

CITY OF DIXON, ILLINOIS
Dixon, Illinois
BASIC FINANCIAL STATEMENTS
April 30, 2008

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JANIS CARD COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Commissioners
City of Dixon, Illinois

We have audited 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, State of Illinois, as of and for the year ended April 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Dixon, State of Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dixon, State of Illinois, as of April 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Schedule of Funding Progress on page 48 and budget comparison information on pages 49 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dixon, State of Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Janis Card Company, L.L.C.

October 28, 2008

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,073,334	\$ 2,755,704	\$ 5,829,038
Investments	6,688,938	194,616	6,883,554
Restricted cash	-	192,647	192,647
Restricted investments	-	225,587	225,587
General property taxes receivable	3,623,946	-	3,623,946
Due from State of Illinois	932,803	-	932,803
Motor fuel tax receivable	35,685	-	35,685
Accounts receivable	154,743	705,756	860,499
Other receivable	219,995	720	220,715
Notes receivable	38,837	-	38,837
Due from (to) external parties	519,855	(519,855)	-
Inventory	38,520	142,754	181,274
Prepaid insurance	146,444	34,835	181,279
Land and improvements	2,176,460	-	2,176,460
Construction in progress	99,037	2,574,424	2,673,461
Other capital assets, net of depreciation	35,634,443	29,440,384	65,074,827
TOTAL ASSETS	53,382,840	35,747,572	89,130,412
LIABILITIES			
Voucher payable	297,522	463,814	761,336
Accrued payroll and taxes	377,450	28,597	406,047
Accrued interest	125,769	132,654	258,423
Deferred license income	35,737	-	35,737
Deferred property tax revenue	3,623,946	-	3,623,946
Consumer deposits	-	360,639	360,639
Long-term liabilities:			
Due within one year	1,057,130	1,803,976	2,861,106
Due in more than one year	12,377,333	16,473,192	28,850,525
Total liabilities	17,894,887	19,262,872	37,157,759
NET ASSETS (DEFICITS)			
Invested in capital assets, net of related debt	24,475,477	13,737,640	38,213,117
Restricted for:			
Special revenue	8,650,493	-	8,650,493
Debt service	15,606	-	15,606
Capital projects	3,833,430	-	3,833,430
Enterprise funds	-	418,234	418,234
Unrestricted	(1,487,053)	2,328,826	841,773
TOTAL NET ASSETS (DEFICITS)	\$ 35,487,953	\$ 16,484,700	\$ 51,972,653

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

CITY OF DIXON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2008

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 460,550	\$ 79,871	\$ 237,801	\$ 71,980	\$ 2,223,132	\$ 3,073,334
Investments	165,858	957,960	215,806	4,016,735	1,332,578	6,688,938
Receivables:						
General property taxes	1,992,830	422,488	-	-	1,208,628	3,623,946
State income tax	250,473	-	-	-	-	250,473
Sales tax	-	-	543,689	-	-	543,689
Motor fuel tax allotments	-	-	-	-	35,685	35,685
Utility tax	138,441	-	-	-	-	138,441
Accounts	7,600	-	-	-	147,143	154,743
Circuit Clerk	9,141	-	-	-	-	9,141
Other	210,854	-	-	-	-	210,854
Notes receivable	-	-	-	-	-	-
Inventory	38,520	-	-	-	38,837	38,837
Prepaid insurance	136,782	-	-	-	9,652	146,444
Due from other funds	308,855	1,863,550	-	-	1,751,945	3,924,350
TOTAL ASSETS	\$ 3,719,915	\$ 3,323,869	\$ 997,296	\$ 4,088,715	\$ 6,747,600	\$ 18,877,395
LIABILITIES						
Voucher payable	\$ 230,660	\$ -	\$ 33,280	\$ 5,285	\$ 28,297	\$ 297,522
Accrued liabilities:						
Payroll	350,134	-	-	-	13,771	363,905
Accrued payroll taxes and other withholdings	13,545	-	-	-	-	13,545
Deferred license income	35,737	-	-	-	-	35,737
Deferred property tax revenue	1,992,830	422,488	-	-	1,208,628	3,623,946
Due to other funds	2,757,945	-	50,000	250,000	346,550	3,404,495
Total liabilities	5,380,851	422,488	83,280	255,285	1,597,246	7,739,150
FUND (DEFICIT) BALANCES						
Restricted	-	-	-	-	-	-
Unrestricted						
Reserved for inventory and prepaids	175,312	-	-	-	299,652	474,964
Unreserved						
General	(1,836,248)	-	-	-	-	(1,836,248)
Special Revenue	-	2,901,381	914,016	-	4,835,096	8,650,493
Capital Projects	-	-	-	3,833,430	-	3,833,430
Debt Service	-	-	-	-	15,606	15,606
Total fund balances	(1,660,936)	2,901,381	914,016	3,833,430	5,150,354	11,138,245
TOTAL LIABILITIES AND FUND (DEFICIT) BALANCES	\$ 3,719,915	\$ 3,323,869	\$ 997,296	\$ 4,088,715	\$ 6,747,600	\$ 18,877,395

