenance	-	-	-	-	-	94,542	20,804	21,854	-	12,804	137,232	2,750	245,388	-	535,472	
Supplies, services and professional services	-	46,721	800	-	-	-	19,881	73,450	944	3,097	53,362	-	6,507	6,701	213,463	
Fuel, gas, and oil	-	-	-	-	-	-	-	2,954	-	-	-	-	-	-	2,954	
Travel	-	-	-	-	-	-	14,843	37,561	725	-	29,678	-	-	-	82,807	
New property and equipment	-	-	-	-	-	-	79,388	-	-	-	-	-	-	-	79,388	
Miscellaneous	-	-	-	-	-	-	-	23,100	-	8,463	2,324	1,404	64,435	-	128,726	
Dues and subscriptions	-	-	-	187,009	-	-	1,084	-	-	-	-	-	-	-	1,084	
Payments to Social Security System	-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	187,009	
Administrative fee	-	-	800	189,009	-	-	-	-	-	24,484	401,470	7,274	445,237	6,701	2,000	
Total expenditures	46,721	258,940	97,845	200,021	1,023	341,135	(138,650)	(12,379)	24,928	68,019	(279,371)	8,346	(81,271)	6,173	578,537	
Excess (deficiency) of revenues over expenditures	31,295	46,632	90,800	188,999	-	94,542	195,564	398,454	39,525	24,464	401,470	7,274	445,237	6,701	1,847,059	
OTHER FINANCING SOURCES (USES)																
Operating transfers in	-	(646,000)	-	-	-	-	100,000	-	-	-	100,000	-	-	-	200,000	
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(646,000)	
Total other financing sources (uses)	-	(646,000)	-	-	-	-	100,000	-	-	-	100,000	-	-	-	(446,000)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	31,295	(189,368)	90,800	188,999	-	94,542	195,564	398,454	39,525	24,464	401,470	7,274	445,237	6,701	1,401,059	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	50	78,016	(387,051)	97,845	200,021	1,023	341,135	(138,650)	(12,379)	24,928	68,019	8,346	(81,271)	6,173	130,537	
FUND BALANCE (DEFICIT), END OF YEAR	3,893	994	443,848	5,534	2,021,825	701,120	665,687	(35,236)	339,098	166,848	(139,051)	44,065	928,901	6,090	5,150,364	
	\$ 3,943	\$ 79,010	\$ 56,787	\$ 103,379	\$ 2,221,846	\$ 702,243	\$ 1,006,802	\$ (72,186)	\$ 323,722	\$ 191,676	\$ (68,019)	\$ (318,422)	\$ 52,411	\$ 947,930	\$ 14,203	\$ 5,280,861

See accountant's compilation report

CITY OF DIXON, ILLINOIS
 FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 April 30, 2009

	Private Purpose Trust					Agency Fund
	Cemetery Endowment	Deferred Compensation	Petunia Endowment	Dixon Memorial Arch Preservation	Total	
ASSETS						
Cash and cash equivalents	\$ 10,556	\$ -	\$ 13,065	\$ 670	\$ 24,291	\$ 6,754
Investments	464,660	1,735,424	22,155	-	2,222,239	-
Receivables:						
Accounts, net of allowance for estimated uncollectibles	13,690	-	-	-	13,690	-
TOTAL ASSETS	\$ 488,906	\$ 1,735,424	\$ 35,220	\$ 670	\$ 2,260,220	\$ 6,754
LIABILITIES						
Performance deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,754
Total liabilities	-	-	-	-	-	6,754
FUND BALANCES/NET ASSETS						
Reserved for perpetual endowment	488,906	-	-	-	488,906	-
Reserved for deferred compensation Unreserved	-	1,735,424	35,220	670	1,735,424	-
Total fund balances/net assets	488,906	1,735,424	35,220	670	2,260,220	-
TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS	\$ 488,906	\$ 1,735,424	\$ 35,220	\$ 670	\$ 2,260,220	\$ 6,754

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended April 30, 2009

	Private Purpose Trusts					Total
	Cemetery Endowment	Deferred Compensation	Petunia Endowment	Dixon Memorial Arch Preservation		
ADDITIONS						
Contributions	\$ 7,929	\$ 98,230	\$ 2,300	\$ -	\$ -	\$ 108,459
Revenue from use of money and property	-	-	1,180	-	-	1,180
Total revenues	<u>7,929</u>	<u>98,230</u>	<u>3,480</u>	<u>-</u>	<u>-</u>	<u>109,639</u>
DEDUCTIONS						
Withdrawals	-	190,606	-	-	-	190,606
Administrative	-	9,915	10,694	-	-	20,609
Investment loss	-	408,911	-	-	-	408,911
Total expenditures	<u>-</u>	<u>609,432</u>	<u>10,694</u>	<u>-</u>	<u>-</u>	<u>620,126</u>
Net (decrease) increase	<u>7,929</u>	<u>(511,202)</u>	<u>(7,214)</u>	<u>-</u>	<u>-</u>	<u>(510,487)</u>
NET ASSETS BEGINNING OF YEAR	<u>480,977</u>	<u>2,246,626</u>	<u>42,434</u>	<u>670</u>	<u>-</u>	<u>2,770,707</u>
NET ASSETS END OF YEAR	<u>\$ 488,906</u>	<u>\$ 1,735,424</u>	<u>\$ 35,220</u>	<u>\$ 670</u>	<u>\$ -</u>	<u>\$ 2,260,220</u>

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
April 30, 2009

	Pension Trust Funds		
	Firefighters' Pension	Police Pension	Total
ASSETS			
Cash	\$ 576,459	\$ 902,958	\$ 1,479,417
Investments, at fair value			
Mutual funds	6,217,091	9,587,392	15,804,483
TOTAL ASSETS	6,793,550	10,490,350	17,283,900
LIABILITIES			
Vouchers payable	48,529	60,792	109,321
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 6,745,021	\$ 10,429,558	\$ 17,174,579

See accountant's compilation report.