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

	General	Illinois Municipal Retirement	Municipal Sales Tax	Capital Development	Other Governmental Funds	Total Governmental Funds
REVENUES						
General property taxes	\$ 1,807,430	\$ 401,895	\$ -	\$ -	\$ 1,113,521	\$ 3,322,846
Foreign fire insurance tax	-	-	-	-	16,435	16,435
Intergovernmental revenues	3,230,143	-	3,428,937	-	532,532	7,191,612
Licenses, permits, and other fees	281,260	-	-	-	-	281,260
Fines and penalties	181,919	-	-	-	-	181,919
Charges for services	-	-	-	-	453,688	453,688
Revenue from use of money and property	31,452	58,444	12,752	18,524	188,060	308,232
Other	206,257	-	-	-	21,905	228,162
Total revenues	5,738,461	460,339	3,441,689	18,524	2,326,141	11,985,154
EXPENDITURES						
General government	1,976,581	-	62,832	-	637,901	2,677,314
Public safety						
Police protection and community relations	2,447,817	-	-	-	-	2,447,817
Fire fighting and prevention and emergency vehicle	1,348,746	-	-	-	224,521	1,573,267
Public works	164,533	-	-	-	-	164,533
Highways and streets	809,389	-	-	-	550,746	1,360,135
Traffic development	97,122	-	-	-	-	97,122
Welfare-Civil Defense	-	-	-	-	5,870	5,870
Culture and recreation - Library and Band	-	-	-	-	392,507	392,507
Airport operations	-	-	-	-	108,714	108,714
Cemetery operations	-	-	-	-	296,596	296,596
Capital outlay	-	-	-	5,999,801	32,437	6,032,238
Debt Service						
Principal	-	-	-	382,000	15,000	397,000
Interest	-	-	-	345,950	690	346,640
Payments to Pensions	662,730	164,937	-	-	-	827,667
Payments to Social Security System	-	-	-	-	184,430	184,430
Total expenditures	7,506,918	164,937	62,832	6,727,751	2,449,412	16,911,850
Excess (deficiency) of revenues over expenditures	(1,768,457)	295,402	3,378,857	(6,709,227)	(123,271)	(4,926,696)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	6,500,000	-	6,500,000
Operating transfers in	1,230,000	-	-	5,830,000	755,000	7,815,000
Operating transfers out	(715,000)	-	(3,500,000)	(830,000)	(75,000)	(5,120,000)
Total other financing sources (uses)	515,000	-	(3,500,000)	11,500,000	680,000	9,195,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,253,457)	295,402	(121,143)	4,790,773	556,729	4,268,304
FUND (DEFICIT) BALANCE, BEGINNING OF YEAR	(407,479)	2,605,979	1,035,159	(957,343)	4,593,625	6,869,941
FUND (DEFICIT) BALANCE, END OF YEAR	\$ (1,660,936)	\$ 2,901,381	\$ 914,016	\$ 3,833,430	\$ 5,150,354	\$ 11,138,245

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

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

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

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

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

See accountant's compilation report and accompanying notes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fiscal dependency on the primary government.

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

Basic Financial Statements – Government-Wide Statements

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

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

The City does not allocate indirect costs.

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

Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the City:

Governmental Fund Types

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary Fund Types

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

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

The City maintains three enterprise funds.

Fiduciary Fund Types

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

Reporting Major, Nonmajor and Fiduciary Fund Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Major, Nonmajor and Fiduciary Fund Statements (Continued)

The City reports the following major funds:

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

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

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

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

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

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

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

The City reports the following non-major funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Major, Nonmajor and Fiduciary Fund Statements (Continued)

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

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Accrual

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

Modified Accrual

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

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

Budgets and Budgetary Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

New Accounting Standard

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

Reclassification

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

Cash Equivalents

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

Investments

State statutes authorize the government to invest in the following:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable - Water Department

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

Short-Term Interfund Receivables/Payables

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

Inventories

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

Prepaid Items

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

Capital Assets

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Capitalization

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

Property Taxes

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

Long-Term Obligations

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

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

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

Fund Equity

Government-wide Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity that are legally segregated for a specific future use or not 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, 2008, \$613 of accrued vacation is included in accrued employee compensation.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At year end, the investment maturities are as follows:

<u>Investment Type</u>	<u>Fair value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>10 or more</u>
Certificates of Deposit	\$ 6,264,627	\$ 6,264,627	\$ -	\$ -	\$ -
U.S. Treasuries and Agencies	10,176,657	469,479	2,477,435	1,093,926	6,135,817
Illinois Treasurer's Investment Pool	1,088,682	1,088,682	-	-	-
Mutual Funds	<u>8,173,225</u>	<u>8,173,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$25,703,191</u>	<u>\$15,996,013</u>	<u>\$ 2,447,435</u>	<u>\$ 1,093,926</u>	<u>\$6,135,817</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, 2008, the City had \$1,088,682 in the Pool, which approximates fair value.

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

Interest Rate Risk

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

Credit Risk

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

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

Concentration of Credit Risk

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

NOTE 3 - NOTES RECEIVABLE

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

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

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

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

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

NOTE 4 - CAPITAL ASSETS

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

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

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

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

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

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

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

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Landfill	\$ 11,784
Sewer	1,680,087
Water department	<u>252,449</u>
Total depreciation expense	<u>\$ 1,944,320</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 amount of ROT rebate expenses during fiscal year ending April 30, 2008 was \$62,812.

NOTE 6 - LEGAL DEBT MARGIN

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

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

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

NOTE 7 - LONG-TERM DEBT

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

Governmental Activities

	<u>Balance May 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance April 30, 2008</u>	<u>Due Within One Year</u>
Bonds payable	\$ 6,934,000	\$ 6,500,000	\$ 397,000	\$ 13,037,000	\$ 691,000
Contract payable	62,667	-	15,667	47,000	15,667
Net position obligation	<u>281,285</u>	<u>69,178</u>	<u>-</u>	<u>350,463</u>	<u>350,463</u>
Total governmental activities	<u>\$ 7,277,952</u>	<u>\$ 6,569,178</u>	<u>\$ 412,667</u>	<u>\$ 13,434,463</u>	<u>\$ 1,057,130</u>

Business-type Activities

EPA loans payable	\$ 2,995,250	\$ 811,384	\$ 123,240	\$ 3,683,394	\$ 879,311
Notes payable	15,333,859	-	877,085	14,456,774	899,665
Bonds payable	<u>161,000</u>	<u>-</u>	<u>24,000</u>	<u>137,000</u>	<u>25,000</u>
Total business-type activities	<u>\$ 18,490,109</u>	<u>\$ 811,384</u>	<u>\$ 1,024,325</u>	<u>\$ 18,277,168</u>	<u>\$ 1,803,976</u>

Governmental Activities

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

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

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

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

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

General Obligation Debt Certificates:

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

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Contract Payable

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

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

Net Pension Obligation

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

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

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

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

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

EPA Loan Payable

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

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

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

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

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Restricted Cash and Investments

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

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

NOTE 8 - POST-EMPLOYMENT HEALTH CARE BENEFITS

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

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

NOTE 9 - LEASE AGREEMENT

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

NOTE 10 - LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

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

The proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to May 1, the budget is legally enacted through passage of an ordinance.

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

Expenditures may not legally exceed appropriations at the fund level.