**CITY OF DIXON, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended April 30, 2009**

	Pension Trust Funds		
	Firefighters' Pension	Police Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 298,286	\$ 389,459	\$ 687,745
Plan members	90,786	157,552	248,338
Total contributions	<u>389,072</u>	<u>547,011</u>	<u>936,083</u>
Other income	<u>1,137</u>	<u>1,682</u>	<u>2,819</u>
Total additions	<u>390,209</u>	<u>548,693</u>	<u>938,902</u>
DEDUCTIONS			
Benefit payments	652,470	842,717	1,495,187
Management fees	26,852	55,614	82,466
Administrative and audit fee	7,500	7,500	15,000
Investment loss	932,550	1,146,098	2,078,648
Other	2,201	4,313	6,514
Total deductions	<u>1,621,573</u>	<u>2,056,242</u>	<u>3,677,815</u>
NET DECREASE	(1,231,364)	(1,507,549)	(2,738,913)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>7,976,385</u>	<u>11,937,107</u>	<u>19,913,492</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 6,745,021</u>	<u>\$ 10,429,558</u>	<u>\$ 17,174,579</u>

See accountant's compilation report.

CITY OF DIXON, ILLINOIS
 SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
 Tax Years 2007, 2006 and 2005

Fund	2007			2006			2005		
	Assessed valuation	Tax rate	Tax collections	Assessed valuation	Tax rate	Tax collections	Assessed valuation	Tax rate	Tax collections
Corporate	\$ 161,316,631	2463	\$ 397,323	\$ 148,029,423	.2556	\$ 378,363	\$ 140,783,327	.2560	\$ 360,405
Police Protection	161,316,631	1482	236,071	148,029,423	.1496	221,452	140,783,327	.1498	210,893
Fire Protection	91,236,225	.1221	111,398	85,957,489	1500	128,836	82,511,852	.1500	123,768
Audit	161,316,631	.0288	46,459	148,029,423	.0299	44,261	140,783,327	.0299	42,094
Road and Bridge	161,316,631	-	72,758	148,029,423	-	72,733	140,783,327	-	70,339
Public Benefit	161,316,631	0480	77,432	148,029,423	.0488	73,719	140,783,327	.0499	70,115
Band	161,316,631	0383	61,784	148,029,423	.0398	58,916	140,783,327	.0399	56,064
Library	161,316,631	.1441	232,457	148,029,423	1496	221,452	140,783,327	1498	210,486
Cemetery	161,316,631	.0241	38,877	148,029,423	.0250	37,007	140,783,327	.0250	35,128
Police Pension	91,236,225	.3282	299,437	85,957,489	.3151	270,852	82,511,852	.3160	260,485
IMRF	161,316,631	2619	422,488	148,029,423	.2718	402,344	140,783,327	.2722	373,340
Civil Defense	161,316,631	.0093	15,002	148,029,423	.0097	14,359	140,783,327	.0097	13,656
Claim and Judgment Ta	161,316,631	.2047	330,215	148,029,423	.2028	300,204	140,783,327	.2031	285,379
Library Maintenance	161,316,631	.0193	31,134	148,029,423	.0200	29,606	140,783,327	.0200	28,157
Social Security	161,316,631	2190	353,283	148,029,423	.2273	336,471	140,783,327	.2276	319,806
TIF District 1	2,756,589	-	300,964	2,871,014	-	282,255	-	-	17,659
TIF District 3	3,993,892	-	97,695	4,279,675	-	60,602	2,875,063	-	269,539
			\$ 3,445,890	\$ 3,507,413		\$ 3,253,521	\$ 3,322,848		\$ 3,045,389
									\$ 3,126,498

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, 2009**

<u>Amount of Coverage</u>	<u>Risk Covered</u>	<u>Insurer</u>	<u>Expiration Date</u>
Replacement cost (up to \$8 million)	Blanket coverage - buildings and equipment	Illinois Risk Management Association	12/31/09
\$50,000 per occurrence	Crime	Illinois Risk Management Association	12/31/09
Statutory	Worker's compensation	Illinois Risk Management Association	12/31/09
\$3 million per accident	Employer's liability	Illinois Risk Management Association	12/31/09
\$30 million	Auto liability including trucks and tractors	Illinois Risk Management Association	12/31/09
\$5 million	Flood and earthquake	Illinois Risk Management Association	12/31/09
\$8 million	Comprehensive general liability	Illinois Risk Management Association	12/31/09
\$50,000	Valuable papers and records	Illinois Risk Management Association	12/31/09
Replacement cost (up to \$17,000,000)	Boiler and machinery	Cincinnati Insurance Company	04/30/11
\$15,000	Blanket bond	Western Surety Company	08/25/10

The following statistics as of April 30, 2009, were furnished by the Water Department:

Number of metered customers	5,885
Number of unmetered customers for fire protection only	70
Number of hydrants	889
Gallons of water through master meters	761,228,000
Gallons of water billed through meters	649,353,000
Percent billed through meters	85%

See accountant's compilation report.