NOTE 11 - PENSION PLANS

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

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

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Police Pension Plan

Plan description

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

Contributions

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

Firefighters' Pension Plan

Plan Description

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Plan Description (continued)

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and one-twelfth of 1% of such monthly service for each additional month over 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Contributions

Covered employees are required to contribute 8.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts (not less than 17.500%) necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

Police and Firefighters' Pension

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

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Police and Firefighters' Pension (Continued)

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

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

Actuarially determined contribution requirements and contribution made

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

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Police and Firefighters' Pension (Continued)

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

Trend information

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

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation of assets available:		
As a percent of the actuarial accrued liability		
Unfunded actuarial accrued liability:		
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>84.73%</u>	<u>65.42%</u>
	<u>166.67%</u>	<u>480.97%</u>

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

NOTE 11- PENSION PLANS (CONTINUED)

Police and Firefighter's Pension Plan Statements

STATEMENTS OF PLAN NET ASSETS

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

STATEMENTS OF CHANGES IN PLAN NET ASSETS

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

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

NOTE 11 - PENSION PLANS (CONTINUED)

Illinois Municipal Retirement Fund

Plan description

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

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

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

Three-Year Trend Information

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

*Digest of Changes

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

NOTE 11 - PENSION PLANS (CONTINUED)

Assumptions

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

The principal changes were:

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

NOTE 12 - DEFERRED COMPENSATION PLAN

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

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

NOTE 13- INTERFUND TRANSFERS/BALANCES

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

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

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

NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

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

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

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

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

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

NOTE 13 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 14 - DISBURSEMENTS IN EXCESS OF APPROPRIATIONS AND FUND DEFICITS

Excesses of expenditures over appropriations in individual funds – None.

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

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

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

NOTE 15 - SANITARY LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

NOTE 16 - RISK MANAGEMENT

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

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

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

NOTE 17 - CONSTRUCTION COMMITMENTS

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

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

NOTE 18 - LEE COUNTY INDUSTRIAL DEVELOPMENT ASSOCIATION

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

NOTE 19 - DIXON COMMUNITY FIRE PROTECTION DISTRICT

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

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

NOTE 20 - RESTATEMENT OF PRIOR YEAR NET ASSETS

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

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

See accountant's compilation report.

REQUIRED SUPPLEMENTAL INFORMATION

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

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

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

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

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

	<u>Appropriation</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 1,583,540	\$ 1,563,540	\$ 1,807,430	\$ 243,890
Foreign fire insurance tax	15,756	15,756	-	(15,756)
Intergovernmental revenue:				
Personal property replacement tax	-	-	764,747	764,747
Income tax and surcharge	1,200,000	1,200,000	1,466,068	266,068
Utility tax	675,000	675,000	695,407	20,407
Telecom tax	-	-	94,693	94,693
Motel tax	51,116	51,116	69,395	18,279
FEMA grant	-	-	49,954	49,954
Miscellaneous grants	-	-	224	224
	<u>1,926,116</u>	<u>1,926,116</u>	<u>3,140,488</u>	<u>1,214,372</u>
Licenses, permits, and other fees	249,757	249,757	247,249	(2,508)
Fines and penalties	145,566	145,566	187,376	41,810
Revenue from use of money and property	-	-	31,452	31,452
Other	<u>213,189</u>	<u>213,189</u>	<u>188,856</u>	<u>(24,333)</u>
 Total cash receipts	 <u>\$ 4,113,924</u>	 <u>\$ 4,113,924</u>	 5,602,851	 <u>\$ 1,488,927</u>
(Deduct) beginning accrued revenues				
add beginning deferred revenues			(445,162)	
Add ending accrued revenues				
(deduct) deferred revenues			<u>580,772</u>	
 Total revenues			 <u>5,738,461</u>	
EXPENDITURES				
DEPARTMENT OF PUBLIC AFFAIRS				
Salaries	\$ 84,600	\$ 84,600	19,200	\$ 65,400
Supplies and services	275,000	275,000	203,984	71,016
Professional services and fees	265,000	265,000	130,274	134,726
Insurance	5,000	5,000	100	4,900
Public relations	15,000	25,000	17,001	7,999
Main Street	15,000	15,000	15,000	-
Travel expense	5,000	6,000	4,729	1,271
Dues and subscriptions	4,000	5,000	3,855	1,145
Leadership Council	2,000	2,000	-	2,000
Tourism Council	90,000	90,000	71,296	18,704
Plan commission	10,000	10,000	756	9,244
Electrical commission	1,000	1,000	-	1,000
Human Rights Board	1,000	1,000	-	1,000
TIF District	25,000	10,500	-	10,500
Historic Preservation	5,000	5,000	-	5,000

(continued)

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

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

(continued)

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

	<u>Appropriation</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
EXPENDITURES (Continued)				
DEPARTMENT OF FIRE PROTECTION				
Salaries	1,119,700	1,119,700	1,012,408	107,292
Maintenance	70,000	70,000	12,390	57,610
Supplies and services	115,000	115,000	103,332	11,668
Insurance	175,000	175,000	143,415	31,585
New property and equipment	616,000	621,000	2,582	618,418
Fire training	50,000	50,000	25,364	24,636
Miscellaneous	100,000	95,000	8,133	88,867
Dues and subscriptions	5,000	5,000	1,200	3,800
Travel expenses	5,000	5,000	4,156	844
No sickness	4,000	4,000	1,600	2,400
Medicare expense	60,000	60,000	13,765	46,235
	<u>2,319,700</u>	<u>2,319,700</u>	<u>1,328,345</u>	<u>991,355</u>
DEPARTMENT OF STREETS AND IMPROVEMENTS				
Salaries	567,400	582,400	419,432	162,968
Maintenance	646,000	631,000	221,377	409,623
Supplies and services	219,000	219,000	73,227	145,773
Insurance	186,500	186,500	52,337	134,163
New property and equipment	310,000	310,000	28,641	281,359
Safety and training	1,000	1,000	-	1,000
Alcohol/drug testing	-	-	820	(820)
Travel expense	5,000	5,000	418	4,582
Dues and subscriptions	1,500	1,500	1,084	416
Miscellaneous	2,500	2,500	-	2,500
Meal allowance	5,000	5,000	-	5,000
	<u>1,943,900</u>	<u>1,943,900</u>	<u>797,336</u>	<u>1,146,564</u>
DEPARTMENT OF BUILDING AND ZONING				
Salaries	175,000	175,000	137,060	37,940
Maintenance	14,500	14,500	3,247	11,253
Supplies and services	57,000	57,000	3,010	53,990
Insurance	30,000	30,000	15,198	14,802
New property and equipment	70,000	70,000	187	69,813
Training	10,000	10,000	839	9,161
Miscellaneous	5,000	5,000	-	5,000
Travel expense	5,000	5,000	907	4,093
Dues and subscriptions	1,000	1,000	525	475
	<u>367,500</u>	<u>367,500</u>	<u>160,973</u>	<u>206,527</u>

(continued)

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

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

(continued)

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

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

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

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

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

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

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

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS

No major funds had an excess of disbursements over appropriations.

NOTE 3 - NOTE TO SCHEDULE OF FUNDING PROGRESS

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

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

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

	Special Revenue											Debt Service		
	General Government			Highways and Streets		Airport		Culture and Recreation			Welfare		Public Safety	
	Garbage	Public Benefit	Downtown Redevlopment Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Oakwood Cemetery	Civil Defense	Emergency Vehicle	Foreign Fire Insurance	Total
ASSETS														
Cash and cash equivalents	\$ 3,893	\$ 994	\$ 564,646	\$ 639,447	\$ 3,102	\$ 44,710	\$ 11,806	\$ 189,061	\$ 187,260	\$ 7,269	\$ 44,065	\$ 530,832	\$ 6,030	\$ 1,332,578
Investments	-	-	-	552,378	66,073	585,272	-	128,855	-	-	-	-	-	1,208,628
Receivables:														
General property taxes	-	77,432	398,659	353,283	-	35,685	-	263,591	61,784	36,877	15,002	-	-	35,665
Motor fuel tax allocations	-	-	-	-	-	-	312	19,300	-	18,522	-	100,000	-	147,143
Accounts, less allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	38,637
for estimated uncollectibles	-	-	-	-	-	-	-	-	-	-	-	-	-	9,652
Notes receivable	-	-	-	-	-	-	-	-	484	3,665	-	-	-	-
Prepaid insurance	-	-	-	830,000	631,945	-	-	-	-	-	-	290,000	-	1,751,945
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 3,893	\$ 78,426	\$ 1,002,041	\$ 2,375,108	\$ 701,120	\$ 685,687	\$ 17,156	\$ 611,272	\$ 229,528	\$ 68,333	\$ 59,067	\$ 928,641	\$ 6,030	\$ 6,747,600
LIABILITIES														
Vouchers payable	-	-	-	-	-	-	-	4,709	796	8,671	-	1,340	-	28,287
Accrued liabilities:														
Payroll	-	-	-	-	-	-	1,611	6,874	-	5,288	-	-	-	13,771
Deferred property tax revenue	-	77,432	398,659	353,283	-	-	-	263,591	61,784	36,877	15,002	-	-	1,208,628
Due to other funds	-	-	154,000	-	-	-	38,000	-	-	154,550	-	-	-	346,550
Total liabilities	-	77,432	552,659	353,283	-	-	52,392	275,174	62,690	207,394	15,002	1,340	-	1,907,246
FUND BALANCES														
Reserved for prepaid insurance	-	-	15,588	-	-	-	5,038	465	484	3,665	-	290,000	-	299,662
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	15,605
Unreserved	3,893	994	433,784	2,021,825	701,120	665,687	(40,274)	335,633	166,464	(142,719)	44,065	638,601	6,030	4,635,095
Total fund balances	3,893	994	449,392	2,021,825	701,120	665,687	(35,236)	336,098	166,948	(139,051)	44,065	928,601	6,030	5,150,354
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,893	\$ 78,426	\$ 1,002,041	\$ 2,375,108	\$ 701,120	\$ 665,687	\$ 17,156	\$ 611,272	\$ 229,528	\$ 68,333	\$ 59,067	\$ 928,641	\$ 6,030	\$ 6,747,600

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

	Special Revenue											Debt Service	
	General Government			Highways and Streets		Airport		Culture and Recreation		Welfare			Public Safety
	Public Benefit	Downtown Redevelopment Project	Social Security	Working Cash	Motor Fuel Tax	Municipal Airport	Library	Band	Outwood Cemetery	Civil Defense	Emergency Vehicles	Foreign Fire Insurance	Total
REVENUES													
General property taxes	\$ 75,637	\$ 342,856	\$ 536,093	\$ -	\$ -	\$ -	\$ 250,776	\$ 56,840	\$ 39,098	\$ 14,344	\$ -	\$ -	\$ 1,113,521
Personal property replacement tax	-	-	-	-	462,684	-	80,888	-	-	-	-	-	90,888
Motor fuel tax allocations	-	-	-	-	-	-	-	-	-	-	-	-	462,684
Foreign fire insurance fee	-	-	-	-	-	-	-	-	-	-	-	18,435	18,435
User fee	-	-	-	-	-	-	22,329	-	-	-	387,575	-	389,904
Cemetery lot sales and services	-	-	-	-	-	-	-	-	63,784	-	-	-	63,784
Revenue from use of money and property	1,385	4,292	42,272	74	26,153	58,423	11,465	6,466	18,385	1,267	17,788	-	186,080
Miscellaneous	-	-	-	-	-	850	18,589	-	1,824	-	542	-	21,965
State of Illinois Grant	75,002	347,348	378,365	74	480,717	57,273	363,127	85,315	121,039	15,631	385,803	18,435	19,300
Total revenues	111												2,379,141
EXPENDITURES													
Salaries	-	-	-	-	-	54,712	222,038	35,686	167,462	3,120	83,465	-	596,483
Maintenance	-	-	-	-	559,729	6,028	14,164	-	9,300	2,750	22,368	-	608,238
Supplies, services and professional services	-	637,801	-	-	-	23,208	57,069	1,607	86,843	-	6,356	9,820	826,802
Fuel, gas, and oil	-	-	-	-	-	2,335	-	-	-	-	-	-	2,335
Insurance	-	-	-	-	20,364	35,740	892	-	26,220	-	-	-	87,016
New property and equipment	-	-	-	-	32,437	-	-	-	-	-	-	-	32,437
Debt payments:													
Principal	-	-	16,000	-	-	-	-	-	-	-	-	-	16,000
Interest	-	-	690	-	-	-	-	-	-	-	-	-	690
Miscellaneous	-	-	-	-	17	500	20,376	960	1,762	-	101,939	565	128,189
Taxes	-	-	-	-	-	1,013	-	-	-	-	-	-	1,013
Payments to Social Security System	-	-	182,430	-	-	-	-	-	-	-	-	-	182,430
Administrative fee	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Total expenditures	-	653,591	184,430	-	550,748	141,151	363,622	38,865	206,598	5,870	214,116	10,405	2,449,612
Excess (deficiency) of revenues over expenditures	111	75,002	(306,443)	74	(70,029)	(83,878)	29,605	28,430	(173,657)	8,761	171,787	6,030	(123,271)
OTHER FINANCING SOURCES (USES)													
Operating transfers in	-	706,000	-	-	-	26,000	-	-	30,000	-	-	-	766,000
Operating transfers out	-	(75,000)	-	-	-	-	-	-	-	-	-	-	(75,000)
Total other financing sources (uses)	-	(75,000)	706,000	-	-	26,000	-	-	30,000	-	-	-	686,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	111	2	395,557	74	(70,029)	(57,878)	29,605	28,430	(143,657)	8,761	171,787	6,030	566,729
FUND BALANCE, BEGINNING OF YEAR	3,762	892	55,825	701,048	735,698	23,642	308,593	140,818	8,586	34,364	759,814	-	4,583,825
FUND BALANCE, END OF YEAR	3,893	894	449,382	701,120	665,669	(34,230)	338,198	169,248	(139,071)	44,065	978,601	6,020	5,150,254

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

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

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

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

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

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

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

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

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

Fund	2006			2005			2004		
	Assessed valuation	Tax rate	Tax extensions	Assessed valuation	Tax rate	Tax extensions	Assessed valuation	Tax rate	Tax extensions
Corporate	\$ 148,029,423	.2566	\$ 378,363	\$ 140,783,327	.2580	\$ 360,405	\$ 144,114,282	.2564	\$ 369,509
Police Protection	148,029,423	.1496	221,452	140,783,327	.1488	210,580	144,114,282	.1500	216,171
Fire Protection	85,857,489	.1500	128,938	82,511,862	.1500	123,768	82,807,952	.1500	124,212
Audit	148,029,423	.0299	44,261	140,783,327	.0289	42,094	144,114,282	.0299	43,090
Road and Bridge	148,029,423	-	-	140,783,327	-	-	144,114,282	-	-
Public Benefit	148,029,423	.0488	73,719	140,783,327	.0488	70,339	144,114,282	.0500	72,067
Band	148,029,423	.0398	58,916	140,783,327	.0398	56,173	144,114,282	.0400	57,646
Library	148,029,423	.1486	221,452	140,783,327	.1488	210,580	144,114,282	.1500	216,171
Cemetery	85,857,489	.3151	37,007	82,511,862	.3160	35,128	82,807,952	.3116	36,029
Fire Pension	148,029,423	.0250	37,007	140,783,327	.0250	35,196	144,114,282	.0250	36,029
Police Pension	85,857,489	.3151	37,007	82,511,862	.3160	35,128	82,807,952	.3116	36,029
IMRF	148,029,423	.2653	392,722	140,783,327	.2657	373,340	144,114,282	.2726	383,488
City Defense	148,029,423	.2716	402,344	140,783,327	.2722	382,212	144,114,282	.2778	392,856
Claim and Judgment T's	148,029,423	.0097	14,359	140,783,327	.0097	13,651	144,114,282	.0097	13,979
Library Maintenance	148,029,423	.2028	300,204	140,783,327	.2031	285,931	144,114,282	.2034	283,128
Social Security	148,029,423	.0206	29,606	140,783,327	.0200	28,101	144,114,282	.0200	28,823
TIF District 1	2,871,014	.2273	336,471	140,783,327	.2276	320,423	144,114,282	.2279	328,436
TIF District 3	4,279,875	-	282,255	-	-	-	-	-	-
			60,602	2,875,063	-	289,539	5,528,801	-	259,056
			\$ 3,322,848	\$ 3,045,398		\$ 3,128,498	\$ 3,092,681		\$ 3,115,828

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

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

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

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

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

See accountant's compilation report.